

# Thinking of starting a small business?

A practical guide for Tasmanians

December 2023





## Acknowledgment

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## Introduction

Starting a business can be both exciting and stressful. It's not easy to assess risks and benefits and then make decisions about something that will become a major part of your life.

Before starting a business, it's a great idea to talk to as many people as possible who are in business, conduct lots of research and gather information to make sure that your decisions are based on sound financial and market information.

You may decide:

- that the right time is now – that the opportunities are there and the risks for you are low.
- to wait and start a business when you have saved more money or gained additional knowledge or skills.
- not to go ahead with the business idea you have, but to keep thinking and looking for further inspiration.

This guide will provide some basic information and highlight where you can go for further support that will help you make decisions that are right for you.





## Support for new small businesses in Tasmania

There are over 43,000 businesses in Tasmania, of which more than 41,000 are small businesses defined as having 19 or less full-time employees (FTEs). Small businesses are an integral part of our economy, contributing to our economic growth by providing products and services, employment opportunities, and support for local communities.

The Tasmanian Government provides information and advice to help small businesses flourish and to support them throughout the business lifecycle. Some key resources to help you in the planning and start up stages are outlined below.

### Business Tasmania

A great first step in bringing a business idea to fruition is connecting with Business Tasmania.

Business Tasmania is a Tasmanian Government service that helps people to start, run and grow their business by offering personalised assistance, information and access to a range of services and programs from the Department of State Growth and other government agencies.

The Business Tasmania service includes (but is not limited to):

- providing answers to business-related queries quickly, simply and clearly.
- providing useful business information, tools, templates and checklists on the Business Tasmania website here: [business.tas.gov.au/starting](https://business.tas.gov.au/starting)
- an online calendar of business events in Tasmania, from workshops through to networking opportunities here: [eventcalendar.business.tas.gov.au](https://eventcalendar.business.tas.gov.au)
- referrals to business advice services at: [businessadvice.tas.gov.au/new\\_business\\_support](https://businessadvice.tas.gov.au/new_business_support)
- information about funding opportunities offered by all levels of government including a range of free support, training, and learning opportunities which is available at: [business.tas.gov.au/funding](https://business.tas.gov.au/funding)
- a regular newsletter and social media updates on business related matters of interest, key information, issues and programs. You can subscribe and view recent newsletters at: [business.tas.gov.au/updates-and-news](https://business.tas.gov.au/updates-and-news)
- serving as a key point of contact for businesses impacted by emergency events.

The Business Tasmania team is available between 9.00am and 5.00pm, Monday to Friday (except public holidays).

Phone: 1800 440 026

Email: [ask@business.tas.gov.au](mailto:ask@business.tas.gov.au)

Website: [business.tas.gov.au](https://business.tas.gov.au)

### Digital Ready for Business program

The Digital Ready for Business program aims to improve the digital capability, literacy and confidence of small business owners and operators by empowering them to make better business decisions.

The program can help you grow your small business in a variety of ways including by taking it online and using social media.

The program includes resources, free coaching and other information and is available at [digitalready.tas.gov.au](https://digitalready.tas.gov.au)

## Other support

When you start a business, it's a good idea to set yourself up with a team of trusted and reliable support people to provide specialised and customised advice.

Professionals and organisations that can assist you to find the right people include:

- CPA Australia or Chartered Accountants Australia and New Zealand for advice in relation to accounting services: [cpaaustralia.com.au](http://cpaaustralia.com.au) or [charteredaccountantsanz.com](http://charteredaccountantsanz.com)
- The Law Society of Tasmania for information and advice relating to engaging a lawyer: [lst.org.au](http://lst.org.au)
- The industry association relevant to your field – a full list of associations is available on the Business Tasmania website here: [business.tas.gov.au/starting/advice\\_and\\_local\\_support/industry\\_associations](http://business.tas.gov.au/starting/advice_and_local_support/industry_associations)
- Business mentors – it's a great idea to ask a businessperson you admire to provide advice and support to help you navigate setting up and running your business.

## Useful contacts at a glance

Contact	Phone	Website
Australian Business Licence Information Service – ABLIS is a tool to help you identify which licences you need to start, run and grow your business.	13 28 46	<a href="http://ablis.business.gov.au">ablis.business.gov.au</a>
.au Domain Administration – auDA develops and administers the rules for domain names.	1300 732 929	<a href="http://auda.org.au">auda.org.au</a>
Australian Bureau of Statistics – ABS is Australia's national statistical agency.	1300 135 070	<a href="http://abs.gov.au">abs.gov.au</a>
Australian Securities and Investments Commission – ASIC provides information and guides to help to start and manage your business or company.	1300 300 630	<a href="http://asic.gov.au">asic.gov.au</a>
Australian Small Business and Family Enterprise Ombudsman – ASBFEO assist and advocate for small businesses and family enterprises.	1300 650 460	<a href="http://asbfeo.gov.au">asbfeo.gov.au</a>
Australian Taxation Office – ATO is the principal revenue collection agency of the Australian Government.	13 28 66	<a href="http://ato.gov.au">ato.gov.au</a>
Business Tasmania – Supports Tasmanians to start, run and grow a business, including through business advice services.	1800 440 026	<a href="http://business.tas.gov.au">business.tas.gov.au</a>
CPA Australia – Provides education, training, technical support and advocacy to its members.	1300 737 373	<a href="http://cpaaustralia.com.au">cpaaustralia.com.au</a>
Digital Ready for Business – Supports Tasmanian small businesses in taking the next step online.	1800 955 660	<a href="http://digitalready.tas.gov.au">digitalready.tas.gov.au</a>
Fair Work Australia – Focusses on promoting harmonious, productive, cooperative and compliant workplace relations in Australia.	13 13 94	<a href="http://fairwork.gov.au">fairwork.gov.au</a>
Institute of Chartered Accountants – Represents financial professionals, supporting them to make a difference to the businesses, organisations and communities in which they work and live.	1300 137 322	<a href="http://charteredaccountantsanz.com">charteredaccountantsanz.com</a>

Contact	Phone	Website
IP Australia – The Australian Government agency that administers intellectual property (IP) rights and legislation for patents, trade marks, design rights and plant breeder's rights (PBR).	1300 651 010	<a href="http://ipaaustralia.gov.au/">ipaaustralia.gov.au/</a>
Law Society of Tasmania – Regulates legal practice in the state of Tasmania and provides services to its members to assist in maintaining high standards of practice in the Tasmanian legal profession.	03 6234 4133	<a href="http://lst.org.au">lst.org.au</a>
Local Government Association of Tasmania – LGAT is the peak body for Tasmania's councils.	03 6146 3740	<a href="http://lgat.tas.gov.au">lgat.tas.gov.au</a>
National Insurance Brokers Association – NIBA is the peak representative body for the intermediated insurance industry in Australia.	02 9964 9400	<a href="http://niba.com.au">niba.com.au</a>
Office of the Australian Information Commissioner – Provides information on small businesses that are covered by the Privacy Act 1988 regardless of turnover.	1300 363 992	<a href="http://oaic.gov.au/privacy/privacy-guidance-for-organisations-and-government-agencies/organisations/small-business">oaic.gov.au/privacy/privacy-guidance-for-organisations-and-government-agencies/organisations/small-business</a>
Skills Tasmania – Oversees skills, training and workforce development in Tasmania.	1800 655 846	<a href="http://skills.tas.gov.au">skills.tas.gov.au</a>
Tasmanian Chamber of Commerce and Industry – TCCI is an independent membership organisation that aims to lead and positively support the Tasmanian business community.	1300 559 122	<a href="http://tcci.com.au">tcci.com.au</a>
Tasmanian Small Business Advocate – Provides support to assist small business owners resolve issues with government departments, local councils and larger business entities.	0438 319 753	<a href="http://cg.tas.gov.au/supporting_business/small_business_advocacy">cg.tas.gov.au/supporting_business/small_business_advocacy</a>
Tasmanian Small Business Council – TSBC is an association of organisations, each of which represents a specialist industry sector.	03 6231 9174	<a href="http://tsbc.org.au">tsbc.org.au</a>
WorkSafe Tasmania – Focuses on advancing work health, safety and wellbeing in Tasmania.	1300 366 322	<a href="http://worksafe.tas.gov.au">worksafe.tas.gov.au</a>

# Starting your small business

Many guides to starting a business encourage a step-by-step approach which can be very helpful in making sure that all of the elements that are crucial to business success are considered. It's also very important to remember that running a business requires regular evaluation and adjustment of your actions to meet changing operating conditions and market fluctuations.

