DEFINITIVE GUIDE TO STARTING A SMALL BUSINESS
People start businesses for all sorts of reasons. From a world-beating product to better work-life balance, the reasons are as unique as the 2.1 million businesses operating in Australia today.

What’s common to every start-up is that, hot on the heels of the big dream to begin, comes the crashing reality: Where do I start?

This guide aims to give you the heads-up on what you need to begin and grow a business in Queensland. We’re still one of Australia’s most heavily legislated states for business, so owners need to work wisely to stay ahead of the law.

On the flipside, you’re joining a community of 405,000 small and medium businesses that are across every industry sector in Queensland. Together, Queensland SMEs employ 43% of the state’s private sector workers. So what you’re planning really matters.

The Chamber of Commerce in Queensland has nearly 150 years of experience in advising businesses on what to do – and this guide is a great way to learn from our expertise.

Let’s start.

“Small business owners get pulled from all different avenues and it’s impossible for them to be across all the different elements that they need to run their business. CCIQ offers businesses a competitive advantage by ensuring they always have access to up-to-date information to help them run their business.”

KAREN FITZGIBBONS, GENERAL MANAGER – CCIQ MEMBERSHIP AND ALLIANCES

INTRODUCTION

START RIGHT

When you’re filled with big ideas of how to make money, it seems a pity to slow down long enough to get your business in order.

But the rule of thumb for most things in life applies also to business: Start well to go well.

Researching the viability of your business idea by looking at the market and competitors is a foundational step you can’t afford to miss.

If you’ve operated a similar business before – or you’re buying into an existing one – then working out viability will be easier. If you’re a start-up, though, be brutally honest with yourself. Work out what’s the least you’re likely to earn and the most you’ll spend. Can you afford this?

Knowing your market and your competitors naturally follows. Who already sells a similar product? What are their pricing and distribution strategies? What does your audience want? What hard research do you have that backs up your assertions? Have other newcomers failed or succeeded in recent years?

The more you know, the better you’ll do. And the good news is that none of this is wasted effort: You’ll build on everything you learn as you begin to market and operate.

TIP

Need advice?
The Commonwealth Government’s Starting your business checklist includes a page of business and support lines. Use them to access in-depth reports on your industry.
STRUCTURING YOUR BUSINESS

Businesses in Australia mostly fit within four categories – sole trader, partnership, discretionary trust and company.

The way you structure your business can have big implications for your future plans.

Choose the wrong structure and you could end up paying more every year of your business: more income tax, more capital gains tax and more accounting fees.

The right decision for your business will depend not only on your present circumstances but your plans for the future, too. So talk to your accountant before you make a final decision.

SOLE TRADER
A sole trader business has the simplest structure.

Business profits are treated as personal income, and you pay tax in your own name.

It’s also the simplest to register as a business: your trading name can be your own, such as Joe Bloggs Plumbing, or you can register a different business name.

PARTNERSHIP
A partnership is not a legal entity from an income tax perspective.

Instead, profits are distributed to the partners based on their share. The partnership still needs its own tax file number and must lodge an income tax return.

To govern each partner’s rights in line with the Partnership Act – including entering, running and exiting the business – partnership agreements should be drawn up with a solicitor.

DISCRETIONARY TRUST
Under a discretionary trust, the trustee runs the business for the benefit of the trust’s beneficiaries and is responsible for debts.

Solicitors need to draw up trust deeds, which set out, among other information, the trustee and the beneficiaries.

However, registering your company means you pay less tax. A company pays a flat rate of tax. The 2015 rate is 30% but eligible small businesses pay only 28.5%.

You’ll still need a tax file number and to lodge tax returns for your trust.

COMPANY
Companies are more costly to set up and they pay annual ASIC fees. As well as lodging income tax returns, companies must prepare financial statements – which means higher accounting fees every year.

However, registering your company means you pay less tax. A company pays a flat rate of tax. The 2015 rate is 30% but eligible small businesses pay only 28.5%.

Need more help? Call us on 1300 731 988

BUSINESS PLANNING

The best kind of business plan is one that you make once and then review regularly. It should be a living document that you keep relevant as you learn more about your business and your market.

As well as being an essential tool to seek finance, a business plan is the roadmap for your business. It outlines the strategy you’ve researched and believe is right for your business, and you should keep referring back to it to ensure the decisions you make follow the priorities you’ve set.

What you’ll put in your business plan will be unique to your needs. You might have a section on exporting or research and development that another business won’t need.

Finally, keep your plan professional and realistic. This isn’t the place for dreaming – it’s for showing how your business will survive cold, hard reality.

