

Thinking Of Starting A Business?



**LINDA
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Strategies & Solutions for Business

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Thinking Of Starting A Business?

Starting a business can be a stressful and traumatic process given there can be a lot of money at stake. Being a process it must be planned and follow logical steps.

To be successful you need to make the right opening moves and over the last 15 years we have literally mentored hundreds of clients through the various stages of their business life cycle - from start up right through to sale.

Over that period we have developed and refined what we describe as the 'Business Start Up Process' to help you make those important opening 'moves' and fast track your business success.

We are not your average firm of accountants who just prepare tax returns and keep the score. We believe our client brief includes helping you grow your business, your profits and your personal wealth which means we need to offer you strategies that focus on helping you build a more profitable and valuable business.

For clients who are starting or buying a business we have built a number of tools to accelerate the process and our marketing expertise is what sets us apart from traditional accounting firms who are focussed on compliance and tax returns. We truly care about your business success and the first move is simply contacting us today to discuss your business idea or purchase. *Linda McGowan CPA*

THE BUSINESS START UP PROCESS

Our 'business start up process' can be broken down into several phases including:

1. Compliance
2. Financial
3. Planning
4. Marketing and Growth

The **COMPLIANCE PHASE** starts with a fact find about your business idea so we get a snapshot of your overall business plan. This usually includes a review of your industry experience, family structure, who will run the business, your current financial situation, what products and services you plan to sell, your ideal customer and the planned location of the business.

From there we walk you through a number of important compliance issues including:

- Business & Tax Structures - the alternatives, the pro's and con's and the tax implications
- Registrations - Tax File Number, ABN, GST, Business Name, Website Domain Name etc.
- Accounting Software Options - Assessing your business needs and accounting skills
- Insurances - Overview of Public Liability, PI, Income Protection and Life Insurance
- Employing Staff - Obligations including Work Cover, Superannuation and Payroll Software
- Finance - Fund the business purchase or establishment plus lease vs. chattel mortgage
- Motor Vehicle Expenses - The methods of claiming expenses and compliance issues

This meeting usually lasts around an hour and while there is a lot of information to digest, you leave the meeting with our 44 page booklet titled, 'Starting or Buying a Small Business'. This valuable publication reinforces some of the advice supplied at the meeting plus it also provides guidance on legal issues (wills etc.) and some crucial information if you plan to run a home based business. The booklet also introduces some of the financial issues we cover in the next phase of the Business Start-Up Process including preparing

20 June 2008
Shane Bright
12 Woodleigh Crescent
Vermont South VIC 3133

Dear Shane:

RE: BUSINESS PROPOSAL

Thanks for meeting with us today to discuss your business proposal.

The business evaluation and establishment phases can be periods of great anxiety and stress due to a combination of the uncertainty and financial risk. To succeed in business we believe you need to make the right opening moves. Having previously assisted so many clients in your situation we believe you can benefit from our knowledge and experience.

At our meeting we provided you with a lot of information including our booklet, 'Starting a Small Business'. This booklet contains some valuable information that reinforces the advice we offered at the meeting. Most importantly, you can absorb the information at your leisure rather than in meetings with us at an hourly rate.

At our meeting we made some specific recommendations including:

Business Structure

When evaluating the choice of business structure we always recommend you look to:

- Maximise the Protection of Your Assets
- Minimise your Exposure to Income Tax
- Allow for Admission of New Partners or Investors
- Comply with all Legal Requirements
- Take Advantage of the Potential Future Application of the Discount Capital Gains Tax and Small Business GST Concessions

On the basis of our meeting and discussions we recommend that your business be structured as a Company. The attached summary provides some further background information on this type of business structure including legal liability, ownership and the various taxation implications.

We have arranged for the formation of a shelf company under the name **Sample Pty Ltd**
The office bearers of the Company will be as follows:

Name	Number of Shares		
Peter Sayers	6	<input checked="" type="checkbox"/>	Director
Mary Sayers	6	<input checked="" type="checkbox"/>	Shareholder
		<input checked="" type="checkbox"/>	Secretary
		<input checked="" type="checkbox"/>	Public Officer
			Registered Office

Name: Peter Sayers, Number of Shares: 6, Date of Birth: 11/01/1976, Each Share Value \$: 2, Place of Birth: Melbourne, Address: 22 Neely St Hampton 3188

Name	Number of Shares		
Mary Sayers	6	<input checked="" type="checkbox"/>	Director
		<input checked="" type="checkbox"/>	Shareholder
		<input checked="" type="checkbox"/>	Secretary
		<input checked="" type="checkbox"/>	Public Officer
			Registered Office

Name: Mary Sayers, Number of Shares: 6, Date of Birth: 18/04/1984, Each Share Value \$: 2, Place of Birth: Melbourne, Address: 22 Soona St Sandringham 3193

Starting Or Buying A Small Business



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Recommended Retail Price \$49



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Within 24 hours of the meeting we will email you a 5-7 page letter of advice that summarises our recommendations from the meeting including a detailed analysis of the preferred business structure.

The second phase of the business start up process is the **FINANCIAL PHASE**. Here we discuss your sales and projected income figures for the first 12 months of your business. What products will you sell and what is the mark up on each product? How many products, treatments or consultations are you expecting to complete each day, week or month taking into account seasonal trends and growing referrals? What prices are you expecting to charge for each product or service and what price do your local competitors charge?



