

## Ask Your CPA

### TIME TO START YOUR OWN BUSINESS?

#### Business considerations

The time has come to venture out and become your own boss.

You have the enthusiasm and the drive to make your own business work. But before you do anything, it is essential to consider all the pros and cons of what lies ahead. Starting a business is a big commitment and there is a lot to think about, including longer hours and the additional financial responsibility of generating an income.

The first – and the toughest – step is to prepare a strategic plan and set timeframes.

#### Your business plan must address the following:

- is your business idea commercially viable?
- what are your proposed business objectives and goals?
- who is your proposed target audience or customer base?
- what do you consider your proposed business's strengths and weaknesses will be? What potential opportunities and competitive threats can you see?
- which legal structure will be best for the business? Will you have partners or shareholders?

#### Do your homework

##### Market research

The economic viability of your business needs to be considered in light of the industry sector you are considering entering. How will you compete as a new entrant against more established brand names or companies? You will also need to

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clearly define the market your product or service will be targeting. You may need to carry out

some market research on the environment, competitors and your target market before you develop your strategic plan.

#### Legal structure

How should your business operate? You will need advice to help select and implement the legal structure for your business for tax, asset protection and growth, so that you understand your rights, obligations and duties. For instance, should you operate:

- as a sole trader?
- within a partnership?
- as a company?
- as a trust?

#### Location, location

Right idea, wrong position? The best business venture can fail to attract customers thanks to inconvenient location. Equipment and office furnishings are also key factors in creating a welcoming atmosphere. Make sure you prepare a lease/buy/hire purchase analysis before you sign any agreement.

#### Source of funding

How much cash is available from your personal resources and/or if relevant, your business partner(s)? For the best chance of obtaining additional finance, you will need to prepare a budget of funding needs and a cash flow forecast for at least the next 12 months. You

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should also include a profit and loss projection for at least the next three years. Your CPA can help you prepare these.

#### Marketing

To what extent are advertising and other promotional activities necessary? Identify which media are the most effective to reach your target customers and prepare a budget that covers your business launch and requisite ongoing activity.

#### Staffing

Is it going to be a family business – or will you need additional, possibly more experienced, staff? The hours you operate will also impact on your overtime costs and penalty rates. Check industry award rates and other employment requirements so you understand your obligations to staff.

#### CPA Standards

A CPA is best equipped to help you with strategies to start your business.

CPAs are leaders in business, finance and accounting advice. The right to use the CPA designation is only given to degree-qualified professionals who have undertaken rigorous and comprehensive post-graduate study, the CPA program.

In addition, CPAs are required to constantly enhance their knowledge and undergo ongoing professional development. This is achieved by undertaking structured professional development programs, including attendance at seminars, workshops, lectures and discussion groups.

CPAs are also bound by a strict Code of Professional Conduct and subject to regular

quality assurance audits administered by CPA Australia.

With this combination of qualifications, skills and experience, CPAs remain at the leading edge of their profession, so you can be assured you will receive the best advice the next time you 'Ask your CPA'.

### **Your business start-up checklist**

- Is this the right 'economic' time to start your own venture?
- Have you established a clear set of business objectives?
- Have you written a business strategy covering the next three years?
- Have you checked industry requirements?
- Have you reviewed insurance cover needs and relevant legal issues?
- Have you looked into local government restrictions and zoning requirements?
- Have you prepared a break-even analysis, cash flow projections and a series of budgets?