



Starting a Business

Step 1: Consider your suitability

Will this business allow you to achieve all the goals that are important to you?

Make a list of all your goals - business, lifestyle, family, health, social, spiritual, financial and anything else important to you

Which goals will this business help you achieve?

Identify areas of potential conflict. What actions can you take if there is conflict between your goals?

What areas are you willing to compromise on and what are your absolute priorities?

Do you have the right skills and knowledge for this type of business?

Review your strengths and weaknesses by using the 'Skills list'

Investigate the skills and knowledge that other people have in this industry.

Make a list of the training you need. Include managerial and business training if you are not experienced in managing a business.

Ask family and friends to think of any training you might need - it might provide a fresh perspective.

Do you have the motivation, time and energy to operate this business?

Ask family and friends if they support your decision to go into business. Do they believe you have the necessary personal qualities?

Think about what motivates you. How will you stay motivated if the going gets tough?

Consider how much time you can realistically devote to the business. Are you in general good health? Long hours and stress can affect your energy and motivation.

Do you have someone who will help you stay motivated and is your family supportive?

Build up networks of people doing similar things to you. This way you can learn from and motivate each other.

Step 2: Consider your idea

Will people be interested in what you are offering?

Ask a wide range of people what they think about your idea. Would they purchase or use the services that you are offering? Why or why not?

Conduct some market research to test whether there will be adequate demand for your product/service.

Have you considered a range of business ideas?

Make a list of the advantages and disadvantages for different options, such as buying a business verse franchising or starting from scratch.

Call business brokers to find out if there are any businesses for sale that may be a good option for you.

Visit a newsagent, for franchise/business opportunity directories.

Monitor the 'Businesses for Sale' section of relevant newspapers.



Is there enough potential demand for your product/service?

Ask people working in this industry to provide an indication of the level of demand. Sometimes people in similar businesses are willing to help, but if not, try talking to suppliers or businesses interstate who are not your direct competitors. Consider observing other similar businesses to determine the level of demand. Survey customers to find out the average sale value per customer. If it is a new idea, be sure to conduct market research to determine the level of demand. Contact relevant associations to obtain information from experienced and helpful people in your industry.

Step 3: Consider your market

What type of people will buy from you and who will you target?

Make a list of the characteristics of the people who will buy your product/service. Where are these types of people mainly located? Perhaps you need to do a bit of market research to find this out.

Have you thought about how to reach the different segments of your target market?

Identify small groups of people with similar characteristics who might be seeking similar features/benefits from your product. You may sell and market differently to each segment.

What sort of marketing strategies will you use for the different segments?

Do you have enough time and money to devote to the initial marketing?

Consider how many people you need to reach to achieve your expected level of sales. Consider the cost and time of each promotional campaign. In the first year or two you might need to spend a lot of time and money gaining new clients, before you can rely on word of mouth, referrals and repeat business.

Step 4: Consider your competition

Have you researched the level of competition for the product/service you are offering?

Assess the level of competition for your product/service in your particular location. Does the level of competition mean that you should consider other locations? Are there benefits to being located near your competitors?

What do your competitors offer?

Collect flyers, price lists and any other material from your competitors. Drive past all your competitors to see what they provide. Consider purchasing from your competitors to assess their product/service. Compare advertisements used by your competitors. Are there similarities or differences in what they are offering? Complete the 'Competitor Profile Chart'



What can your business offer that is better than your competitors?

Consider what features and benefits customers are looking for - and what is not currently provided by your competitors?

What features/benefits of your product/service differ from what your competitors provide?

Step 5: Consider your environment

What external factors have the capacity to affect the success of your business?

Are you able to identify any trends or impacts that could affect your industry? These factors may have a positive or negative outlook.

Think about the political, global, technological, social and environmental issues.

What are the features of your location and how might this impact on your success?

What internal factors might affect your business success?

What will be the strengths and weaknesses of your business?

How will you use your strengths to your full advantage?

What strategies can you put in place to address the weaknesses?

Will your strengths make up for your weaknesses?

What is the future outlook for the industry you are entering?

Try to find out more information about trends in your industry by searching the Internet or by reading newspapers on a regular basis.

Is your industry predicted to grow or decline? What impact do you think this will have?

What are the growth areas in your industry?

Ask your relevant industry association for research conducted on your industry.

Step 6: Consider your finances

What will your start up costs be?

Use the 'Business Establishment Costs' section within the business planning to estimate your start up costs. It is better to over-estimate your expenses rather than under-estimate them. Consider how you will finance this.

Use benchmarks if available, to understand what some of your costs might be.

Can you make enough income to cover your costs and make money?

Calculate key figures such as breakeven point, gross profit and net profit. These will help you estimate the level of sales you need to cover costs and make a profit. If you are uncertain of how to calculate these terms, visit an accountant or undertake financial training.

What level of profitability can you expect?

If you need extra finance you'll definitely need a business plan to present to the bank - including a cash-flow projection.



What will you charge?

Ring competitors and ask what they are charging.
Collect flyers and advertising.
Collect information on the specials and promotions that your competitors offer.

What is the worst case scenario?

Estimate how long you can survive without making any money from your business. What if interest rates rise or fall? What if finance is not available in the quantity you need? Develop a household budget to manage your money until the business starts earning income.

Get an accountant to help you prepare cash-flow forecasts and develop your recordkeeping system.

If the business is unsuccessful, will you have the ability to earn income from other sources and repay debts?

Step 7: Consider your start-up. Are your finances in order?.

Have you considered legal and regulative issues when starting a business?

Have you considered what business structure you will use ie. Sole trader, partnership, company or trust? You may need to get professional advice to help decide.

Check with your council about town planning, zoning and usage rules that affect your business. It is also worth considering how environmental issues may impact upon your business

Check out what license you need to operate.

Do you have an ABN from the Australian Taxation Office?

See a solicitor before buying a business, leasing premises or signing any contracts.

Do you have the necessary resources to get started?

Make a list of the essential items that you need to start up - other non essential items can be purchased later.

Have you considered the type and cost of insurance? Talk to an insurance broker, if you are not insured you could lose everything.

Consider what staff you need if you grow quickly, or if you take a while to get started.

What sort of access to finance do you have? Sort out your contingency plans now while you're in the planning stage for your business.

Consider opening a separate business bank account to keep personal and business income separate.

Do you have the best location you can afford?

Make a list of which features are important in your location (eg. main road, space, low cost, located in a suburb with high income). Consider a number of potential business locations and assess the advantages and disadvantages of each. . Before signing a lease, make sure you know your rights.

ARE YOU READY?

If you have answered 'Yes' to these 7 Steps you are on track to building a successful business.