Cover off these points in your planning:

Executive summary: Impress a potential supplier or investor with this one-page summary of your business. What’s the big picture you want them to see?

Market analysis: Desktop research, industry whitepapers, Census data and market research – all of this detailed work should be distilled here.

Keep it professional and realistic. This isn’t the place for dreaming. As well as being an essential tool to seek finance, a business plan is the roadmap for your business. It outlines the strategy you’ve researched and believe is right for your business, and you should keep referring back to it to ensure the decisions you make follow the priorities you’ve set.

Operations: Do you need to recruit staff? How will you afford them? What will day-to-day operations look like?

Management: What management structure serves you best? If you’re a company, what’s your corporate governance plan?

Finances: As well as detailing plans for financing your business – such as loans or venture capital – you need to provide a profit and loss statement, cashflow projection and operating budget for the next three years.

Suppliers: Your suppliers might well be the backbone of your business. Who will you work with? What formal agreement can you put in place to get the best possible rates and service for your business?

There are stacks of free business planning templates online. Try these templates here and here.
REGISTRATION

Even if you’re just trading from your home office, there are a number of registrations you need to comply with the law.

Australian Business Number (ABN): You need this number before you can register your business name, and to avoid paying tax on your business income. This number needs to go on all of your business material, including invoices, estimates and your website.

Business name: You only need to register your business name if you’re using a name other than your own. For example, if you’re Joe Bloggs, then you can call your business Joe Bloggs Plumbing. For any other business name, you need to register it with the Australian Securities and Investment Commission (ASIC).

Trading name: If you’re a trust or a company, you might trade under a different name. You’ll need to register it.

Tax file number: Like all other business names, you need to register it with the Australian Securities and Investment Commission (ASIC).

Domain name: Don’t overlook this important step when you’re choosing your business name. An easily understood and remembered domain name is an essential business tool. There are many ways to buy your domain name. Try here or here.

Trade marks: Think about protecting the intellectual property you develop in your business. Trademarking ensures no-one else can steal or copy what you do. There are a range of other protections you can investigate, including patents, copyright, confidentiality agreements for trade secrets and product design registration. To find out more, call IP Australia on 1300 651 010.

Licences and permits: Do your research. Be aware of the specific needs of your industry, such as food manufacturing or handling, or environmental laws, and of any restrictions placed on business operations by your local council.

If you’re in Brisbane, the Council runs a 24/7 hotline just for business. Call 133 BNE (133 263).

INSURANCE

While the insurances you need for your business depend on your needs, here are the basics you need to include:

WORKERS’ COMPENSATION
This is a legal requirement if you have staff. CCiQ offers free advice on workers’ comp. Dial 1300 365 855.

PUBLIC LIABILITY
This covers you for the death or injury of any third party as a result of your business or one of your employees.

PROFESSIONAL INDEMNITY
If your business gives professional advice, then this insurance will protect you personally against claims arising from your advice.

REVENUE PROTECTION
Get this to protect yourself losing revenue due to events beyond your control, such as a natural disaster.

COMPREHENSIVE PROTECTION
Include everything related to your business, such as building, equipment, vehicles, contents, plant and equipment. Ensure you’re well covered for theft, fire, flood and other damage.

TIP
It’s worth talking to a specialist business insurance broker to make sure your insurances match your needs.
FINANCE

The cost of starting a business depends on what you’ll be doing. Start-ups begin in garages and home offices, with little more than a phone and computer.

Regardless of how you begin, good financial management is critical to your ongoing success. When you’re starting out, you’ll need to know how much money you’ll need, where you can get it and how to manage your finances day to day.

If you need to source finance, then here’s a quick look at your options.

Personal savings: Most business owners dip into their own savings when they start up. Set strong boundaries for how much you’ll invest and how much you’ll retain in savings, and don’t deviate from them.

That way, you’ll have money to live off when cash-flow becomes tight.

Loans from a bank or finance institution: You’ll need a solid business and finance plan to seek loans (see more on page 5), as well as full details of your personal financial situation. Use the business loan finder here to help you find the best loan for your situation, and make sure you talk to your accountant or solicitor before signing on the dotted line.

Borrowing money from friends or relatives: Plenty of businesses go belly up simply because the owners dip into their own savings.

Business incubators: This isn’t strictly a form of finance, but joining a business incubator is a good way to network with other businesses and finance providers.

Chattel mortgages, hire purchase and leases: These are terms given to the different kinds of finance contracts businesses take out to purchase cars, plant and equipment, computers and more.

Be aware that different companies offer quite different interest rates and payment terms, so it pays to shop around.

Venture capitalists and angel investors: Around the country, networks of experienced investors exist to finance high-potential and high-performing businesses. CCIO sometimes invests in great business ideas, too.