The key elements to starting a business are outlined in this guide. You'll also find tips and tools, and links to other useful information, as well as a checklist at the end to help you to determine if you're ready to start your business now.

More information is also available from various websites including:

- the Tasmanian Government's Business Tasmania website: [business.tas.gov.au/starting](https://business.tas.gov.au/starting)
- the Australian Government's Business website: [business.gov.au/guide/starting](https://business.gov.au/guide/starting)



## 1. Consider your current situation

Going into business for yourself for the first time will change your lifestyle – professionally and personally – and is likely to involve a significant personal and financial commitment.

It's useful to ask yourself why you want to start a business. For most people, it's a combination of many factors, which may include a desire to make money, enjoy greater autonomy and freedom, take an opportunity to work at something they enjoy doing, or build an enterprise to pass on to their children.

Whether your business succeeds or fails will depend on many things, including your abilities, initiative and capacity to work, planning and monitoring activities, as well as the economic and business environment.

To give yourself every chance of success, first consider your personal suitability for going into business by answering the following questions:

### Why do you want to start this business?

- I'm not happy in my present situation
- I'm unemployed and need a job
- I want a better lifestyle
- I want to spend more time with my family
- I'm bored and want a challenge
- I'm looking for more flexibility in my life
- I want to take advantage of a great opportunity
- I have great skills and experience and want to use them
- I want to help others
- I want to make lots of money
- Other:

### What do you hope to gain?

Describe the top three things you hope to gain by running your own business (think about money, time, family, career, professional challenges, values and lifestyle).

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**How do you rate your experience and natural ability in each of the following areas?**

For each item, tick the most appropriate answer	Poor	Average	Good	Excellent
Planning and goal setting				
Time management				
Marketing				
Industry knowledge				
Industry experience				
Networking confidence				
Motivation				
Communication skills				
Decision making				
Negotiating				
Social media management				
Customer service				
Financial management				
Staff management				

If you scored poorly in any of the areas above, you may need to take action to improve your score before you think about starting a business. Continually learning is one of the keys to business success.

There are many ways to further your knowledge and skills. Check out the resources and services available through:

- Business Tasmania, especially the event calendar — [eventcalendar.business.tas.gov.au](http://eventcalendar.business.tas.gov.au)
- the Australian Taxation Office — [ato.gov.au/general/webinars](http://ato.gov.au/general/webinars)
- the Tasmanian Chamber of Commerce and Industry — [tcci.com.au](http://tcci.com.au)
- WorkSafe Tasmania — [worksafe.tas.gov.au](http://worksafe.tas.gov.au)
- industry and business associations — [business.tas.gov.au/starting/advice\\_and\\_local\\_support/industry\\_associations](http://business.tas.gov.au/starting/advice_and_local_support/industry_associations)
- Skills Tasmania — [skills.tas.gov.au](http://skills.tas.gov.au)
- universities and TAFEs.
- financial institutions.
- the Internet (webinars, business blogs, etc.).

## 2. Assess your business idea

The only way you can know if your idea is going to work is by undertaking market research.

### Be clear about what your business is aiming to do

Will it:

- fill a gap in the market?
- enter an existing market where demand is greater than supply?
- provide a real difference for customers?

### Tap into existing research, information and support

Depending on your industry there is probably already a great deal of information available in published reports or studies from various sources such as:

- Australian Bureau of Statistics which has a variety of statistics on things like industry and labour — [abs.gov.au](http://abs.gov.au)
- Libraries Tasmania which has a search function for locating relevant material — [libraries.tas.gov.au](http://libraries.tas.gov.au)
- Australian Taxation Office – Small business benchmarks which contains useful information on businesses performance by sector, as well as small business tax obligations — [ato.gov.au/business/small-business-benchmarks](http://ato.gov.au/business/small-business-benchmarks)

You can also seek support from:

- Your industry or business association — [business.tas.gov.au/starting/advice\\_and\\_local\\_support/industry\\_associations](http://business.tas.gov.au/starting/advice_and_local_support/industry_associations)
- Your local council’s website — [lgat.tas.gov.au/tasmanian-councils/find-your-local-council](http://lgat.tas.gov.au/tasmanian-councils/find-your-local-council)

### Undertake your own research

To validate whether your business idea has the potential to succeed, it is a good idea to conduct your own research. You can do this by:

- Surveying a range of people about your business idea – asking potential customers, suppliers, competitors and industry members for their thoughts can give you fresh ideas about your product or service offerings.
- Conducting a focus group discussion.
- Monitoring social media discussions and forums.

For more information on how to do this go to the 'Idea validation' section of the Business Tasmania website at: [business.tas.gov.au/starting/idea\\_validation](http://business.tas.gov.au/starting/idea_validation)

### Analyse your research findings

Keeping an open mind when you are doing research and analysing results is really important – many people make the mistake of just trying to prove their existing ideas. It’s helpful to remember these golden rules:

- The better the research, the more informed the decisions.
- Flawed survey questions produce flawed results.
- Be aware of your own biases.
- Be honest with yourself.

Don’t ignore the results if they are different from what you expected. If your research shows that your business idea has a high probability of failure, then it would be unwise for you to go ahead with that venture. It’s also important to consider what’s happening within your industry at a broader level by looking at industry trends and projections. These might impact your thinking by revealing potential growth opportunities or industry decline.

## Tools to help you assess your business idea

There are many tools available to help you assess a business idea and determine whether it has merit. Some examples are provided below:

### The Business Tasmania 'Starting a business' page

Information, tools, checklists and templates to support you in assessing and developing your business idea are available on the Business Tasmania 'Starting a business page' here: [business.tas.gov.au/starting](https://business.tas.gov.au/starting)

### SWOT analysis

A SWOT analysis examines the strengths, weaknesses, opportunities and threats (SWOT) your business may face now and in the future. When completing the SWOT analysis, choose up to five examples in each category that are likely to have the greatest impact on the success of your business.



### Strengths

The internal resources or capabilities of your business that are better than those of your competitors and positively contribute to your profitability.

Examples:

- Established customer base
- Experience
- Innovative components – Intellectual Property
- Location
- People
- Price, value
- Quality
- Supplier relationships
- Unique selling points
- Good technical skills and ability to develop a good quality product

### Weaknesses

The internal resources or capabilities of your business that are below those of your competitors and may damage your profitability. Weaknesses need to be improved, sometimes with external help.

