

Learn
**SMALL BUSINESS
START-UP** in 7 DAYS

LAUNCH
A LEAN,
EFFICIENT
START-UP

- Transform your idea into a business in 7 stress-free steps ✓
- Discover savvy tips, tools and techniques ✓
- Develop a winning business plan ✓

HEATHER SMITH

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Introduction

Congratulations on taking the first step on the exciting journey of starting your own business! Today is about you and assessing if you are ready to start a business. We are going to explore what is involved in running a business and evaluate if you have the discipline, skills, focus, enthusiasm, determination and energy to take your idea and turn it into a business.

I have worked with hundreds of business owners during the start-up phase of their business. I am here to share everything I have learned along the way from their successes and mistakes. I wrote this book with you in mind. I am writing as if I am talking with the many clients I have worked with, and sharing with you everything I have learned along the way.

I thought about starting a business for about 18 months before I actually launched my own consulting business. I read everything I could get my hands on, asked lots of questions and pondered the possibilities. I spent two weeks in Maleny—in a lovely, tranquil cottage on the top of a hill—focused on crafting a business plan. Then, finally, I launched my business ... and I have not looked back since.

Maybe you won't take as long to start a business, or maybe you will take longer. *Learn Small Business Start-Up in 7 Days* will take you step by step through all the aspects that you need to consider and plan for when starting your own business.

As you embark on the road of launching your own business, you will begin a process of learning, unlearning and relearning. I recall a discussion with a business owner who had worked for a 'big 4' accounting consulting firm and was paid extraordinarily well to tell people how to improve the operations of their own business. Then she took the leap of faith and started her own business, and was flabbergasted by how little she actually understood about running a business, and how much she learned during the first few years. The practical side of running a successful business unfortunately does not always follow the theoretical teachings of business school or books. You will be overwhelmed, yet hopefully stimulated and excited, at how much you will learn and experience in the early days of your own business.

This book is packed full of questions that you should contemplate. I am going to present you with questions and information that will help you make your decisions and plan your business's future. I am also going to share with you lots of stories along the way of what I have seen that has worked and what has not worked.

You will have to make decisions, but if at any time you realise you have not made the right decision, you can review your options and change your course of action. That's okay. It's part of the evolution of your small business. To start a successful business you need to do your homework and groundwork. And *you will have to develop a plan*. Without a plan a business cannot be successful, so don't kid yourself that you can skip this step. You then need to implement your plan.

The purpose of this book is to empower you with the knowledge and understanding for starting a business. Each chapter of the book discusses one area of business start-up. Altogether there are seven main areas and ideally you should put aside one day for each of these.

On day 1 we will explore the question, 'Are you ready to start a business?' Then, on day 2, we will review the steps required to establish your business.

Part of commencing a business involves seeking professional advice. On day 3 we will discuss the professional advice you will need and where you can go to find it.

Day 4 is dedicated to teaching you how to market your business. Some business theorists believe marketing is the most important aspect of a business. What do you need to know about marketing and how can you effectively use marketing to promote your own business?

On day 5 we will focus on my favourite topic, finances: the tax obligations you need to be aware of, record keeping, and which reports you should be generating and using to assist you in managing your business.

Following a day of finances, we will spend day 6 exploring your business's most important asset—and most likely your greatest expense—your employees. Will you employ staff? How will you hire and train them? What procedures and processes do you have in place for staff to follow?

Finally, on day 7, with a foundation of knowledge and understanding in place, we will go through the steps involved in launching your business.

Some people have the mindset that starting a business means getting a big loan; maxing out credit cards; spending lots of money; investing in the best whiz-bang offices, websites and

people; and following the philosophy 'build it and they will come'. They think that by throwing money at their business, customers will magically appear. Unfortunately, real life does not mimic the movies.

I will unabashedly encourage you to launch your business as leanly as possible: bootstrap the business, invest your own funds in the business, live frugally and watch every penny you spend. The less money you spend, the less profit you need to generate to turn your business into a success. The less money you borrow, the more control you have over the business. Once the business is profitable and returning a positive cash flow, you are then in a position to distribute funds to yourself and reap the rewards of your success.

Long-term successful businesses are not the ones with the most money spent on them, or with the smartest owner (or with the owner who works the longest hours); they are the ones where the leader consistently makes the right decisions for the business. As founder of the business, this is what your role will be: making the right decisions.

