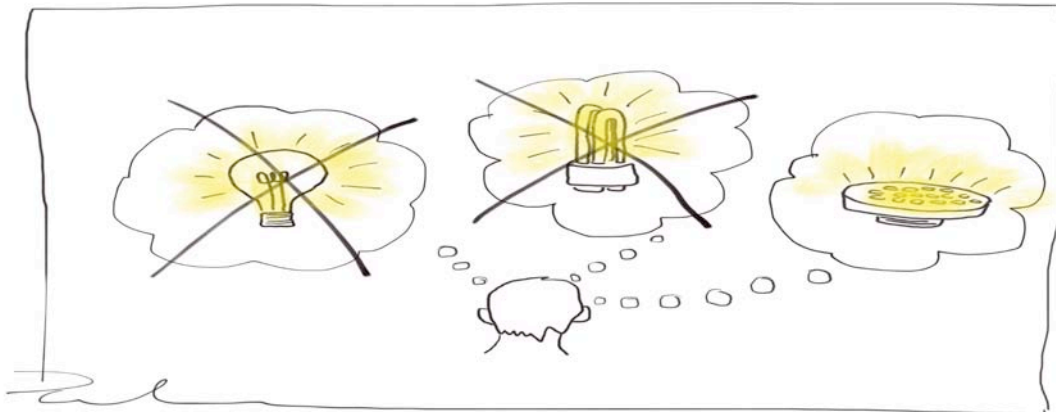


# So you're thinking about starting a business



Following are a few things to think about when considering starting a small business. Keep in mind it is not a comprehensive list and is not intended to be a substitute for professional advice. Each of the topics raised should be investigated in much more detail. They are not in any particular order and many are questions that you will have to respond to yourself.

## What's it all about?

### Plan, plan, plan

The need for business planning cannot be over emphasised. Plan, plan, plan and you will still overlook things. You need a business plan and also need to review it regularly.

Unfortunately, great ideas are not always profitable. The lack of profit making ability is not necessarily a reflection on the business owners. For example, as at 2015, Twitter has yet to make a profit. Lots of people might say to you how great your idea for a business is but it does not always translate into a profit making business. This can be for all sorts of reasons, such as, costs, insufficient demand, location, and timing.

If you have a good business idea, what is the demand for it? How can you find out? What relevant information is available from the [Australian Bureau of Statistics \(ABS\)](#) and other data sources? Can you survey or test the market? You must also assess the competition. Talk to people in the industry. What can you offer that they don't? Can you buy an existing business or are any for sale?

Successful businesses require commitment from their owners but do you want to throw all your eggs in the one basket? How will you support yourself during the early years of the business? Do you have a backup plan if the business is not as successful as you had hoped?

Sometimes starting out small is good. Aiming to gradually build up a business allows you to encounter problems and organise various aspects of the business as it grows. Can you trial your business on a modest scale?

### What's it for?

Why are you thinking about starting your own business? What amount of time can you or want to devote to the business? Weigh up your other

commitments, especially, family commitments?

What is the aim of the business, to make money, pursue an interest, to serve a section of the community? If you are pursuing an interest, is there a risk that you will become sick and tired of something you used to enjoy because it has become work?

What qualifications does the business require and do you have them? What experience have you had, if any, running the type of business you have in mind or any businesses? What is the necessary skill set to operate the business successfully and do you have all the skills? If you don't, you can employ someone who does but that gives rise to costs and risks.

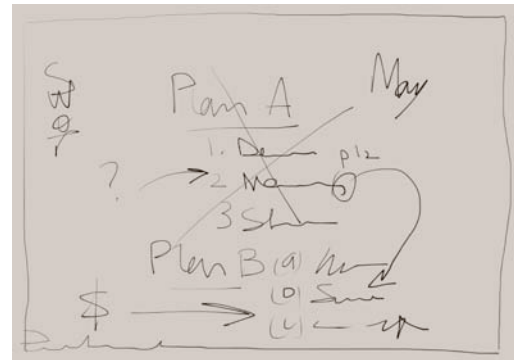
Rewards may be non-monetary, enjoyment or satisfaction but what if your business does not make as much money as you would earn being employed? Keep in mind that self-employed people do not get annual leave, sick leave, workers compensation, long service leave, superannuation guarantee levy. Will you be happy with that?

The buck stops with the business owner. You will be doing the admin yourself, hiring and firing, dealing with suppliers and difficult customers. If you think bosses can be difficult, I am told, that you have not dealt with customers in the hospitality industry.

Just because most businesses fail you do not want to be totally negative. Still business owners must have realistic expectations and set realistic goals. You also need to appreciate the commitment required and demands of owning your own business. Think about SWOT (Strengths Weaknesses Opportunities and Threats).