Examples:

- Gaps in capability
- Inefficient processes or systems
- Lack of brand recognition - reputation
- Lack of size and scale
- Limited customer base
- Limited financial resources
- Limited product/service range
- Limited skills in certain areas
- Lack of accounting knowledge

### Opportunities

The external factors or conditions that your business can exploit to build success. Take advantage of opportunities by using your strengths, supported by the most appropriate marketing strategies to enhance your competitive edge.

Examples:

- Access to capital
- Improved online sales capability
- Increased volumes and economies of scale
- Market growth
- New markets
- New partnerships
- New products
- Technological developments
- Recent closure of major competitor

### Threats

Threats are external factors that could adversely affect the success of your business. You usually have little or no control over them, but you need to be prepared for their impact.

Examples:

- Access to cash flow and working capital
- Competitor reaction
- Cost and pricing pressures
- Economic conditions
- Loss of key staff
- New products or technologies enter the market
- Regulatory and legislative change
- Weather effects
- Potential changes to government regulations

A SWOT analysis template can be found on Page 40 of this guide.

## Competitor analysis

Very few businesses operate without competition. It is really important to understand your competitors and how your business rates against them. Your competitors may come from inside or outside your specific industry. Given that most customers only have a certain amount of money to spend, the competition to attract their business can be fierce.

Undertaking a competitor analysis allows you to compare your proposed business with those already in the market. The competitor analysis of a caravan park below provides an example that may assist you to create your own competitor analysis based on your specific business type and industry.

Competitor	General notes	Points of comparison						
		Location	Core target markets	Caravan site price range	Chalet price range	Pool	Free Wi Fi	Pets allowed
Your business	Neat looking, ideally positioned close to the town centre. Ideal for visiting shoppers or people attending sporting events.	Town	Intrastate visitors	\$40–\$55	\$110–\$140	✓	✗	✓
Caravan Park A	Lovely looking, very well maintained, excellent coastal location. Lots of features for target market, including playgrounds, pool and well equipped games room.	Beach	Families	\$55–\$75	\$250–\$370	✓	✓	✓
Caravan Park B	Very run down, not geared towards tourism.	River	Permanent residents	\$35–\$50	\$90–\$150	✗	✗	✓
Caravan Park C	Quiet park in a good location. Very small sites, run down chalets. Needs money spent on it to be competitive.	Beach	Families	\$40–\$60	\$176–\$235	✓	✗	✗

A competitor analysis template can be found on Page 41 of this guide.

## Target market analysis

It's important to have a clear understanding of your target market early on by defining who your customers are and understanding their interests and buying habits. Understanding your customers will help you when you are putting together your business and marketing plan. Information on why it's important to identify your target market and how to do it is available at: [business.gov.au/marketing/identify-your-target-market](https://business.gov.au/marketing/identify-your-target-market)



### 3. Build your business plan

The information you compile using this guide can be used to help prepare a business plan. A business plan should describe your business, its objectives, strategies, target market and financial forecasts. It's a blueprint for the future of your business.

Although it may seem like a lot of work at first, a well-prepared business plan will save time and money in the long run and can help you secure major contracts or funding.

A good business plan will contain enough information to help you to obtain finance if required, and act as an operational and management tool for you and your staff.

A business plan will help you clarify:

- the purpose of your business (mission)
- the direction you are headed towards (vision)
- the underlying principles that drive your business (values)
- your business objectives (strategy)
- the intended recipients or buyers of your products and services (market)
- similar businesses and what they offer (competitors)
- your management and team capacity to deliver (human resources)
- your financial capacity (finances).

#### Business planning tools

The Australian Government Business website contains a range of information in relation to business planning, including links to many useful tools and other resources, and templates for developing a business plan.

The link to the website, which has a long and short form business plan template, is provided below, along with some other good free business plan templates:

- Australian Government Business website (business.gov.au) — [business.gov.au/planning/business-plans/develop-your-business-plan](https://business.gov.au/planning/business-plans/develop-your-business-plan)
- Smartsheet — [smartsheet.com/content/simple-business-plan-templates](https://smartsheet.com/content/simple-business-plan-templates)
- National Australia Bank — [nab.com.au/business/small-business/moments/manage/planning/business-plan-template](https://nab.com.au/business/small-business/moments/manage/planning/business-plan-template)

### 4. Choose your business structure

When you are setting up your business, you will need to decide what kind of business structure best suits you. Each structure has different impacts on the way a business is managed and operates. Your business structure can determine:

- the licences you require.
- how much tax you pay.
- whether you're considered an employee or the owner of the business.
- your potential personal liability.
- how much control you have over the business.
- ongoing costs for the business.
- the volume of paperwork the business needs to produce for certain activities.

#### Types of business structure

You can change your business structure throughout the life of your business. As your business grows and expands, you may decide to move to a different type of business structure but be aware that this can sometimes be a complicated process and before deciding which business structure to use or change to, seek advice from a professional business advisor, lawyer or accountant.

In Australia, the most common business structures are sole trader, partnership, company, or trust. These are detailed below.

##### Sole trader

A sole trader refers to an individual who owns the business directly in their own name. It is the simplest of business arrangements giving the sole owner all the decision-making power. The sole trader is personally responsible for all aspects of the business. Despite being a "sole" trader, under this structure you are able to hire staff.

##### Partnership

A partnership is formed when two or more people go into business together. It's widely recommended that business partners create a formal partnership agreement which outlines how the partnership will operate, including the sharing of any profits and losses, and the responsibilities of each partner.

A partnership can also be an association (group) of people or entities carrying on a business together but not as a company.

In Tasmania, a partnership operates under the *Tasmanian Partnership Act 1981*.

##### Company

A company is a separate legal entity that is capable of holding assets in its own name and conducting business in its own right. A company is owned by members (shareholders) and run by directors. A company is a more complex business structure to start and run and does require you to comply with various legal obligations.

Independent contractors can also set up a 'one-person company' listing themselves as the sole director and member.

##### Trust

A trust is an entity that holds property or income for the benefit of others.

## Comparison of business structures

A comparison of the common business structures is provided below.

Issues to consider	Sole trader	Partnership	Company	Trust
Are there complex set up requirements?	No	No	Yes	Yes
Are there higher costs associated with registering?	No	Maybe	Yes	Yes
Do I retain complete control?	Yes	No	No	No
Are there complex reporting requirements?	No	No	Yes	Yes
Will my assets (house etc.) be under threat if my business goes into debt?	Yes	Yes	Not as likely	Not as likely
Do I receive full profits made from the business?	Yes	No	No	Maybe
Can I employ staff?	Yes	Yes	Yes	Yes
Do I have to pay myself workers compensation, superannuation, etc.?	No	No	Yes (if employed by the company)	Yes (if employed by the trust)
Can I change the legal structure easily?	Yes	No	No	No
Do I have the ability to plan tax through avenues like income splitting?	No	Yes	Maybe	Maybe
Is it easy to dissolve or exit?	Yes	Yes	No	No

Further details on the differences in business structures is outlined at: [business.gov.au/planning/business-structures-and-types/business-structures](https://business.gov.au/planning/business-structures-and-types/business-structures)

## 5. Legal obligations and considerations

Starting a new business is an exciting time, but there are a few things you must do before you can begin trading. This section covers how to comply with mandatory requirements.

### Registering and licensing your business

Once you have decided on a business structure, you can formally register your business. You will also need to consider any relevant licences you have to apply for.

### Obtaining an ABN (Australian Business Number)

Start by getting an Australian Business Number (ABN), which is a unique number used to identify business names and companies, through the Australian Business Register.

Applying online is a quick process. Sole traders can use their personal tax file number (TFN) to apply, while partnerships, trusts and companies need to apply with a separate TFN for the business.