How do you make the correct decision in a timely manner? Personally I gather the available data, information, feedback and options and assess these against the **ROI**. What is ROI? **Return on Investment**. What will the return be to the business for the investment made? The investment is typically in the form of money, although it may also take the form of time. A time investment may be referred to as engagement: **ROE**, or **Return on Engagement**. The return may encompass a broad spectrum of concepts (productivity, exposure, community involvement, sustainability and so on), but essentially the return needs to be assessed as a dollar figure. I am not saying that for every business decision a business needs to be profitable. What I am saying is that the business needs to clearly understand what

will be the dollar outcomes of the decision. For example, if a business decides to employ an additional staff member, what effect will that have on profit? If a business decides to invest in an advertising campaign, what effect will that have on profit? If a business decides to reduce its health and safety budget, what are the potential effects on profit? Likewise, if an accident occurs and you are deemed to be negligent, how will this affect your profit? Return on Investment is an important concept that needs to be understood and applied to the decisions as you work your way through developing your own business.

You will be amazed at how many microdecisions you will have to make when starting a business, and some of them will not excite you at all, but they will still have to be made—and usually very quickly. If the business is opening in an established industry, there should be resources and mentors available; that is, successful businesses that you can learn from. If, however, you are bringing an innovative, never-before-seen business to market, making decisions may be really hard. There will be no informed resource that you can turn to, and instead you may have to rely on your gut instincts and monitor the option chosen.

I have designed this book to be read in chapter order, as it works through the typical timeline and processes involved in starting a business. I suggest you read through the chapters, and then come back to any particular section should you need to review a particular area.

Day 1

Are you ready to start a business?

Key areas we will cover on day 1:

- ▶ defining 'small business'
- ▶ setting goals for a business
- ▶ managing a work-life balance
- ▶ choosing a business idea
- ▶ undertaking market research
- ▶ understanding the competition and business environment
- ▶ avoiding the pitfalls of starting a business.

What is a small business?

How do you define a small business? Interestingly, there seems to be no universal definition. Various government authorities have suggested definitions that centre around ownership, turnover and assets. I think it comes down to simply the number of people employed within the business. Yes—just this one,

simple measurement. I think one to four people represents a microbusiness, and five to 20 represents a small business. In today's internet age, multimillion-dollar businesses can be run by a couple from their garage. It seems odd to suggest they are anything other than a microbusiness.

Goals for running a business

Have you determined what your personal goals are for running a business? What are your objectives for running a business? What are you hoping to achieve? Have you set yourself a time frame?

A common business methodology for formulating goals is to apply the **SMART goal** framework (first mentioned by George T. Doran in *Management Review*, November 1981): specific, measurable, attainable, relevant and timely. The SMART criterion is used to formulate a goal with substance. So, rather than suggesting your goal is:

'I want to start a business and make lots of money'

you would say:

'Within six months I want to start a home-based business that will sell Australian-made body lotions all over the world and generate a regular income of \$4000 per month so that I will have more time to spend with my family'.

The latter goal can be broken down and matched with the SMART goal framework:

- ▶ *Specific*. The specific goal is to 'start a home-based business that will sell Australian-made body lotions all over the world', indicating what the goal setter wants to achieve.
- ▶ *Measurable*. The measurable goal is to achieve a dollar figure income per month, which in this case is to 'generate a regular income of \$4000 per month'.

- ▶ *Attainable.* With the right resources it seems like an achievable and realistic goal. If the time frame had been shorter—say, six weeks—or if the regular income had been higher—for example, \$10 000—the goal, while potentially achievable, would seem unattainable.
- ▶ *Relevant.* ‘More time to spend with my family’ gives some meaning and purpose to the goal. Essentially the goal setter hopes the business will not take up too much time.
- ▶ *Timely.* The timely goal is ‘within six months’, indicating by when the goal setter hopes to achieve the goal.

What are your goals for starting a business? You may see a gap in the market and believe you could start a business to address that need. You may have a hobby and want to see if it has commercial potential. You may want to start a business to get away from something. Maybe you are simply fed up with laughing at your boss’s jokes, corporate culture, or working in a business that operates inefficiently and you think you can do it better yourself.

If you are fed up with reporting to a boss and want to start a business so you no longer have to report to anyone, think again. A business owner reports to customers, to the bank, to the tax office and other government departments—to anyone with a vested interest in the business. There is a line of people you will have to answer to. Once you are running your own business, you may find that you actually have more appreciation for the job that your boss did. Running a business has many rewards, but it is not always the easy option.

Individuals have various reasons for starting a business. It may be to make money or to create a work-life balance around their family. An inventor may see it as a way of bringing an innovative product to the market. You may have been made unemployed,

and due to a lack of suitable jobs, may see it as a way of creating a job for yourself. You may see it as a way of helping people and sharing knowledge efficiently. You may be frustrated with the current personal taxation system and want to take advantage of the tax benefits of running a business. Are your reasons for starting a business valid?

