

Starting your own business

What do you expect to get from the business?

Have you asked yourself why you want to start in business? Is it because you want to invest your money, time and talent in a profit-making venture, or are you trying to buy yourself a job? Many people find that their hopes turn into a struggle to survive on less than they would have received through regular employment because they have not done their homework.

Starting a business for many, means that they are willing to spend long hours and a great deal of effort in order to make long-term gains in the way of increased sales income or a profitable venture which they can later sell and make capital gains. Many new business ventures fail because of lack of capital.

What experience can you bring to the business?

Do you have any experience in running a small business or will you need to attend some short business management courses to help you get started?

Do you have previous experience in the type of business you want to start and do you have the practical skills and training to perform the work? Get all the information you can about the qualifications and experience you need. The Department of Trade and Economic Development (DTED) can refer you to sources of information.

Operating a customer service business is more than just opening a shop or office and waiting for the customers to come in.

Do you have good people and selling skills and are you committed to quality customer service? Do you have the skills to deal with awkward customers and the communication skills needed to find out what your customers really want and need? Are you confident that you can relate the features and benefits of your merchandise or service?

Where can you get the training you need?

Training courses are available through a number of providers. DTED can refer you to the main providers of these courses. Information is also available from Business SA trade or business associations, industry training advisory boards and TAFE institutes.

What is the expected market for your business?

Do you know what the market is like for your product or service and how well serviced the chosen location is? Who are your target customers? What are their buying preferences and why do they buy the goods or services you want to offer? Is your product or service aimed at a certain age, income bracket or social group? What must you do in order to attract customers?

Who are your major competitors and what can you offer your customers to change their buying habits? How well will your product or service perform in a competitive market place? You will have to work out how many clients you will need for a good return and if this depends on servicing localised clients or a widespread customer base.

See if there are avenues for expanding the business through use of different marketing techniques. Work out how you can adapt the nature of your business to meet different market needs. Think about how you will advertise and promote your product and what merchandising and display needs you might have.

Have you formed a marketing plan and discussed this with your trade association or a business adviser?

How well have you chosen the location?

Have you compared the advantages and disadvantages of different locations? Is the location in an area which includes your target market and do they go there to shop and bank? Consider the other service outlets in the area and the passing trade.

What are your ideal premises?

You should shop around for these. Look carefully at different premises and what they can offer for your style of business.

How much frontage will you have and is parking readily available for your clients?

If you are to sell bulky goods is the service entry and storage area enough? What are the security arrangements and will the premises need upgrading to cover your security risks? Check that the fixtures and fittings suit your needs and look attractive. If you have to do a re-fit this will add to your costs. Look at the structural condition of the premises and make sure that the lease document specifies who is responsible for repairs, painting and general maintenance. Is the landlord asking you to pay for services such as cleaning which you could do for yourself?

Check that the floor space is enough for your present needs and estimate how soon you will outgrow this if your business expands. Ask yourself how you see the business in five years time. Make sure that the space requirements will last for at least the term of your lease. Moving is disruptive and expensive to trade.

The lease documents should be discussed with your solicitor before you sign them.

What legal matters will you need to satisfy before you set up business?

There may be laws that affect the setting up and running of your business and you should check with DTED and its Business Licence Information Service about any licences or permits you must have to carry out your trade or business.

You will also have to decide on a business structure and there are BIZFACT sheets available which cover the personal liability you must accept for the debts of your business, give you information on how the structure is to be set up, and the advantages and disadvantages of different types of business operations. Ask for:

- Choosing a Business Structure Which is Right for You
- Partnerships
- Proprietary Companies.

You should consult your solicitor about drawing up Partnership Agreements or Articles of Association. The local council will give you advice about whether the zoning regulations allow your business to be operated in the location you have chosen.

You should get this information before you sign any lease or other legal papers.

If you want to use your home as business premises, then you must make sure that this is allowed under Development Act regulations. The BIZFACT **Using your Home as Business Premises** tells you what may be allowed and how to get local council approval for this.

If you want to employ other people in your business then you should check the statutory obligations that you will have to meet. BIZFACT sheets are available on employing people. Start with the one called **Employing People in Your Business**.

What else should you know before you make a start?

Contact your possible suppliers, understand their terms and conditions of ordering and delivery, what discounts may be available on quantity, the return of faulty or defective goods and the delivery turn-around on orders. If they are willing to extend credit you should make sure you know the terms, the penalties for late payment and if it is more expensive than normal bank credit arrangements.

You should also work out the profit margins you will need to allow to give yourself a reasonable return on sales. How much is it going to cost you to offer credit to your customers?

Work out the cost to you of offering payment by credit card and weigh this against potential increases in sales.

Find out the processes and costs of recovering bad debts through credit control agencies, the Small Claims Court and District Court if this might be needed.

Ask...ask...ask...

Investigate as much as you can about the nature of your chosen venture.

What makes other businesses succeed or fail and are there any factors beyond your control that could affect your business?

If you need further advice talk to a business adviser at DTED. You may also like to make an appointment with your accountant or a Business Enterprise Centre Network adviser. Phone an Information Officer on 1800 188 018 for contact details.