To obtain an ABN visit: [abr.gov.au](https://abr.gov.au) or [register.business.gov.au](https://register.business.gov.au)

### Registering your business name

The name of your business is a major element of its identity and image. Choose one that reflects what your business is about, and which will continue to be relevant as the business grows and evolves.

As a general rule, you will need a business name if you trade under a name other than your own. If you decide to use your own name for your business, for example John Smith, there is no need to register it. However, if you want to call your business 'John Smith & Co', this will need to be registered as '& Co' is not part of your personal name.

Prior to starting the registration process, it's best to check that your preferred business name, and preferred domain name, are both available. To check on the availability of the business name, do a search on the Australian Securities and Investment Commission website at the below address: [asic.gov.au/for-business/registering-a-business-name/before-you-register-a-business-name/business-name-availability](https://asic.gov.au/for-business/registering-a-business-name/before-you-register-a-business-name/business-name-availability)

You can register for your ABN and register your business name at the same time. To guarantee exclusive use of your business name, you may also want to register it as a trade mark.

For further information visit: [register.business.gov.au](https://register.business.gov.au)

### Registering your domain name

Your domain name is your business website's address on the internet (for example, yourbusiness.com.au). It is a valuable part of your business identity and an important marketing tool to help customers find and identify with your business.

If your business has an Australian target market it is usually best to stick with a .au or .com.au domain extension as you will benefit from more visibility on searches within Australia. If your business has an international market you may want to consider .com, .net or .org domain extension.

It is important to check the availability of your preferred domain name before you register your business name or develop logos in case it is not available. You can do this using an accredited registrar for .au and .com.au domain name availability.

These registrars are the retail channel for domain name registrations, and they can also assist with other online needs. Prices, products and services will vary depending on which registrar you use. A list of accredited registrars is available at: [auda.org.au/accredited-registrars](https://auda.org.au/accredited-registrars)



### **Consider and apply for any relevant licences**

Your industry and geographical location will determine which licences you need before you can start trading. To find the licences you need for your business you can search the Australian Business Licence and Information Service (ABLIS) here: [ablis.business.gov.au](http://ablis.business.gov.au)

Obtaining the relevant licences can involve applying for a variety of approvals through different regulators – a process that can be costly and time consuming. When planning to start your business, it is a good idea to understand the licences you will need and to understand the sequencing and timeframes required to get them.

Once you have identified the licences you require using ABLIS, you may need to seek further information from specific regulators. If you are emailing or meeting with a regulator, it is a good idea to first be well prepared with business concepts and clear and concise questions.

Be aware that the timeframes that regulators talk in is often the statutory timeframes that they must meet by law, rather than the practical timeframe it actually takes to gather the information required to prepare applications and to work through the formal approval process.

If understanding the process to obtain licences is looking complex, you may wish to consider engaging a planning professional that can assist you with understanding and interpreting requirements, or help you with adopting an approach to manage the amount of documentation you may require or avoid triggering requirements that could prevent you from achieving your intended outcome.

### **Registering for tax**

The most common initial tax registrations required by small businesses are:

#### **Tax file number**

All businesses need a tax file number (TFN). Sole traders use their personal TFN, while partnerships, trusts and companies need a separate TFN for the business. For more information visit: [ato.gov.au](http://ato.gov.au)

#### **Goods and services tax (GST)**

You need to register for GST if you are a business and:

- your current/expected turnover is \$75,000 per year (\$150,000 for non-profit organisations) or more; and/or
- you are an on-demand transport operator, including taxi and Uber drivers, regardless of your annual turnover.

Once you reach the turnover threshold, you are required to register for GST within 21 days. You may choose to register for GST even if your turnover has not reached the \$75,000 threshold as you can then claim credits for any GST you have paid on goods and services used in your business.

If you are registered for GST it means you need to charge an extra 10% on goods and services you sell to your customers. Once you register for GST, you will need to complete a business activity statement (BAS) each quarter.

For more information visit: [ato.gov.au/business/gst/registering-for-gst](http://ato.gov.au/business/gst/registering-for-gst)

#### **Pay as you go (PAYG) withholding**

PAYG withholding is the system for withholding amounts from payments you make to employees and businesses so they can meet their end of year tax liabilities. This includes payments:

- you make as an employer to employees, company directors and office holders. Personal drawings are not considered a wage and sole traders and partnerships are not required to withhold amounts from these drawings. It's a good idea to set money aside to cover any personal income tax payments you may need to make.
- under labour hire arrangements.
- under voluntary agreements.
- to businesses that do not quote their ABN.

You must apply to register for PAYG withholding by the day on which you are first required to withhold an amount from a payment.

## Fringe benefit tax (FBT)

FBT is a tax paid by employers on certain benefits provided to their employees, or to their employees' family or other associates. The FBT rules apply to current, future and past employees, directors of companies and beneficiaries of trusts.

If you're a sole trader or a partner in a partnership, you are not an employee and benefits you provide to yourself are not subject to FBT. As a sole trader or partnership, benefits you provide to employees may be subject to FBT.

FBT is separate to income tax. It's calculated on the taxable value of the fringe benefit.

As an employer, you must self-assess your FBT liability for the FBT year (1 April to 31 March). If you have an FBT liability, you must lodge an FBT return and pay the FBT you owe.

For more information visit: [ato.gov.au/business/fringe-benefits-tax/how-fringe-benefits-tax-works](https://ato.gov.au/business/fringe-benefits-tax/how-fringe-benefits-tax-works)

## How to apply for ATO registration

There is no cost to apply to register your business for tax purposes with the ATO. However, your accountant or tax agent may charge a fee to assist you with registering. You can register your business for tax purposes:

- online at the Australian Business Register where you can apply for an ABN, GST, PAYG, and FBT in a single application.
- through your accountant or tax agent.

For more information visit: [abr.gov.au](https://abr.gov.au)

## Protecting your intellectual property

When starting a new business, registering a new business name or developing a new product, you should consider protecting your original business idea — your intellectual property (IP). Registering a business name or domain name doesn't automatically give you exclusive rights to that name. There are a number of options for protecting aspects of your business. The three most common forms of IP protection are:

- copyright.
- trade mark.
- patent.

IP Australia provides practical information and ongoing support: [ipaaustralia.gov.au/](https://ipaaustralia.gov.au/)

The Tasmanian Government has a confidential and obligation free visiting patent and trade mark attorney program which you can access. To make a booking go to: [business.tas.gov.au/starting/ip\\_protection](https://business.tas.gov.au/starting/ip_protection)

## Obtaining the necessary insurances

Keep in mind that many insurance companies will require you to have business registrations and licences in place before they agree to provide insurance.

There are various types of other insurance available to protect your business. Specific insurance needs vary by industry, company size and the type of operations. Common types of business insurance that you may want to consider include:

- Public Liability Insurance: Covers the business against claims for property damage or personal injury caused to third parties.
- Professional Indemnity Insurance: Protects professionals against claims resulting from the professional advice or services they provided.
- Product Liability Insurance: Provides coverage in case your products cause harm, injury, or property damage to consumers.
- Business Property Insurance: Protects your business property, including buildings, equipment, inventory, and other physical assets, against risks such as fire, theft, or natural disasters.

- Business Interruption Insurance: Covers lost income and expenses if your business is unable to operate due to a covered event, such as fire or flood.
- Workers' Compensation Insurance: Employers are generally required to have workers' compensation insurance to cover the costs of injuries, illnesses, or disabilities suffered by employees in the workplace.
- Cyber Insurance: Cyber insurance provides cover for losses or damages resulting from cyber-attacks, data breaches, or other cyber incidents.
- Management Liability Insurance: Protects directors, officers, and managers against certain claims of wrongful acts.