What will be your goals for the business? Can you set some key performance indicators (KPIs) so that you can monitor the business? For instance, borrowing to stay afloat is usually not a good sign for a business.

How long will it be before you re-assess your decision to start a new business? What will be your exit strategies? You may want to exit a business for all sorts of reasons, not just because it has failed. It may grow to be very successful business that you build up and sell off or pass on to others (if they are interested).



### What will it cost?

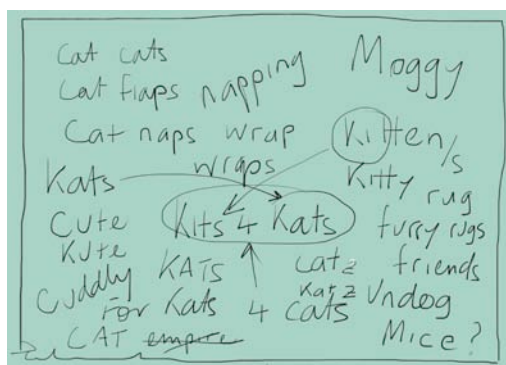
Many consider costs to be the first thing to think about. What costs will there be in running the business? What fitout, plant and/or equipment are required? Can you use second-hand or hire equipment initially? Do you have to lease business premises?

A great thing to do, before starting a business, is a break-even analysis. This is basically, an estimate of the cost of running the business and a bit of a return for you. Then calculate the number of sales you must make to break-even. What are the chances of being able to make that number of sales in your market?

For a business, a budget and cash flow analysis are also important. How will you finance the early stages of the business? Many business fail because they were under capitalised at the start. Business loans and overdrafts attract higher interest rates that can be a significant burden for any business and particularly a new business.

### What will the business look like?

#### Brainstorming business name ideas



A lot of people start thinking about a business name before they think about the things raised above. A good business name is important but only one factor in a successful business. If you carry on a business under your own name there is no need to register a business name. However, tying the business name to your own name may be limiting in the future. Following are a few ideas about coming up with business name options:-

- Think about what you will do, who will be your customers now and possibly in the future. A business name can be too specific and not always applicable to a future direction the business may take. However, it is always possible to register another business name or variation of your existing name in the future.
- The best business names often indicate what the business does, however, some great names for things like retail shops, restaurants, cafés and brands convey more of an idea than a function.
- Think of some key words relating to your business activities, what are some popular expressions that might apply to your business without dating your business.
- Can you think of a word play on a popular expression, slang expression, song or band name?
- Write your ideas down on big sheets of paper so that you can see lots of the ideas at a glance. Let the ideas cross-pollinate.
- Mix and match, try different combinations of words.
- Generally, you want a relative short business name, one, two or three words at the most.
- Think how the business name might look in a domain name.
- Consider abbreviations, combining words, numerals and abbreviations.
- Consider upper and lower case letter combinations with and without spaces.
- Consider adding symbols eg i, plus (+) or hash tag (#).
- Some letters or numbers can be substituted for words eg g8 or Xtreme.
- Ask friends and family to contribute ideas and comment on the ideas that you have.

- Sometimes great ideas will come to you in the middle of the night, if so, get up and write them down.
- Common words from a foreign language could be used. It may also be necessary to check that the proposed business name does not include some words that have an unpleasant meaning in another language.
- Ideally, a name should be easily searchable, so how would people expect it to be spelt if they have only heard the name?
- Traditionally, having “A” at the start of your business name helped with ranking in directories. This may not be so relevant for online search engines, which rank according to popularity or advertising paid for.
- Thinking about logos might be a bit premature when deciding on a business name but nevertheless it is a good idea to think of the images that might go with your business name.
- Colour schemes are also something to think about for your documents, logos, uniforms and website.

### **Checking business name availability**

You would be surprised at how many weird and wonderful names are already in use. So it is necessary to check that the business name you have in mind is not already being used. First check with Australian Securities & Investments Commission (ASIC) whether the business name you have in mind is available. Use the ASIC [check name availability search](#) facility.

Business names data is now also available on [www.data.gov.au](http://www.data.gov.au), which provides free, publically available information.

Check with Intellectual Property (IP) Australia that your business name is not similar or the same as a registered trademark. You can use the [IP Australia's TM Check](#) to find out.

Do a Google search of the proposed business names and variations. The existence of the name somewhere else in the world may not prevent you registering the business name in Australia. However, you want to avoid confusion with your business and another.