Be aware that demand far outstrips supply for this private finance, so expect to work very hard to get investor interest.

Government funding: Unless you’re an innovative or established business, there’s little in the way of direct government money that you can apply for. However, the state and federal governments offer a range of programs and support services, including like-for-like funding.

Crowdfunding: Don’t overlook this increasingly popular way to increase funds — and awareness for your business.

ACCOUNTING AND RECORDS

Let’s face it. Unless you’re one of those rare people with a love for balancing ledgers, bookkeeping will never be your favourite activity.

Yet it’s so critical to keep accurate records of your finances — both so you have day-to-day knowledge about your business, and so you can stay ahead of your commitments to staff, suppliers and the Australian Taxation Office (ATO).

ASIC offers a compelling list of signs that a business is in financial difficulty, and many reflect poor financial planning or record-keeping. In fact, insolvency is still the leading cause of business failures every year, and most (79%) are SMEs.

So, what should you do to avoid the record-keeping trap? Start with this checklist.

Invest in adequate bookkeeping software: Do your research here, including talking to your accountant about their preference. Some packages require extensive set-up fees or will withhold your files if you’re late with payments. Make sure the package you choose will grow with your business, and try to find one that allows you to generate all of your business paperwork from it, such as invoices and purchase orders.

Commit to regularly updating your financial records: The regulatory impose on businesses means there’s really no rest from bookkeeping. You must keep up to date with your records — at least monthly, if not weekly — otherwise you risk lagging behind in your ATO, superannuation and other commitments.

Open a bank account just for your business: Keep your personal and business finances separate from the very beginning of your business.

Become good friends with your balance sheet, cashflow statement and profit and loss statement: You or your bookkeeper should be preparing and reviewing these, at minimum, every month.

Cashflow-intensive businesses will know their daily cashflow figures. Educate yourself on what the figures mean.

File your receipts: If you’re audited, you need to be able to prove your purchases. A bank statement is not enough.

Keep records for five years: You are obliged to keep all financial records for a minimum of five years. This includes invoices and receipts you’ve issued; invoices for your purchases; records of payments to staff; like superannuation and PAYG tax; all financial statements; all tax returns; bank accounts and credit card statements; stocktake records; and asset registers. Basically, keep anything with a monetary value to your business.

Get a great bookkeeper: They’ll keep you organised and up to date, releasing you to work on your business.

If you have a trusted accountant, use the bookkeeping package they prefer. All of the major suppliers are now cloud-based, so this will help you share files directly with your accountant and the ATO to save time.

TIP

Chance favours the prepared. The better your finance and business plans, the more likely you are to attract different forms of finance.
MARKETING

If marketing and all that creative stuff scares you a little, then think about marketing in its most basic form: it’s simply a system for getting someone to know, like and trust your business.

The ways you get someone to trust you are your marketing tools – and the way you know the right tools is to understand your market.

FOCUS ON YOUR IDEAL CLIENT

Often, small businesses try to be everything to everyone. Part of it is cash-flow hunger: you need whoever wants to buy from you. But unfocused selling can actually inhibit your long-term growth. The best bet is to find your sweet spot – the ideal client who is the best fit for your products or services. They’ll love working with you, and you’ll love working with them. Their glowing referrals will then build your business and you can use your success with them to attract similar businesses.

STRATEGY BEFORE TACTICS

Sun Tzu said tactics without strategy is the noise before defeat. It’s wise advice. It’s an easy trap to just create shiny marketing tools – “hey, we need a website!” – but they’ll be more effective if they follow a marketing plan. Include in your plan who you’re going after and how you’ll reach them, as well as the multiple ways you’ll reach that audience and when. Bear in mind that your audience won’t buy the first time they hear about you. It might take 15 different marketing ‘touchpoints’ – such as an email, a Facebook post, a remarketing ad, a flyer, a phone call, and so on – before they eventually commit.

EXPECT TO SPEND MONEY TO MAKE MONEY

If you’re a start-up, you should expect to spend every dollar you don’t need for rent or food on marketing. Some estimates go as high as 40% of your turnover. Why? Because when you’re a start-up, you’re essentially invisible. The only way to get visible is to get out there – through marketing collateral, advertising, personal meetings, networking and events.

DON’T PUT YOUR EGGS ALL IN ONE BASKET

Spread your marketing investment across multiple activities. Then measure your progress and see which ones are making you the most sales.

MAKE IT ACHIEVABLE

It’s better to follow a systematic approach to marketing than to be ad-hoc. Digital systems you can put in place include social media posting and monitoring, like Hootsuite, as well as free or cost-effective email programs, like MailChimp. If you’re really serious about reaching your audience in an organised and systematic way, then look at a customer relationship management system for your business, like here.