Insurance cover can be arranged through an insurance company, agent or broker. While insurance agents act in the interests of insurance companies, insurance brokers are required by law to act as your representative and work in your interest.

Insurance is a complex area and getting independent advice from a broker or financial advisor before you sign any paperwork is worthwhile.

You can contact a broker through the National Insurance Brokers Association: [niba.com.au](https://niba.com.au)

If you want to liaise directly with an insurance company, the Insurance Council of Australia provides information about its members and their contact details: [insurancecouncil.com.au](https://insurancecouncil.com.au)

## Legal documents

It is important that you legally protect your small business. While obtaining professionally drafted contracts and/or terms and conditions can be costly, in the long run it could save you thousands of dollars in litigation fees and many hours of stress.

It is also a good idea to have all of your legal documents (and other important documents) where they are readily accessible and secure from theft, fire or damage. Physical documents should be stored in a secure place such as a safe. Computer files and records should have a good back-up procedure with external off-site storage, which may include cloud storage.

## Contracts

A business contract is a legally binding agreement between two or more parties to do, or not to do, certain things. For example, a business contract could be for the sale of goods or supply of services at a certain price. There are many different types of contracts such as:

- an agreement about the sale and purchase of a business.
- partnership agreements.
- a business premises lease.
- leases of plant and equipment.
- employment agreements.

## Terms and conditions

Drafting terms and conditions for customers and suppliers may not be the most enjoyable part of starting a business, however it is very important. Neglecting this part of your business could impact your daily operations and finances.

For example, a weak credit management policy could delay payments and affect your cash flow. If you don't specify terms and conditions upfront, you put yourself at risk of uncertainty and misunderstandings.

## Policies and procedures

Documenting policies and procedures is important to help ensure everyone understands the business operations and also helps to minimise risk. Some common policies and procedures relate to:

- customer privacy: certain small businesses must comply with the *Privacy Act 1988*, regardless of turnover. More information on which businesses are covered by the *Privacy Act 1988* is available on the Office of the Australian Information Commissioner website at: [oaic.gov.au/privacy/privacy-guidance-for-organisations-and-government-agencies/organisations/small-business](https://oaic.gov.au/privacy/privacy-guidance-for-organisations-and-government-agencies/organisations/small-business)
- equal opportunities: in Australia, it is unlawful to discriminate on the basis of a number of protected attributes including age, disability, race, sex, intersex status, gender identity and sexual orientation in certain areas of public life, including education and employment.
- employee conduct: Fair Work Australia provides interactive template tools and downloadable templates and letters to help businesses manage a wide range of workplace obligations. These are available at: [fairwork.gov.au/tools-and-resources/templates](https://fairwork.gov.au/tools-and-resources/templates)
- complaints management.

Policies and procedures don't have to be long and complicated. Concise and clearly written documents enable everyone to easily understand the requirements.

## Drafting legal documents

You can start drafting your own documents by drawing on what your competitors are using and information you can find online. You can then take your draft documents to a contract lawyer for review.

The Law Society of Tasmania has a 'find a lawyer' section on its website: [lst.org.au](https://lst.org.au)



## 6. Your finances

Part of being a small business owner is knowing how to set up and manage your business finances. Understanding your finances will help you generate income, plan future growth, meet legal obligations and maximise your profits.

### Can you afford to start this business?

Carefully consider how much it will cost to get your business idea up and running and seek professional advice from a business advisor or accountant. It is always better to overestimate your anticipated expenses and include a contingency allowance rather than underestimate the costs and find yourself in financial stress early in the process.

There are a number of tools available on the internet that can assist you to estimate the costs of starting a business. For further information visit: [business.gov.au/finance/financial-tools-and-templates](https://business.gov.au/finance/financial-tools-and-templates)

### How much money will you need?

In addition to understanding your start-up costs, you also need to assess how you will access money to fund your plans. You need to consider the health of your financial position and, if you have significant assets, whether you want them to be included (and therefore possibly be put at risk) in your business venture. Consider your financial assets, including:

- annual income (if you plan to continue working elsewhere while starting your business)
- assets (equity in your home or other investments)
- shares
- cash.

### Will your business support you financially?

Determining whether your business will generate enough income to support you from the start is critical in setting up your business finances. Consider the following questions:

- Will you have sufficient income to live on during the early stages of starting your business?
- Could you work part-time while establishing your business or do you have sufficient savings to live on?
- Once your business is established, will it provide you with enough income for your desired lifestyle?

It's a good idea to think about the amount of money your business is likely to bring in each week. Consider the goods you will need to sell – or the hours you will need to work – to achieve this, as well as the costs of your business each week. This will help you be realistic in establishing your initial financial forecasts.

### Financial forecasting

A lack of planning and control of cash is often the reason small businesses fail. Much like a map helps you plan a road trip, a financial forecast helps you achieve your business goals and reduce risk. A financial forecast is a plan or budget for your business. It is the best guess of financial outcomes for your business over a period of time. Usually, financial forecasts are an estimate of income and expenses over the period of a year.

There are various components to financial forecasting, including determining the business establishment costs, estimating expenses, estimating cost of goods sold, estimating sales, and cash flow. Further information about each of these is provided below. There are a number of free financial forecast templates available. For further information visit: [business.gov.au/finance/financial-tools-and-templates](https://business.gov.au/finance/financial-tools-and-templates)

A financial forecast can be updated at the end of a period to produce a Profit and Loss Statement (P&L) which summarises revenue, costs, and expenses incurred during a specified period. This serves as an actual record, rather than an estimate and enables analysis of the financial health of a business to provide insights about a business's ability or inability to generate profit by increasing revenue, reducing costs or securing funds from other sources.

## Establishment costs

You will need to work out how much money is required to start the business and whether you have sufficient savings or need to obtain finance. Costs will vary depending on whether you start a new business, buy an existing business, or buy a franchise. Just opening the doors to start operating will incur expenses, even if you are operating from home. For example, you may have to:

- arrange insurance.
- buy furniture, equipment, office supplies or complete a retail shop fit-out.
- fund your business until you actually receive payments from customers.
- include an amount for working capital.
- pay for advertising, printing and starting inventory.
- pay for licences, permits and the connection of utilities.
- pay legal, accounting and consulting fees.
- pay rent or property bond upfront.

## Expenses forecast

An expenses forecast estimates your ongoing operating expenses (overheads, outgoings, fixed costs) for the year. This is how much it will cost to run your business. The selling price of your products or services must enable you to recover these expenses. You can base your forecast on research and benchmarks of similar businesses. You can also call suppliers and ask for quotes. For other costs, you will have to estimate how much you are likely to spend. Typical business expenses may include:

- accounting and legal fees.
- marketing activities.
- employees' salaries.
- insurance.
- interest and bank charges.
- printing, stationery and postage.
- rent for premises.
- telephone and Internet.
- training.
- business travel.
- vehicle operating expenses.

## Cost of goods sold forecast

If you are selling a physical product, forecasting the cost of goods sold (also called COGS, cost of sales, or direct cost of sales) will enable you to understand how much it will cost to produce or stock your product.

COGS vary directly with sales or production. The more items you sell or make, the more stock or components you need to buy. The COGS forecast therefore relates directly to the sales forecast. To calculate the COGS forecast, include all the direct costs of getting your products into inventory and ready for sale.