Check domain name availability with the [Australian Domain Authority](#) or [MelbourneIT](#), which is an Australian based registration authority. A domain name is usually a compressed or abbreviated version of your business name. You may want to be able to register the domain names [www.yourbusinessname.com.au](#) and [www.yourbusinessname.com](#). Again, you want to avoid being confused with another business.

### **Registering a business name**

Registering a business name does not mean you own it. Someone else who can establish they have a better claim to the name can challenge a registration.

To register a business name you will need an Australian Business Number (ABN). Go to the [Australian Business Register](#) to apply for an ABN. Sometimes it can take a little while for an ABN to come through. Some individuals already have an ABN, so there is no need to apply for another.

When applying for an ABN there may not need to register for GST unless you expect your turnover to be more than \$75,000.00 per annum (as at 2015). If you are not registered for GST you cannot charge GST on top of your charges. You will not be able to claim input credits for the GST you pay with business expenses but you do not have to lodge monthly or quarterly Business Activity Statements (BAS) for GST (just PAYG and instalment tax).

Go to the [Australian Securities & Investments Commission \(ASIC\)](#) to register business names.

These days it is usually a good idea to register an internet domain name, even if you do not plan to set up a website immediately. [MelbourneIT](#) is an Australian based registration authority. Think about registering eg [www.businessname.com](#) as well as [www.businessname.com.au](#). There are some other suffixes eg .biz to consider registering too. Once registered the name does not have to be hosted by an Internet Service Provider (ISP) until you have a website.

### **Logos & colour schemes**

Trademarks are about the look of your business name not just the words. There must be something distinctive about your business name style or look. You normally cannot trademark common words. Logos are usually acceptable trademarks.

To register a trademark go to [Intellectual Property \(IP\) Australia](#). Check with IP Australia that your business name is not similar or the same as a registered trademark. You can use the [IP Australia's TM Check](#) for this.

### **How will you run the business?**

This is a very important topic but touched on only briefly here. How will you operate the business? What will be the business structure? Will you be a sole trader, partnership, company or trust? You need to know this to register a business name.

Running a business as a sole trader, partnership or trust is simpler, but means the business holder will incur any debts or liabilities the business might incur. Registering a company creates a new legal entity that has the same rights as a natural person, including the ability to incur debt, sue and be sued. Before starting your company you'll need to check the company name availability although a company can trade under a registered business name, you need to decide who will be the company officeholders and shareholders.

The choice between the various business structures will turn on the costs of setting up and maintaining the structure, liability, insurance and asset protection. How do your competitors operate? Is insurance available?



What licensing, registrations, approvals and checks are required to carry on the business? Look at [Australian Business Licence and Information Service](#) website for information.

Besides the bookkeeping records, what business forms will you need, for instance, fees/charges details, customer application/registration, terms of trade conditions, payment details and forms? Look at what do your competitors do.

Will you have employees or sub-contractors? What contracts, wage books and pay slips do you need to put in place.

What policies must your business prepare and adopt, for instance, work health & safety, staff, complaints and privacy policies.



### **Marketing the business**

These topics are the subject of numerous articles, books and seminars. Advertisers are a business that seeks to make a profit from you. You must ensure that what you pay for advertising also generates profits for you. Be careful to monitor marketing costs as part of your overheads.

Prospective customers need to be able to contact you. How will customers find you? You can utilize letter drops, mail outs, personal contact with businesses and leave them calling cards, brochures/pamphlets, telephone cold calls, signs, notices and/or advertisement in media for targeted groups of people. Word of mouth and referrals are often the most important marketing for many businesses.

What telephone number will you use? A landline, mobile or free call number? Telephone and fax could be similar. Some telephone numbers spell out the business name or part of it. What email address will you use? Will you use a Skype name for the business?

Again, website design is a whole area itself. You may only want a page that provides brief description of the business and contact details, it can also be a good place to provide business forms, fees/charges details, customer application/registration, terms and conditions, payment details and forms.

Web sites are tending to be what people commonly search for. There are many free website design sites. The free design may come at a loss of flexibility in design and hosting. You will want to link your preferred registered domain name (eg [www.yourbusinessname.com.au](http://www.yourbusinessname.com.au)) to the site. You may require the domain names with different suffixes (eg [www.yourbusinessname.com](http://www.yourbusinessname.com) and [www.yourbusinessname.biz](http://www.yourbusinessname.biz)) to be parked with an Internet Service Provider (ISP) so that a web search of the name will still point to your web site

### **Australian Securities & Investments Commission (ASIC)**

ASIC had some good tips about starting a business in a newsletter in February 2015:-

(<http://www.asic.gov.au/about-asic/corporate-publications/newsletters/infocus/infocus-february-2015-volume-24-issue-1/>)

See also the ASIC website for information about [starting your company](#).