Activity 1.1

What are your personal SMART goals for running a business? Remember to address specific, measurable, attainable, realistic and timely goal criteria.

Are you suited to running a business?

You need self-motivation, determination, drive, resilience and knowledge to run a business. Once you have started a business, you may find the business environment is not as you predicted it to be, and you may need to exploit different opportunities. Your goals may change and evolve, but you need to start with goals and plans.

On day 2 we will start developing a business plan. Understanding your business goals will assist you in formulating a solid business plan. You will also need to make decisions about everything to do with your business. Personally I find that I am constantly faced with working through so many decisions in my business that when it comes to personal decisions I am totally spent! I don't care if you give me tea, coffee, macchiato or a skinny latte—as long as it's hot, I'm okay with it!

Are you suited to starting and running a business? Will you stay focused and motivated? Are you decisive? Are you faced with trepidation or excitement at the prospect of running your own business?

Are you ready to start a business?

Part of the process of contemplating starting a business must involve assessing whether you and your personality traits are suited to running a business. You may have a great product and a captive market, but the long-term success of the business will depend on your ability to launch, manage and grow the business.

I once trained a female business owner in the basics of MYOB accounting software. Her business quickly developed into an award-winning, nationally successful business. While she did not spend time entering transactional data for her business, the MYOB training helped her source financial information within the MYOB accounting software and she used the information to assist her in making informed decisions. Would you benefit from additional training and knowledge before starting your business?

Do you want to be the boss? Are you comfortable that you will need to make a lot of decisions and be responsible for those decisions? Certainly you may employ staff and delegate roles and decisions to them, but ultimately the responsibility and risk remains with you. You may reap the rewards, but you may also lose your investment capital if the business does not go as expected. Running a business can be stressful. Do you want the responsibility and the stress that comes with it?

Do you have the time commitment to run a business? Speak to any successful business owner and they will tell you they spend a lot of time in their business. A business does not just stop at 5 pm on a Friday afternoon. Businesses are not predictable. Staff members may call in sick at short notice, and suddenly you find yourself working yet another shift in the business, rather than leading the business.

Are you prepared to give up evenings, weekends and holidays for your business? Are the people around you prepared for this? Do you have the energy for this?

Are you focused and self-disciplined and do you have a strong belief in yourself? Can you remain motivated to run your own business? Can you stay focused on one project, or do you easily get distracted and develop new passions every week? Do you think you have the commitment required to launch a business? Do you have a belief in yourself that will carry you through the difficult periods and help you make the hard decisions? I have a talented and hard-working friend who works long hours in the retail industry. She has talked about starting her own business for years, but has never taken the leap of faith. Rather than investing in her own development and taking charge of her life, she spends her time doing overtime for an unappreciative boss about whom she complains all the time. Her job totally depresses her. However, she has a mortgage and is worried about how she will pay it off in the long term if she leaves the security of employment. I don't know if starting her own business will turn her life around, but I hate seeing her so depressed and lacking belief in herself.

Do you have the knowledge, experience, industry know-how and skills to run a business? When people invest in your business or do business with you, they will be keen to know the prior experience you are bringing to the venture. A small business owner needs to wear many different hats and coordinate many different priorities while juggling a work-life balance. Running a business full time involves passion, 24/7 dedication and a huge commitment.

Don't get me wrong, starting a small business has many benefits, but there are always aspects that you may not like or that you may have little understanding of. Yet the responsibility for things like health and safety issues, chasing debts, deciding on marketing strategies, managing staffing rosters, choosing attractive colours for logos, and dealing with unreasonable customers fall squarely on your shoulders. These sorts of issues combined with long working hours and the isolation of being in charge must be

considered. Can you cope with that responsibility? Do you know how to deal with all aspects of the business?

A local carpenter was working with a building company while planning to start his own business. He analysed where his experience gaps were, and undertook evening studies to complete his Building Services Authority licence, which was necessary for his own business start-up. He also arranged for his wife to undertake MYOB accounting software training so she could do the books for the business. When the carpenter eventually started his own business he would bring to the business relevant skills, experience and certifications.

As you read through this book you may identify areas that you need to spend more time understanding. Of course, you don't need to know every aspect of the operations. There are consultants and qualified staff available to shoulder some areas, and there is a vast wealth of knowledge available for free online at the 'Google University'. If you launch an airline no-one expects you to fly the planes.

Before you start a business you should assess whether there are gaps in your knowledge. Would you benefit from spending some time learning about a certain area? Can you develop your knowledge through a business course or work experience, either in your current role or in a new contract position or even a voluntary position?

Activity 1.2

- What personality traits do you have that are suited to starting a business?
- Are there gaps in your knowledge? Would you benefit from additional training?
- What relevant experience do you bring to the business?