For example:

- the wholesale cost of buying completed goods, raw materials or parts.
- freight and insurance costs.
- direct labour costs involved in manufacturing the product.

## Sales forecast

Sales forecasts are estimates of your sales for a specific period. The sales forecast determines the level of activity used in all other forecasting and budgeting for the business. If your sales forecast varies significantly from your actual results, your cash flow and profitability forecasts will similarly be inaccurate. It's therefore really important to regularly update your forecasts, taking into account market intelligence, buying signals from customers, and results from marketing activities.

To get started, consider how much you can realistically sell in the next 12 months, and how much revenue this will generate. When you are starting a business and don't have a trading history, base your sales estimates on market research, industry information, and your business strategies.

## Where to obtain finance

If you have insufficient personal savings, you may need to source finance from elsewhere to fund your business start-up costs as well as your initial phase of operation.

Keep in mind that if you plan to borrow finance through an investor or bank, they will require a detailed business plan outlining your operations and financial strategy. They will want to know where their money is going and will often want collateral, in the form of equity in property, as a guarantee.

While it is unlikely that you will obtain a grant to start your business, once it is established, you might find a grant that can help the business to grow. Both the Tasmanian and Australian Governments offer various grant programs every year, with current information available at: [business.tas.gov.au/funding](https://business.tas.gov.au/funding) and [business.gov.au/grants-and-programs](https://business.gov.au/grants-and-programs)

## Record keeping

Creating an efficient system for collecting income and paying employees, suppliers and taxes is an essential part of operating a small business. Whether you choose to operate a manual or electronic financial record keeping system, it should be easy to use, reliable, accurate, and provide information when you need it and in an accessible format.

For Australian taxation purposes you need to keep business records for at least five years. For further information on the types of information you need to keep visit: [ato.gov.au/business/record-keeping-for-business](https://ato.gov.au/business/record-keeping-for-business)

For companies, the Australian Securities and Investment Commission (ASIC) requires records to be kept for seven years.

For further information visit: [asic.gov.au/for-business/running-a-company/company-officeholder-duties/what-books-and-records-should-my-company-keep](https://asic.gov.au/for-business/running-a-company/company-officeholder-duties/what-books-and-records-should-my-company-keep)

## Manual record keeping systems

Manual record keeping systems consist of paper-based records for each financial year. For businesses that don't have a high volume of transactions they can be a suitable approach to bookkeeping, accounting and keeping control of financial records when starting out.

A range of commercial manual record keeping systems and stationery are available. There is also the option of using an electronic Excel spreadsheet to manually track revenue and expenses.

## Electronic record keeping systems

Electronic record keeping systems are efficient and generally provide complete accounting functionality. The majority are cloud-based, which means you can access them anywhere through any mobile device or your desktop computer. Some of the most popular systems include:

- Xero.
- Cashflow Manager.
- MYOB.
- QuickBooks.
- Reckon One.

Before choosing a system, consider the particular needs of your business and make sure it is compatible with the system your bookkeeper or accountant uses. It's a good idea to undertake some training to gain confidence and to make sure you get the most out of your accounting system.

## Credit management

Credit management is the process of controlling and collecting payments from your customers. A good credit management system will help you reduce the amount of capital tied up with debtors (people who owe you money) and minimise your exposure to bad debts. Good credit management is vital to your cash flow. It is possible to be profitable on paper but lack the cash to continue operating your business.

## Tax invoice versus invoice

If your business is registered for GST, you should issue tax invoices. If you are not registered for GST, you will just issue invoices.

For more information visit: [ato.gov.au/business/record-keeping-for-business](http://ato.gov.au/business/record-keeping-for-business)

As a guide, a valid tax invoice must include the following:

- the words "Tax Invoice".
- your business's name.
- your business's Australian Business Number (ABN).
- the name and address of who the invoice is being issued to.
- the date the invoice is being issued.
- details about the purchase covered by the invoice, including the amount.
- the GST amount (if any) payable – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement such as 'Total price includes GST'.
- bank account details – the account into which you want the funds to be paid.

## 7. Staff, customer service and suppliers

Whether they be staff, customers or suppliers, people will play a key part in your business and how it operates. For this reason, it is important to factor in considerations and obligations relating to employing staff, providing quality customer service and engaging suppliers.

### Staff

Staff are one of your greatest business assets, so it's vital you hire the right people for the job. Once you've found good staff, it's important to look after them and to ensure you address all legal obligations.

### Employment options

There are five main ways to employ people:

1. Full-time employees are employed on either a permanent basis or on a fixed term contract and usually work an average of 38 hours each week.
2. Part-time employees are usually employed on a permanent basis and work less than 38 hours per week on a regular roster.
3. Fixed term contract employees can be full-time or part-time and are employed for a specific period of time or task.
4. Casual employees do not have a firm ongoing commitment with their employer to work or an agreed pattern of work.
5. Apprentices and trainees are employed under formal training arrangements that combine work with study for a qualification in a trade or occupation.
6. Independent contractors are also called contractors or subcontractors. They aren't employees and usually negotiate their own fees and work patterns.

The type/s of arrangements you put in place need to be linked to your business plan and what is most suitable to help your business to operate and grow.

### Legal obligations for employing staff

Before hiring people, you need to understand your legal obligations. The Australian Government's business website has useful information about this, including rights under anti-discrimination laws, record keeping requirements, paying correct wages, and workplace health and safety obligations.

For more information visit: [business.gov.au/people/employees/hiring-employees](http://business.gov.au/people/employees/hiring-employees)

The Fair Work Ombudsman website is another good resource that will help you with things such as:

- which award applies to your staff.
- how much and how you should pay.
- leave and other entitlements.
- employee contracts.

For more information visit: [fairwork.gov.au](http://fairwork.gov.au)

The Skills Tasmania website is also a useful resource for everything you need to know about employing an apprentice or trainee. For more information visit: [skills.tas.gov.au](http://skills.tas.gov.au)

### Insurance for employees

If you employ others, you must hold workers compensation insurance to protect them in case of injuries, illnesses, or disabilities occurring in the workplace. In certain circumstances you may also have to extend your cover to include contractors.

If you are working for yourself as a sole trader or in a partnership, it is not compulsory to take out workers compensation insurance. As an alternative, many small business owners protect themselves with income protection insurance.

## Taxation and superannuation for employees

If you employ staff you will have to meet the required taxation and superannuation obligations. The first thing to do is clarify the status of your workers (full-time, part-time, casual or an apprentice/trainee).

Your obligations will differ if they are employees or contractors and will also depend on your business structure. In general, obligations relate to:

- PAYG which stands for 'Pay As You Go'. PAYG includes withholding income tax from an employee or contractor's salary or wages and paying PAYG instalments to the ATO as a prepayment of the business's expected tax liability.
- superannuation guarantee which is payable by employers on employees' ordinary time earnings and in some cases this includes contractors.
- fringe benefits tax (FBT) which is a tax paid by employers on certain benefits provided to their employees, or to their employees' family or other associates.
- payroll tax which is levied on wages paid or payable by an employer when the total wages of an employer (or group of employers) exceeds a threshold amount.

## Customer service

Superior customer service can help your business to thrive by increasing:

- the number of customers attracted by favourable word-of-mouth advertising.
- the dollars spent by each customer per transaction.
- the frequency and number of times your customers shop with you.

Other benefits of high quality service include:

- improved customer satisfaction.
- stronger customer loyalty.
- consistency of work flow practices.
- reduced marketing costs.
- increased competitive advantage.
- improved market position.
- staff pride and satisfaction.