BRANDING

So let’s be honest. That logo your sister-in-law designed for you? It’s not a brand. Most likely, it’s making you look unprofessional.

Branding is bigger than just a logo. It’s an all-encompassing term to describe a customer’s experience with you. It’s how your logo, signage and uniforms look, all the way through to how you describe your business on your website, and the way your customers feel when they’re dealing with you.

It pays to put some solid thought into your brand identity – is your business meant to be fun? serious? world-beating? – and to make sure that it’s true to your personal values.

Once you know what your identity should be, you need to invest in some professional help – graphic design – to make sure that you achieve those brand values consistently across all of your customer-facing material.

PLAN AHEAD

Good quality graphic design can set you up with the tools and image you need to grow your business.

Start-ups are notoriously cash-strapped, so the smart money is on getting as much bang for your buck as you can. Here are some ideas of how you can get the most from your design investment:

• Work with a specialist firm, such as a graphic design, creative or marketing agency. They tend to hire better quality designers than print shops. Look for examples of work similar to what you’re after.
• Meet with a few different firms to get a feel for who you’d like to work with – or get a recommendation from someone you trust.
• The cheapest quote won’t necessarily give you the best result. Some websites offer a $99 logo, but they’re unlikely to serve your business as well as something you discuss and develop in partnership with a design professional.
• Be very clear on your brief and budget, and what you want from your investment. Changing your mind mid-project will cost you more money.
• Make sure that you’re paying to own everything at the end of the transaction. Most agencies assume copyright ends when the invoice is paid, but it’s wise to check.
• As part of your brief, ask for a style guide and artwork files. Down the track, that means you have everything you need to manage small parts of your marketing work yourself without having to pay agency fees.

CCIQ has a quick and easy guide you can use to plan your marketing. Download it here.

TIP

Starting up a business in a regional, rural or remote area? Go to www.myregion.gov.au to find out about the programs and services that exist to help you.
**WORKING ONLINE**

Running an online business can include buying and selling online, and providing an online service.

Anyone can start an online business. If you have a unique product or idea, you can find a way to sell or trade it online. It’s just like a traditional ‘bricks-and-mortar’ business, except your office or shop is online so you save on lease, staff and other overheads.

Types of online businesses include websites, online shops, blogs and social media accounts.

Of course, the great advantage to running an online business is that you have 24/7 accessibility to customers worldwide… as long as they can find you. So you’ll need to factor in how you’ll reach your audience, and budget for online advertising and marketing.

A downside to running an online business include that you really need to have some basic some technical or web knowledge, otherwise you’ll spend a lot on web developer fees. You should also factor in software and hardware expenses, and the risks of online scams and fraud.

So, like any business start-up, you need to have solid plans in place.

- Make sure you have the right professional contacts in place to help you if, say, your website goes down.
- If you’re running a shop, understand your legal obligations as a retail trader. Find out more here.
- Establish your policies and procedures, including privacy, spam and dispute resolution. Most online businesses also do not sufficiently state the terms of their proposed sale to consumers in their contract.
- Since your website or online shop is the only way your customers will know you, prepare to invest in good quality photography, content, graphic design and development.
- Update your online presence weekly, at a minimum.
- Support your online presence with frequent marketing, such as through blogs, Google ads and social media.

The Federal Government has created sector-specific guides to setting up digital businesses. Look here for more.

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**TRADING INTERNATIONALLY**

International trade offers exciting opportunities to expand your business. Exporting can open your business to new markets, spread risk by reducing your dependence on the Australian market, and increase your competitiveness.

However, the field of international trade is both complex and expensive and so it needs careful planning and commitment.

Unlike other forms of business, there are also more risks involved – such as fluctuating foreign exchange rates, and political, shipping, quarantine and legal issues. Your plan needs to expect these risks and have a strategy for dealing with them, so seek expert advice.

The Australian Government, via Austrade, offers support services for businesses seeking to export from Australia, including a number of tools like the International Readiness Indicator.

You should also understand the legal requirements for exporting, and the restrictions and export regulations that apply through the Department of Immigration and Border Protection. Read more here.

Finally, be aware that your export goods may infringe the intellectual property – such as a registered trademark, patent or design – of another company in a different country. Find out more here.

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**TRY BEFORE YOU BUY**

Most businesses dip their toe in international waters in one of two ways: either by joining in a business trade mission run by local, state and federal governments, or by exporting via an online business.

Both are good ways to assess a potential overseas market before fully committing.