Work-life balance

Business commitment can take many shapes and forms, and I don't want to scare you off with thoughts of never having a holiday again! You will, however, have to become very skilled at managing your time productively. There are only 24 hours in a day, and try as you may, you cannot change that. Your work, your health, your family and your life rely on your ability to be productive.

You only need to look at *BRW's* annual rich lists to see that there are some very unhealthy and overweight successful business people—over the long term this is not desirable. So think about how can you integrate an acceptable work-life balance into your business from the outset.

Clearly understanding the goals of your business and what you want to achieve with your business will assist in planning the structure of your daily business life. You may want to start a business on the side, or a home-based business, for some extra income simply so you can have a flexible lifestyle while generating some income. There are a growing number of **mumpreneurs**, **dadpreneurs** and **greypreneurs** who run small, successful businesses around family or retirement commitments. They may opt to forsake growing the business and employing staff, and the inevitable stress, by establishing a small, home-based business, working during school hours or working when the bowls tournaments are not on!

On the other hand, you may be ready to launch an empire and live and breathe your business 80 hours a week.

You need to establish daily exercise and healthy eating routines and incorporate them into your day. Can you ride to the workplace or swap business lunches for meetings on the squash court? I sign up for charity fun runs, get involved in community

events, and publicise what I am doing through social media and my newsletter, combining my efforts with promoting my business. You will need to establish workplace boundaries and a planned daily schedule.

Where will your business be located? If your business starts at home, do you have dedicated space and dedicated time when the family will not disturb you? If the location of your business is outside of the home, how long does it take to get to your business location? Are you using your travel time productively? Would you benefit from investing in a chauffeur and a laptop for long trips?

My own business started on the kitchen table while children watched TV in the lounge room. Once I was more established, I took over a dedicated room in the house, and my turnover seemed to take a significant leap with this move! Most of the work I now do is **in the clouds** (internet based) and I operate as a digital nomad. I can work from anywhere I can connect to the internet.

Another person I know works in the import/export business. Initially they started the business at home. This was good for the cash flow while the business established itself. However, more and more parcels were being sent to the house until eventually the front foyer was filled with boxes and you had to jump over them every time you visited. The importer/exporter looked around for suitable offices and eventually found another import/export business conveniently located close to the airport that could rent them a large room. This was a great location for the growing business as the owners were able to undertake their business while receiving goods into the warehouse, enabling them to separate their business from their work life. If the business grows further one day they may look at expanding their office facilities.

For your own sanity you need to maintain some structure to your day. When do you work best? What do you need to keep your business mojo in top form? Perhaps driving your kids to school, or a boxing session two afternoons a week clears your head and gets you in the mood for work. Current thoughts around productivity are that multitasking is a myth and less is more. To be effective, understand when you are most productive and target those hours of the day by removing all distractions and focusing on work.

As a mother juggling school kids, I would get up early and work for an hour before they woke up, then get them ready and take them to school, before returning to do a solid five-hours' work before pick-up time. After dinner I would settle down to my third session of work from 8 pm until late. I was working long hours, and had no 'me' time, which was unhealthy and eventually I realised it was also unproductive. I now avoid working late, ensure I get at least seven hours of sleep, and when I do get up early I arrange to go for a jog with my dog Charlie and a friend.

If you are suited to running a business and you launch a business suited to you, you will not have to wrestle with a work-life balance. You will simply be living.

Activity 1.3

- How will you structure your work day?
- How will you incorporate daily exercise into your routine?

Finding a product or service to sell

What products or services will your business sell? If you don't know what business you want to start, but have a burning desire to start something, there are a number of avenues you can look

to for inspiration. I suggest you get yourself a blank book from the local stationery store and write in it anything that interests you: words, pictures, drawings, stories, cut-outs—anything at all. Over time you may see a pattern of what you are passionate about, and from that realisation consider whether you can turn your passion into profit.

Fortunately today, with the vast wealth of ideas available freely on the internet, the easiest way to generate business ideas is to simply do a search of ‘top businesses to start in 20XX’ or ‘profitable businesses to start’. Each search returns more than 50 000 links to further inspiration and information. A site called www.springwise.com has a plethora of ideas. Springwise is an ideas database for entrepreneurs that categorises business ideas by industry. Offline you could contact your local government offices, such as Business Enterprise Centre (BEC), or find out if there are business or franchising expos where you can learn more about business opportunities.

Be careful before you hand over any money to schemes like ‘I will show you how you can make money staying at home’ signs pinned to telegraph poles. I suspect they are making most of their money by selling those schemes.