Customer service may be a way to make your business stand out from your competitors. It isn't just about the way you greet and serve your customers – it involves many aspects of business operations, including:

- products and services information.
- online, counter and face-to-face service.
- telephone service.
- taking customer orders.
- follow-up documentation or service.
- billing and managing payments.
- visiting the customer.
- making repairs.
- handling complaints.
- managing the service culture.

There are many resources available to help you build excellent customer service into your business operations. A good place to start is the Australian Government's Business website: [business.gov.au/people/customers](https://business.gov.au/people/customers)

## Suppliers

The cost of unreliable or inferior suppliers can be significant to your business operations and reputation. It can result in additional costs due to delays, returns and replacements and you run the risk of losing business. There are potential human costs as well – in the form of frustration and stress for yourself and your staff.

Adopting an approach where you have a single supplier has unique benefits, as does adopting an approach where you have multiple suppliers. It's helpful to think about how your business would be affected if a serious problem arose in the supply of a particular range of goods or services you access. For some businesses that rely on a single supplier, even a short delay may have major implications.

Having a single supplier may mean that:

- less time is spent on researching prices.
- it is easier to negotiate discounts and trade credit.
- you build a relationship with your supplier that enables priority orders to be rushed through.
- there is less variation in the quality of goods and services supplied.
- ordering, inventory management and accounting procedures are simpler.

Having multiple suppliers may offer:

- a form of insurance against problems which may arise with a single supplier.
- price competitiveness between suppliers, resulting in better prices.
- options in the event of a supply chain disruption.

Whichever approach you adopt, it's a good idea to review your supply situation on a regular basis.

The Australian Government's Business website offers more information about managing suppliers: [business.gov.au/products-and-services/how-to-manage-your-suppliers](https://business.gov.au/products-and-services/how-to-manage-your-suppliers)



## 8. Your location

Your business can operate from:

- your home or other residential address.
- a business incubator or co-working space.
- a commercial premises.
- a virtual office.

Each location has advantages and disadvantages and there are many factors to consider, including the type of business you are operating and your customers' buying habits.

### Operating from home

This may seem appealing due to the cost savings and convenience, however you need to consider the following:

- Will working from home fit in with your current and future family situation?
- Will your local council allow you to operate a business from your home?

It's important to note that in certain circumstances capital gains tax may apply if you sell your home, so if you are using your home as a place of work you should talk to your accountant about the potential tax implications.

### Business incubator or co-working spaces

A business incubator or co-working space provides a physical space in which a new business can start, sometimes with access to business advice and shared services like internet access and printing facilities.

They often have space to accommodate multiple small businesses, and in the case of incubator spaces the businesses work towards 'graduating' from the facility within two to three years.

There are numerous private co-working spaces that support the start-up sector in Tasmania, as well as the Government-funded Enterprize organisation who have collaborative workspaces in several locations across the state. For further information visit: [business.tas.gov.au/starting/start-up\\_support\\_and\\_spaces](https://business.tas.gov.au/starting/start-up_support_and_spaces)

### Leasing commercial premises

A lease is a legally binding contract, so it's essential to fully understand the terms and conditions before making a commitment. You should also understand your rights and obligations in relation to the lease in case disputes arise. It's also really beneficial to know who to contact for help if you need it. It's important to seek legal and commercial advice before:

- making any commitments to buy, lease, take over a lease or incur any other obligations.
- signing any lease related documents.
- paying a deposit or other money.
- occupying leased premises.

### Virtual offices

A virtual office is a service that provides a business address, a place to receive mail, and access to resources such as meeting rooms and office space, without having to rent and pay for an office full-time.

It allows a business to access many of the things normally provided in a physical office, while working remotely (for example from your home), which can be a cost-effective option in the early stages of a business's lifecycle.

## 9. Marketing your business

Many small business owners come up with a great business idea but then fail to market it successfully. It's imperative to spread the word about your product or service to the right people in the right way.

Advertising and selling are part of the process, but there is much more involved.

### Create a marketing overview

Your business plan should include a marketing overview, which covers:

- what you are selling.
- to whom you are selling to.
- how it meets their needs.

Use this overview to develop an 'elevator pitch' – so called because it is based on a scenario of being in an elevator with a potential major customer and you have 30 seconds to tell them about your company/products before they reach their floor. Make sure to include:

- what your main product or service is.
- what is special about your business.
- why customers need your product or service.

Spend time developing and practising your elevator pitch so you can fluently tell everyone about your business whenever the opportunity arises.

### Create a marketing strategy

The next step is to develop a marketing strategy, which outlines the plan for reaching prospective consumers and turning them into customers. It usually includes your value proposition (a statement of the benefits that a business delivers to customers), key brand messaging, target market demographics, and other key information relating to products, price, and your promotional plans.

A marketing strategy might cover both traditional and digital marketing activities from print media through to website and social media. For further information about writing a marketing plan visit: [business.gov.au/planning/business-plans/how-to-write-your-marketing-plan](https://business.gov.au/planning/business-plans/how-to-write-your-marketing-plan)

Seeking guidance from a business advisor is another great way to help you develop a clear marketing strategy for your business. For more information on business advice services visit: [businessadvice.tas.gov.au/new\\_business\\_support](https://businessadvice.tas.gov.au/new_business_support)

### Social media

If you plan to use social media as part of your marketing and communications activities, you will need to create social media accounts such as Instagram, Facebook for Business, LinkedIn and Pinterest for your business.

For more information visit: [digitalready.tas.gov.au](https://digitalready.tas.gov.au)

## 10. Managing risk

A key planning process to undertake when starting a business relates to risk management. Considering what could go wrong or impact your business, and having a plan in place to deal with situations should they arise, will ensure you are prepared in the event of an emergency. This also shows others – such as people you may approach for funding for your business – that you are properly managing your business.

A risk management plan lists all of the risks you can anticipate, identifies the likelihood of them happening, and the seriousness/consequences if they do. This translates into a risk level rating and allows you to identify the mitigation strategies you will have in place to manage them if they occur.

The following is a sample business risk assessment matrix:

Risk	Likelihood	Seriousness	Risk grade	Actions
Downturn in trade	Low	High	C	Insurance in place Cash reserves held
Illness of employer/ business owner	Low	High	C	Insurance in place Process and procedure manual in place
Illness or injury to employee	Medium	High	B	Workers compensation insurance Work health and safety policy and practices
Damage to reputation	Low	High	C	Customer service policy Marketing Strategy
Physical damage to building	Low	Extreme	A	Security system in place Building insurance Procedure in place to secure building Identification of possible alternative temporary premises

A risk assessment template can be found on Page 42 of this guide.

### Cyber security

As the risk of cyber-attack continues to grow so does the need to protect your business's critical systems and sensitive information. The costs and downtime associated with investigating and responding to a cyber incident, along with the lost revenue, can be devastating for a business. As can the risk of long-term brand and reputational damage.

Many businesses now operate in 'the cloud' – a system of networked computing facilities providing remote data storage and processing services via the internet. Once used primarily by large businesses with extensive data to store, the benefits are now broadly available to smaller businesses.

There are many benefits to operating in the cloud, including:

- cost savings.
- mobility and agility.
- simplified scalability.
- easier back up systems.
- document control.

Many people worry about the security of storing their data using cloud computing services and there is good information available to help businesses assess and manage their own risk.

Businesses often take out Cyber Insurance to cover losses or damages resulting from cyber-attacks, data breaches or other cyber incidents.