We obviously need to make a number of assumptions with these calculations because it often involves a bit of guess work. You should document these assumptions and we can help you produce forecasts of the best, worst and likely income scenarios. Dropping these figures into one of our financial modelling tools will let us analyse the financial impact of price increases and help you identify your break even sales.

Having projected your sales figures we then turn our attention to your start up expenses. Using a simple tool we have labelled the 'Business Start Up Expense Checklist' you can document all the likely expenses you might incur during the set up phase broken down into the following categories:

- Legal & Professional Costs
- Set Up of Premises
- Marketing & Promotion
- Furniture & Equipment
- Starting Operations

	A	B	C
1	Business Start Up Expense Checklist		
2			
3			
4	Legal & Professional Costs		
5			Description
6	Domain name registration		
7	Insurance premiums		
8	Licences or permits		Check with City or State offices
9	Workers compensation		
10	Costs Associated with Premises Set Up		
11	Lease deposit and advance rent		This can be 3 months rent or more
12	Fixt		Furniture, counters, partitions & installation costs
13	Utility bonds and connection/disconnection fees		
14	Stationery and office supplies		Office stationery, folders, paper, pens etc
15	Cleaning, staff amenities etc		Office cleaning, kitchen supplies, etc
16	Marketing & Promotion		
17	Logo design		3Design or similar costs
18	Signage		Use contractor bid amounts
19	Printing costs for promotional materials		Brochures, posters, flyers etc
20	Stationery (branded)		Business cards, letterheads, V/ith Compliments
21	Advertising		Yellow Pages listing, radio, print etc.
22	Giveaways		Branded hats, pens, etc.
23	Entertainment		Launch party for clientele
24	Furniture and Equipment		
25	Equipment		including photocopiers, printers, etc
26	Vehicles		trucks, utes etc
27	Telecommunications		mobiles, laptops
28	Computers and software		
29	Computer setver & networking costs		
30	Contractor fees for computer installations, setups etc		
31			

This checklist has been compiled after literally helping hundreds of clients start their businesses. Having said that, incredibly we still find most clients over look a number of expense items in their estimates (often worth several thousand dollars) but this comprehensive checklist tends to pick up any omissions.

With the start up expenses documented we then identify all the fixed costs of the business like rent and insurances. We then examine your variable costs that fluctuate with your level of sales and business activity (materials, labour etc.) These figures then drop into our cashflow budget template to automatically produce a projected profit and loss statement for the first year of operation. This will tell us if the business is financially viable, how much finance or capital (if any) you will need to raise and let us do a break even analysis for you. It also lets us do 'what if' calculations so you understand the financial impact of a price increase or employing a new staff member.

Our brief includes helping you minimise the cost of compliance and accounting software selection is a really important part of making the right 'opening moves'. So many business owners buy accounting software beyond their business needs and level of accounting skill. This creates what we describe as 'computerised shoebox' records that can prove costly over the life of your business. We carefully assess your business needs and accounting skills before making a recommendation. In most instances, we get involved in training you to use the software so we avoid the dreaded computerised shoebox.



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We introduce you to industry benchmarks so you can compare your business performance against your peers and competitors. These benchmarks give you an indication of what is working in your business and what areas need working on.

THE PLANNING PHASE incorporates some of the financial issues we have already addressed but if you're looking for funding to start your business (or expand your existing business) you're almost certainly going to need a business plan to convince the bank or investors that your business is a good financial risk.



Your business plan needs to demonstrate how much money you need, why you need it and when your investor is likely to get repaid. If you want to raise substantial capital for your privately held business the plan must be clear, complete and realistic. A poorly prepared business plan will impact on your chances of receiving the funding.

Basically a business plan should provide an overview of your current business position, where you plan to go and how you intend to get there. Within the plan, you need to demonstrate your current financial position and how it will change over the next few years. However, a business plan is more than just a document to satisfy your financiers. It can be a roadmap for your business growth and success that both you and your staff can refer to for guidance and direction. Without a business plan you can't measure your success or establish your priorities and the business is effectively drifting like a ship without a rudder.

THE MARKETING & GROWTH PHASE is certainly what distinguishes our firm from most other traditional accounting firms who are focussed on compliance and tax returns. We view the tax return as the start of the client process, not the end. We recognise you want to grow your business, your profits and your wealth. For that reason we strive to help you 'know your numbers' and that includes understanding the **4 Ways to Grow Your Business**.



Once you understand the key profit drivers in your business we can talk you through profit improvement strategies and quantify the profit improvement potential in your business. Our unique **Business Accelerator Process** is designed to fast track your business success and effective marketing can be the difference between boom and bust for most business owners. The marketing process begins with your branding and we have helped a large number of clients over the years establish their trading name, logo and slogan.

Given websites are now seen as the 21st century business card, we can offer you advice regarding your website's colour scheme, functionality and content. Using our affiliate graphic artists and website development group we can then help you build an inexpensive but quality website. Not only that, we can help you harness the power of social media to win more referrals and show you some important search engine optimization techniques. If you need help with the development of your corporate brochure, client newsletters, marketing plan or business launch you can draw on our knowledge and extensive marketing experience.



Call us today on (03) 9383 2700 to discuss the right opening moves for your business.