I know I spent more than a year working out what sort of business I should go into. There is a plethora of options: leaving a job and starting a similar business, starting your own business, buying a business, buying into a **franchise** or starting your own franchise. The number of choices can become overwhelming. Gather knowledge, listen and talk to people, and attend expos. Many people who launch a business may end up consulting back to their previous employees. These clients can initially be your bread and butter while your business establishes itself. Don’t be too proud to work for them, and never burn bridges!

Activity 1.4

What products or services will your business sell?

Does your business idea have merit?

How do you assess whether your business idea has merit? How do you ascertain if your business idea will have receptive customers open to your offerings to ensure your business model is profitable?

Depending on the size of the business that you are planning to start, you could establish an advisory group to discuss, investigate and explore the business concept. You could access online business **forums** and discuss your business concept with other forum members. An active business forum to visit is www.flyingsolo.com.au. You could also talk to existing business owners within a similar industry and discuss the concepts and viability with colleagues.

As you explore the practicality of your business idea, you may be wondering whether you should keep it a secret. Will someone steal your business idea? A stealthy start-up involves keeping your idea to yourself until the launch. The downside of a stealthy start-up is that you will not get the feedback you need to react quickly to what users think of your product. Don't build past what you need to build to start getting feedback. I have come across people who are very secretive about what they do and they ask me to sign a non-disclosure statement. I actually consult to businesses on a regular basis not having any idea what they really do! Yes, I agree that some aspects of your business should be kept secret to maintain a competitive advantage, but your business idea may benefit from being critiqued by other people.

To assess the merit of your business idea you need to undertake market research, understand the regions, understand the culture, understand how the product or service fits in the market place, review potential competition within the industry, understand the business environment and prepare a forecast budget. If you are concerned about who you should invite into your inner business circle, do your **due diligence**. Then, if you feel it is necessary, get them to sign a non-disclosure statement.

Activity 1.5

- Does your business idea have merit?
- Is there a demand for the products or services you plan to sell?

Researching your business idea

Market research is a process of understanding, exploring and defining the market your business intends to operate in. It is about understanding and profiling your customers. Where are they located? What is their average age? What is their income bracket? What do they need? What do they want?

It is tempting to avoid or neglect undertaking market research and to assume that everyone thinks like you or that you clearly understand the market you plan to sell to. But *assuming* makes an *ass* out of *you* and *me*! Rather than launch the business on gut instinct it is prudent to take the time to understand the market and make informed strategic decisions about your business. Market research can be undertaken to gather information about customers or the market the business will operate in. Market research is used to discover what people want, need, believe or even the way they will

act. Market research will profile potential clients and the best way to access them. It may include feasibility and benchmark studies; customer satisfaction surveys; and client, competitor and industry profiles. In reality your market research budget should probably directly correlate with how many resources you intend to invest in this venture.

So, who do you go to for market research? There are businesses that specialise in undertaking market research and if your business is a high-value commitment, you would be prudent to invest in paid market research.

Alternatively, you can undertake market research yourself. If you're working on a shoestring budget, there are a number of low-cost market research routes you can follow. The Australian Bureau of Statistics (ABS) has key statistical data available about the economy, people, different industries and regional statistics on its website at www.abs.gov.au. If you're reading this outside of Australia, your own government is likely to have a similar resource. I have visited the ABS website a number of times and it has some really interesting data. However, if you are new to the website, you may need to contact them for guidance in navigating their website.

For a minimal outlay you can post an advertisement on Facebook or LinkedIn, or use Google AdWords to promote your 'proposed' business products or services before they are available to establish if they generate interest from the buying public. This exercise works particularly well for internet businesses. If you wanted to take it a step further you could develop a landing page to collect potential leads and then contact them once the business is launched.

There are also online survey sites that enable you to create and distribute a questionnaire and analyse the results. I have used Survey Monkey www.surveymonkey.com, which is free

but also has enhanced paid products. These websites all have a similar set-up: you craft questions, forward questions to potential respondents and then analyse the online results. They are a quick way of assessing whether you are making the right decisions, and a way of building a community around your venture. Many of those surveyed may feel a sense of connection with the business and be invested in its success. Obviously, it is good to have potential customers awaiting the launch of your business!

Activity 1.6

- What profile do you have of the business's ideal customer?
- What market research can you do to assess the viability of your business concept?

Understanding your competition

Do you have a clear idea who your competition will be? Do you know how to find your competition? You could look locally to see who is situated in the area, or use search engines, the yellow pages, or the local newspaper to discover who your competition may be.

Have you eaten in their restaurant, tried their services and bought their products? Are their clients loyal or price driven? Do you understand what your competition's strengths are and what you will be able to do differently?

