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Starting a business

Before you start a new business venture, ask yourself these questions:

Do you have a Business Plan?

It has been proven that businesses that have a good business plan survive for longer, are more profitable and find it easier to attract finance. A business plan will comprise the information required to assess the viability of your business idea, including:

1. Executive summary – an overview of the whole concept or business.
2. Business profile – the business of your business.
3. Product/service and market analysis – the market and your position in the market.
4. Marketing plan – selling your products/services.
5. Operating plan – how the business works.
6. Management and personnel plan – your skills and experience.
7. Finance plan – your investment and expected turnover and estimated profit.
8. The action plan – doing it.
9. Risk analysis and contingency plans – “what if?”
10. Appendices of any other relevant information.

Have you sought appropriate professional advice?

Accountants, solicitors and other business advisors are important business partners. They provide invaluable advice and can save you from making uninformed and costly decisions.

Ask your accountant to help you set up the records that you need to manage your finances as well as developing cash flow and profit budgets. If you are leasing premises or signing any contracts, see your solicitor first. This could save you thousands of dollars and a lot of personal heartache. You can also ask about business names and your logos and trademarks – they may infringe existing registered trademarks.

Have you got the business structure that meets your needs?

You have a number of options when deciding the legal structure of your business (who owns it and who is legally liable for any debts and liabilities). Your choice of structure can greatly affect how you pay your taxes and can assist you to minimise your tax liability. These options include:

- Operating as a sole trader.
- Partnerships.
- Companies.
- Trusts.

Before you make any decision, you should discuss these options with your solicitor or your accountant. Once you have decided, make sure that the required legal documentation has been set up for your choice of structure.



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It is also important to remember that the structure you adopt now may not be the best structure in a few years time. Check that your business structure can be altered, when required, as your business grows and circumstances change.

Are you buying an existing business?

If you are buying an existing business, consult with your solicitor, your accountant and a Real Estate Institute of Queensland (REIQ telephone 3249 7347) accredited business broker. They will assist you to determine whether this business will continue to be profitable and help you to avoid any risks and liabilities that you may acquire from purchasing the business.

Are you insured?

If you are not insured you risk losing everything, both personal and business assets. Talk to your insurance broker about taking out insurances that match your type of business.

Do you have the right skills?

There is a direct relationship between the quality of business management skills and profitability. This means that your business management skills will impact on the viability and ongoing success of your business.

There are various options available to improve your business management skills, and to ensure your skills remain up-to-date and relevant as your business is being established and grows. These options include:

- Attending formal courses (eg university and TAFE).
- Reading business management literature (business magazines, journals and books).
- Networking and contact with your industry organisations.
- Completing online learning subjects at the Department of State Development's Smart Skills online learning site, which comprises an expanding range of subjects relevant to business management (<http://www.sdi.qld.gov.au/virtual/index.cfm>).

Do you have enough cash to set up and operate your business?

Many businesses fail within their first two years from not having enough cash to pay suppliers. Unless you have a surplus of ready cash, you'll probably need to obtain extra finance. Many business owners fail in their attempts to borrow money, not because they're not credit worthy but because their applications for loans are not clearly presented. Arrange finance 'early'. Banks are less likely to lend if your business is failing.

Do you have a separate bank account for your business?

This helps you to separate your business finances from your personal finances. A separate bank account also assists you to track and control your business income and expenses, making it much easier to manage your business, minimise your tax liability and account to the Australian Taxation Office.



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Have you contacted your local council?

Many business activities are closely controlled by local councils. Check with your local council about any town planning, zoning and usage rules that may affect your business. It could save you from fines or even closure of your business.

Does your business require a license(s) to operate?

Many businesses have to hold a licence before they can start trading. Contact SmartLicence on telephone 1300 363 711 or www.smartsmallbusiness.qld.gov.au, and the Business Entry Point website www.business.gov.au to identify the types of licences you need to legally operate your business. You will also need to consider whether your business requires an ABN Australian Business Number refer to your accountant or to the Australian Tax Office www.ato.gov.au.

Is your business name registered?

If you intend to operate your business using any name other than your own, you are required by law to register that business name. Contact SmartLicence (telephone 1300 363 711) or the Office of Fair Trading, Department of Tourism, Fair Trading and Wine Industry Development (telephone 13 13 04) – they will send you the appropriate forms so that you can register your business name through your nearest State Development Centre.

Have you registered your business as a workplace?

All workplaces with three or more workers must be registered with the Department of Employment and Industrial Relations, Division of Workplace Health and Safety, even if your business is home-based. Enquiries can be made to telephone 1300 369 915. Random inspections of all workplaces are made and non-registration may lead to prosecution.

Do you have an (ABN)?

Australian Business Number provided by the Australian Tax Office and relates to the tax status of your business.

Will you be employing staff?

If so, make sure that you set up systems relating to deducting and forwarding Group (PAYG) Tax, and superannuation, having WorkCover insurance and observing the awards and other industrial rights of your workers.

Further information

The following fact sheets provide further information on these issues:

- Business finance options
- Business licences and permits
- Business planning
- Employees
- Insurance
- Set up as a company
- Set up as a partnership
- Set up as a sole trader
- Set up as a trust



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