A comprehensive guide to cyber security is available through the Tasmanian Government's Digital Ready for Business program, and digital coaches can help you undertake a cyber security health check on your business: [digitalready.tas.gov.au](http://digitalready.tas.gov.au)

The Australian Government's Cyber Security Centre offers extensive resources about ways to keep yourself and your business secure online, including the Small Business Cyber Security Guide: [cyber.gov.au/resources-business-and-government/essential-cyber-security/small-business-cyber-security/small-business-cyber-security-guide](http://cyber.gov.au/resources-business-and-government/essential-cyber-security/small-business-cyber-security/small-business-cyber-security-guide)

Proofpoint is another useful resource to help increase cybersecurity awareness: [proofpoint.com/au/resources/awareness-materials/cybersecurity-awareness-kit](http://proofpoint.com/au/resources/awareness-materials/cybersecurity-awareness-kit)

### Managing health and wellbeing

Running and managing a business can be meaningful and rewarding. It can also be incredibly stressful and isolating for both new and established business owners.

Everyone experiences stress and anxiety from time to time and many people also experience depression. There are a lot of resources available to help business owners and staff maintain a healthy workplace and mentally healthy people.

The Beyond Blue website offers a range of resources to encourage and support better mental health in workplaces, available here: [beyondblue.org.au/mental-health/work](http://beyondblue.org.au/mental-health/work)

There is also a resource specifically designed to support small business owners called the New Access for Small Business Owners program. For more information visit: [beyondblue.org.au/get-support/newaccess-mental-health-coaching/newaccess-for-small-business-owners](http://beyondblue.org.au/get-support/newaccess-mental-health-coaching/newaccess-for-small-business-owners)

A range of other resources are provided on the Business Tasmania website: [business.tas.gov.au/manage\\_a\\_business/mental\\_health\\_and\\_wellness](http://business.tas.gov.au/manage_a_business/mental_health_and_wellness)

### Preparing for disasters and unexpected events

Disasters have the potential to significantly disrupt your business activities and cause financial setbacks. However, the impact of disasters and disruptions can be mitigated and managed by being prepared and having a plan in place to deal with events if they occur.

A range of information to help you plan for your business to survive, recover and thrive is available on the Business Tasmania website, including an Emergency Preparation Toolkit and Business Continuity Plan template.

The Tasmanian Government developed these tools to help businesses plan for and survive emergencies, from natural disasters to pandemics. For more information visit: [business.tas.gov.au/manage\\_a\\_business/natural\\_disasters](http://business.tas.gov.au/manage_a_business/natural_disasters)



## Are you ready?

Now that you have read this guide and taken the time to consider all the elements required to start a small business, complete the questionnaire below to help you to determine how close you are to turning your business dream into a reality.

Use the traffic light colours to tick the most appropriate response to each question.

Consider your current situation		Page reference	Completed	Started working on this	Haven't considered
1	Have you assessed your personal readiness for this type of business?	Page 9			
2	Have you rated your business and personal skills?	Page 10			
Assess your business idea					
3	Have you determined if there is a market for your product or service?	Page 11			
4	Have you looked into research, information and support available for your industry?	Page 11			
5	Have you undertaken your own research including surveying potential customers about your business concept?	Page 11			
6	Have you completed a SWOT analysis?	Page 12			
7	Have you analysed and compared your competitors?	Page 14			
Build your business plan					
8	Have you completed your business plan?	Page 16			
Choose your business structure					
9	Have you sought professional advice regarding business structures?	Page 17			
10	Have you determined which business structure you will operate under?	Page 17			
Legal obligations and considerations					
11	Have you registered for an ABN?	Page 19			
12	Have you registered a business name?	Page 19			
13	Have you registered a domain name?	Page 19			
14	Have you used the Australian Business Licence and Information Service (ABLIS)?	Page 21			
15	Have you registered for all relevant taxes?	Page 21			
16	If applicable, have you protected your IP?	Page 22			
17	Have you researched your insurance needs?	Page 22			
18	Have you drafted legal documents for your business?	Page 24			

Consider your current situation		Page reference	Completed	Started working on this	Haven't considered
<b>Your finances</b>					
19	Have you sought assistance from a business advisor to understand your business finances?	Page 5			
20	Have you determined if you can afford to start this business?	Page 25			
21	Have you drafted financial forecasts (for example expenses, sales, cash flow)?	Page 25			
22	Have you determined which record keeping system you will use?	Page 27			
23	If necessary, have you secured a reliable funding source?	Page 27			
24	Have you developed a credit management policy?	Page 28			
<b>Staff, customer service and suppliers</b>					
25	If you are employing staff, do you know your legal obligations?	Page 29			
<b>Your location</b>					
26	Have you determined where your business will be located?	Page 32			
27	If leasing commercial premises, have you sought legal and commercial advice about this?	Page 32			
<b>Marketing your business</b>					
28	Do you understand who your competitors are?	Page 14			
29	Have you undertaken research into your target market?	Page 14			
30	Have you completed your marketing strategy?	Page 33			
<b>Managing risk</b>					
31	Have you done a risk assessment?	Page 34			
32	Have you considered cyber security?	Page 34			
33	Have you considered how you will manage your health and wellbeing and that of your employees as a business owner?	Page 35			
<b>Support for new small businesses in Tasmania</b>					
34	Have you connected with a business advisor through Business Tasmania?	Page 5			

## Your results

### Mostly green (Completed)

Congratulations! If your answers were mostly green (Completed), you are well on the way to turning your business dream into a reality. Review Business Tasmania's range of business support programs and services to ensure you have all the information needed to make your business a success. Good luck!

### Mostly orange (Started working on this)

If your answers were mostly orange, you're making great progress — just a little more work and you will have completed most of the necessary steps to get your business started.

If you need help to complete your business start-up preparation, contact Business Tasmania to arrange an appointment with one of our experienced and independent business advisors.

### Mostly red (Haven't considered)

If your answers were mostly red, you've still got some way to go until your business idea starts to take shape, but don't give up!

There are plenty of resources available to help you prepare to start your business. Review this guide again and do some further research to plan for your business.

## A final reminder

Wherever you are in the process of starting a business, Business Tasmania is here to help through a range of programs, services, workshops and information.

Phone: 1800 440 026

Email: [ask@business.tas.gov.au](mailto:ask@business.tas.gov.au)

Website: [business.tas.gov.au](http://business.tas.gov.au)



# Tools and templates

## SWOT analysis

Use the template below to undertake a SWOT analysis to examine the strengths, weaknesses, opportunities and threats (SWOT) your business may face now and in the future. An example of a SWOT analysis can be found on Page 13 of this guide.

<p><b>Strengths</b></p> <p>The internal resources or capabilities of your business that are better than those of your competition and positively contribute to your profitability.</p>	<p><b>Weaknesses</b></p> <p>The internal resources or capabilities of your business that are below those of your competition and may damage your profitability. Weaknesses need to be improved, sometimes with external help.</p>
<p><b>Opportunities</b></p> <p>The external factors or conditions that your business can exploit to build success. Take advantage of opportunities by using your strengths, supported by the most appropriate marketing strategies to enhance your competitive edge.</p>	<p><b>Threats</b></p> <p>Threats are external factors that could adversely affect the success of your business. You usually have little or no control over them, but you need to be prepared for their impact.</p>

## Competitor analysis

Use the template below to undertake a competitor analysis to compare your proposed business with those already in the market. An example of a competitor analysis can be found on Page 14 of this guide.

Competitor	General notes	Points of comparison for example location, core target markets, product #1 price range, product #2 price range, etc					
Your business							
Competitor A							
Competitor B							
Competitor C							
Competitor D							







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