A dietitian was growing her own practice and wanted to know and understand what were the best tools and techniques she should implement in her business. So she visited other dietitians, as a patient, to really understand what the experience was like and what worked and what didn't. She

visited numerous other dietitians across the world from big, bustling cities to quiet regional towns, and took the best aspects of their practices and implemented them in her own.

Her research into her competitors was quite a costly yet informative exercise and, yes, she has a very successful practice.

Before I launched a business, I created a new email address and emailed my potential competition with a general small-business query to gather data, to see how they responded and to understand what they were charging. The responses were interesting. Some had a very professional standard response, some refused to respond to my question and would only deal with me via phone, and others responded and sent numerous follow-up responses (and then I found I was signed up to their newsletter). One lady sent me a huge email about troubles with her washing and how this delayed her response, and finally asked how she could help. For me it was interesting to see how so few of the responses actually answered my direct questions, and how they neglected to follow up with me.

Now that I am well entrenched in my own business, I don't see competition as the enemy. I see them as colleagues, as a resource, as a back-up plan when I am over-committed and as support. As a business owner I regularly communicate with many people who, on the outside, could be perceived to be my competition. Of course there are those I tend to avoid—those I do not refer work to and I do not speak about—but, in general, if I have a business problem the first person I typically call is a fellow business owner.

Activity 1.7

- Do you understand what competitive advantages and disadvantages your business has? Why are you better than your competitors?

Competitor	Overview	What are their strengths/ weaknesses	What are their prices? How do your products compare?	How will your business be better than your competitors'?

- Why will your customers or clients prefer to purchase products or services from your business rather than from your competitors?

Understanding the business environment

There is never a right time to start a business. Serendipity, luck and riding the crest of a trend wave can play a part in your business success. As you contemplate starting a business you need to look at the current business cycle. The business cycle refers to periods of expansion and contraction, which generally consist of four phases—recession, recovery, boom and contraction. It is difficult to predict the movement of the

business cycle as each phase may be different in length and intensity. Will the economic environment be receptive to your new venture or are there barriers that you need to be aware of?

Evaluating the business environment

As I write this book, the Australian economy is confused. We are going through a mining boom, which is putting pressure on interest rates to go up; however, smaller businesses are finding the economy tight. People are saving rather than spending and retailers are seeing a decline in sales. With a strong Australian dollar, people are buying from online retailers based overseas. We went through a phase of chain stores opening everywhere. Then, after the al-Qaeda attack on the United States on 11 September 2001 a trend emerged to buy locally. Farmers' markets popped up and online retailers such as Etsy (www.etsy.com) and Madeit (www.madeit.com.au) emerged, selling homemade crafts globally.

Chain stores are shutting down and the number of small businesses is increasing. Perhaps for lifestyle choices and taxation reasons there is a growing number of solopreneurs leaving the corporate life and starting their own business. The government's reaction to this has been to review the taxation rules for consultants' and increase the red tape around typical sole-operated businesses. For example, bookkeepers who process business activity statements (BAS) now need to register as BAS agents with the Tax Practitioners Board (TPB) and adhere to various educational and insurance stipulations, which in turn has made operating more difficult and expensive.

The business environment is affected by taxation changes, government legislation and political changes. Although business owners have very little control over the business environment, they nevertheless need to be aware of it.

To stay in a successful business they may need to adapt and react to changes that take place. For example, if the government was reviewing the regulations regarding bike helmets, it would be unwise to pre-order a batch of bike helmets that only met current regulations as they may become obsolete before you have the opportunity to even bring them to market.

As a business owner you need to keep abreast of the business environment by listening to the business news. A favourite of mine is downloading Ross Greenwood's podcasts from his *Money News* radio program. Ross Greenwood is easy to understand and covers a wide range of business topics. You should also gather information from your industry bodies. For example, if you are planning to start a plumbing business, you would join an organisation such as the Master Plumbers and Mechanical Services Association of Australia and read the journals and newsletters they publish.

Activity 1.8

- Do you see any trends within your industry and will your business be able to take advantage of them?
- Describe the current market environment (refer to current population levels, employee availability, the economy and recent trends). Where will your business fit in this environment?

Avoiding mistakes

Through consulting, I come in contact with a lot of start-up microbusinesses and have discovered some of the mistakes they make. It is a driving force behind writing this book to share with you the many learnings that I have gathered along the way.

Sometimes the mistakes are small, simple and easily rectifiable. Sometimes they are costly, time consuming and, with some forethought, could have been avoided. Don't laugh—you'll be amazed at some of the mistakes as you read about them and you'll think, 'How could a sane business owner possibly make such a mistake?' Then you could find yourself several months down the track reflecting on this book and realising, 'Oops! I shouldn't be doing this!'