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**TIP**

If you’re looking at setting up an online shop, then think about Ninepence. Setting up an online shop with this Brisbane company is quick, easy – and free.

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**TIP**

Are you ready to take your Queensland business overseas? Watch this seminar to see if you’re ready.

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PREPARING FOR EMERGENCY

When a natural disaster strikes – and chances are, it will in Queensland – then the best way for your business to recover quickly is to already have a plan in place.

Getting your business ready for a natural disaster includes developing an emergency plan for your business, organising proper insurance, and training your staff in first aid and evacuation procedures.

You should also consider how you will keep trading, even if your premises are damaged or inaccessible:

- Are your operations cloud-based and accessible from anywhere with an internet connection?
- How will you keep your staff and customers safe if disaster strikes?
- Is your insurance adequate for all disasters – including fire, flood, tsunami, cyclone, earthquake and so on? After the 2011 floods, many Queensland SMEs could not reopen because their insurance was inadequate.
- Do you have contact details for your customers, so you can keep them informed? Customers will try to support you after a serious event, but they'll need to know where and how.

In response to Queensland’s history of natural disasters, the Queensland Government has created a detailed guide for businesses.

EMPLOYING STAFF

If you’re planning on employing staff, then you need to know your legal obligations before they even walk in the door.

That’s because, in 2014, 3,622 SMEs had claims filed against them with the Fair Work Commission for failing to follow the 540+ pages of national legislation that employers need to know. The cost of defending a Fair Work claim, including your time, lost revenue, and legal costs, could run into tens of thousands of dollars, even if you win!

So follow this checklist:

- **Position description:** Before you advertise for staff, write a position description that includes the qualifications they need, the reporting structure, responsibilities and your business values.
- **Advertise, interview and check referees:** Depending on your industry, you might be inundated with hundreds of applications. It’s time-consuming but worth combing through each one to create a shortlist. Invite each on the shortlist to interview with you, and always call their referees.
- **Understand your rights:** If you employ fewer than 15 employees, anyone you hire automatically has a minimum employment period (probation) of 12 months. This gives you some breathing space to ensure your new staff member is giving you the results you need.
- **Get your own management skills up to speed:** Management is often an area of weakness for small business owners, who are experts in other fields. The problem is, staff will often do as you do, rather than what you say. It pays to work on your management skills as part of your professional development, through webinars, online research and personal reading.

CCIQ Books has a complete list of HR policies and templates for Queensland small businesses to follow. Find out more at books.cciq.com.au.
As a small business owner, you have great technical knowledge of your area of expertise – but there’s plenty you won’t know, too.

Before you begin trading, it’s best to find some professional advisers to cover off the areas where you need help.

SOLICITOR
Whether it’s negotiating a shopfront lease or developing business contracts, you need a law firm that understands your business and needs.

HUMAN RESOURCES
Hiring staff is a serious step, and you need to be well aware of your legal obligations. An HR firm can help you develop the paperwork and procedures you need. Or you can try our free Definitive guide to employing staff, with links to templates.

INTELLECTUAL PROPERTY LAWYER
This is a specialist legal area so if you’re developing unique IP as part of your business, it’s worth engaging a lawyer who knows this area well.

ACCOUNTANT
Engage an accountant early on, and use them as a sounding board for your business plan, finance plan and business structure.

BOOKKEEPER
Seriously consider hiring a bookkeeper for a few hours a week to keep your records up to date. Knowledge is power – and if your books are up to date, you’ll have better confidence to make solid decisions in your business.

BUSINESS MENTOR
Don’t overlook the role a professional mentor or coach can play in your business development, too. Sometimes it really helps to have an experienced person as a sounding board for your ideas.

“Understand that when higher purposes are at stake, most fights will be long. Do not promise or expect instant success. Whenever you feel tired, take a breather and cool down, then reignite yourself by remembering your purpose and your dream and the future of all the people who will prosper from it.”

ARGREAVES, BOYLE AND HARRIS IN UPLIFTING LEADERSHIP

NOW, TAKE YOUR FIRST STEPS

Talk to any seasoned business owners, and you’ll hear stories of tough times mixed with the good. That’s the nature of small business ownership.

As you plan to bring your business to market, expect to have to fight hard for market share. Business is rarely a free ride, and your competitors are unlikely to welcome you.

Succeeding – and staying the course – takes planning, determination and strength of will.

But the rewards can be high. Queensland’s SMEs represent 46% of the state’s GDP. Because they’re small and nimble, they foster greater innovation than their bigger competitors can. They make a significant difference to our economy, and to the lives of the people they employ.

With this guide in hand, you’re across everything you need to succeed. So go for it.