Expert advice

One of the problems I see facing new small business owners is that they don't seek expert advice. It can be beneficial to talk to friends and colleagues about your business venture, but you should not base your decisions on advice you heard at a pub. You should seek out unprejudiced specialists and professionals, listen to what they have to say and act upon their advice. Yes, you may well be paying for this advice, but it is likely to save you money in the long term. On day 3 we will explore the specialist and professional advice you as a business owner should be seeking.

Advertising

As you launch your business, understand what your capacity is and don't over-advertise. How many people can you serve? Don't promote or advertise your business beyond your capacity to serve your new clients.

One guy I heard about started a lawn mowing business and paid for 15 000 flyers to be distributed in his local area. When people called about his services, his father responded that his son had been inundated with enquiries and did not have time to mow their lawns.

Likewise, don't get publicity on a local current affairs news program only to find the overwhelming response crashes your website servers and disappoints potential customers.

Mates rates

One of the mistakes many businesses make in the start-up phase is providing discounted or free services to friends, family and charities. There are both good and bad reasons for doing this. You may appreciate the work experience and the opportunity to learn the ropes on a real-life customer or you may want to contribute to the community. However, by discounting your services you are lowering the value they perceive of the product or service your business is offering. When you use discounting to sell products you are just training your customers to wait for a sale and you may build this culture into your customers.

If you do want to offer a discount, I suggest you still invoice at full price and then detail the discount on the invoice so the customer is very clear of the value they are getting. I would also suggest you seek ways of leveraging off the discount you have offered to such customers: ask for advertising space in their charity newsletter, ask for referrals to potential paying clients, ask them to agree to be case studies, or ask them to write you a reference on LinkedIn to promote your services or products.

Start your business as you wish to continue. Beware of providing discounted services that eat into time you could be spending working fully billable hours or hours you could be using constructively finding billable work.

In our local community we have a well-networked business leader who expects businesses to provide her business with

free services. She is very demanding and ungrateful, and if you don't service her she spreads negative vibes through her network. A number of us have been stung by her. It is really a tricky situation to extract your business from, and it would have been easier not to get into that situation at all! Just because you now own the business does not mean you have to offer your friends, family or charities freebies. Choose the pro bono work you want to do, and be firm with other requests.

Branded stationery

I cannot believe this topic is getting its own paragraph, but I see this mistake all the time, so it is worth mentioning. Don't invest in expensive branded stationery and then change the business name, structure or contact details so the stationery has to be thrown away. Do you really need branded stationery, or are you replicating big corporate business? If you do need stationery, can you purchase it in small batches or simply have the business logo developed and print it out as you need it?

Paths of communication

Decide how you want potential customers to contact the business. My advice would be not to give them too many options and to have it funnel in through a restricted number of avenues, otherwise you will be held hostage to numerous communication devices. Do you really want businesses to call your home number on the weekend?

Establish your business contact details and avoid having incorrect contact details on anything! Make sure you promote contact details on everything including your website and check that everything is correct—from the email signature

to website listings. Also check that the business spam filter is not treating potential customers' emails as junk. Try contacting your business from an external source. What is the email or telephone response? Does it suit your business needs?

GST registration

Don't automatically register for the GST if you don't need to. Assess whether it is economically necessary to register for the GST and all the paperwork that comes with it. Also, don't issue tax invoices if you are not registered for the GST. The GST confuses a lot of people. (We will cover this issue in more depth on day 5.)

Self-discipline

Self-discipline is an important factor in avoiding mistakes so I would like to remind you to keep in mind these two points in particular: *stay focused* and *stay lean*.

While it's nice to focus on the parts of the business that you enjoy and understand, make sure you don't neglect the parts that don't interest you. You are responsible for everything now, so stay focused on all aspects of your business!

Don't overspend in the start-up phase. Yes, I am harping on it again and again—because business owners always tell me they wish they had not overspent in the beginning.

I don't believe any successful business has not made a mistake along the way. Hopefully this book can empower you to avoid them. A robust business will recognise an issue, deal with it and move on as part of its growth journey.

Getting additional help

There are many government and non-government resources available to assist you in starting your business.

- ▶ *NEIS*. The government currently funds a program for eligible job seekers who are interested in starting and running a small business called the **New Enterprise Incentive Scheme (NEIS)**. As I write, the NEIS scheme can provide you with accredited small business training, business advice and mentoring, as well as ongoing income support for up to 52 weeks. I have worked with several small business owners who started on the NEIS scheme and have launched very successful businesses. Visit www.deewr.gov.au/Employment/JSA/EmploymentServices/Pages/NEIS.aspx.
- ▶ *BEC*. The Business Enterprise Centre (BEC) provides nationwide business advice and support to small and micro businesses. They offer business resources, how-to guides, seminars, forums and information on financing. Visit www.becaustalia.org.au.
- ▶ *TAFE*. TAFEs around Australia offer certificates in various courses such as Micro-Business Operations and Small Business Management that may fill in the gaps of your knowledge.
- ▶ *Libraries*. Local libraries have a vast collection of business books available for loan. Reservations can be placed online and books can be sourced from other libraries. I am a huge fan of the library and our local Brisbane City Council Library has even sourced books from interstate that I wanted to read. You can also borrow audio books via download and install them on your iPod, which is just amazing. I don't know whether your local library offers

these services, but I encourage you to take the time to explore what they have on offer.

- ▶ *Banks.* Today many banks have a dedicated small business consultant who will meet with you and discuss your business's needs. The banks may also offer you literature, in-house courses and online forums that you can access. Of course they also have information on banking, credit facilities and merchant facilities that you may need to explore.
- ▶ *Industry groups.* Your own industry group may have resources to support you when starting a business such as information courses, networking and mentoring opportunities. For example, the Australian Institute of Professional Photography (AIPP) has a mentorship program for emerging members to assist photographers in their professional career. Maybe your industry association offers similar support.
- ▶ *Google University.* Okay I really mean the internet. Search and you can find information about almost anything. Not everything on the internet is reliable, but a lot of people upload training videos, update Wikipedia—a free, web-based, collaborative, multilingual online encyclopedia project where contributors blog—and generally share their knowledge and insights.
- ▶ *Online business forums.* A forum is an online message board where people can discuss ideas related to a particular topic. There are a number of business-related websites that have a forum area you can access to discuss small-business issues. Some charge a membership fee and some are free. You can join anonymously or join and promote your business.

- ▶ *Business innovation centres or incubators.* A business **incubator** or innovation centre can be attached to a government-run or privately funded learning institute. It can be a location with shared offices for start-up and emerging businesses and it offers advice, support and mentoring to the business.

Activity 1.9

- Contact your local library and place a reservation on some business books. You can do this online.
- Contact your industry group. Do they offer support for start-up businesses?

Summary of day 1

The purpose of day 1 is for you to answer the question, 'Are you ready to start a business?' So, how do you feel? Do you think you are suited to running a business? If you are ready, go on with gusto! If you are feeling hesitant about starting a business, do you understand why?

I once met a young man who came into a nice inheritance. He bought into a business that he perceived would run itself. Unfortunately he appeared to have no interest in actually running a business. He seemed to have the notion that he would lead a hands-off, flexible lifestyle by owning a business, and his inheritance dwindled away. The experience was a costly business lesson for him. On the other hand I have met numerous older people—I call them greypreneurs—who say to me, 'Heather, I love my life and my business. I wish I had started my own business years ago!' I wonder if—had they indeed started their own business years ago, giving up the security of a job, superannuation and free access to

a stationery cupboard—they would have been so content. We will never know.

If you don't feel ready to start your own business, can you overcome these barriers? If so, write down what you need to do so that you feel ready to start your own business, and include a time frame for each task. Overnight business success usually takes many years of hard work, so don't be dissuaded because you don't feel ready right now. Feel positive. You will either know a business owner's life is not for you, or you will have a blueprint of what you need to do to be ready to start a business.

Day 1 should have given you both a personal reflection and an appreciation of the business and business environment you are considering launching into. Don't allow yourself to drown in analysis paralysis, or allow a desire for perfection to stop you launching a business. With planning, support, knowledge and resources, owning your own business is possible and can be a part of your future.

On day 2 we will look at establishing the business and evolving your idea into a business structure. As you move through the week more of the pieces of this jigsaw will fall into place—understanding the professional advice needed, marketing, finances and people management—ensuring you have a secure foundation from which to launch your business.

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*Do you have a great business idea but
don't know where to start?*

*Do you want to take that step from
employee to business owner?*

*Are you ready to gain skills and knowledge
to turn your dream into a profitable reality?*

*Learn Small Business Start-Up
in 7 Days* is your step-by-step
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This small business guide covers all the start-up essentials, from finances and marketing through to cloud technology and legal matters, and all that's in between. In 7 quick and easy steps, you'll be armed with all the knowledge you need to start your own business. By working through hands-on activities you'll develop your strategic vision and goals and prepare a comprehensive business plan.

Packed full of the best tips, tricks and tools, this is essential reading for anyone aspiring to start or buy a business.

Heather Smith is a sought-after small business expert who provides education, training and support to businesses across Australia, and helps them maximise their productivity and profitability. Heather is a popular speaker and media commentator on all things small business.

For further information and bonus resources, visit www.HeatherSmithSmallBusiness.com.



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