



Business basics

STARTING A BUSINESS: THE BASICS

Work hard
Dream big

A PROPELLER GUIDE

Contents

Overview	1
Preparing yourself	2
Business planning	3
Advice and support	4
Using the template	5
Glossary	6-7
About Propeller Advisory	Back cover

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Overview

Whether you've been in business for a few months, have a side hustle, or are still at the ideas stage, having a solid understanding of business basics will set you up for success.

Our *Business Plan Guide* will help you step out the key actions you need to take, in order to be a savvy business owner.

Use this guide in conjunction with the editable Word business planning template - and check out our [Webinar on Business Basics](#).

The Propeller Team.

PREPARING YOURSELF

Before you start writing your business plan, you should honestly evaluate yourself and decide if your business idea has a good chance of success. Analysis can help you anticipate any challenges you may face and help you overcome them.

Analyse your business idea

Is your idea feasible? Before you get started, find out if there is a demand for your products or services. It's also useful to find out who your competitors are and whether the market can sustain your business.

Researching all aspects of your business idea will involve gathering, analysing and evaluating information to help you write your business goals. Some questions to consider are:

Consider:

- What product/service will you provide?
- Is your idea viable?
- How will you protect your ideas?
- Is there a market for your product/service?
- What skills do you need?
- Who are your competitors?
- What difference will you bring to the market?
- Do you have the financial capacity to start a business?

Analyse yourself

Are you ready to venture into business? Operating a small business is not just about working for yourself, it's also about having the necessary management skills, industry expertise, technical skills, finance and of course a long-term vision to grow and succeed.

At the outset it's important to consider whether you really understand what's involved and whether you're suited to business and self employment. Examine these questions:

Consider:

- Why are you starting a business?
- What are your business and personal goals?
- What are your skills?
- What income do you need to generate?
- What are the advantages and disadvantages of starting your own business?
- Brand identity

BUSINESS PLANNING

Once you've conducted research into the feasibility of your new business you're ready to write your business plan.

Business Plan

A business plan provides direction, keeps you on track and is usually a requirement when you seek finance. Depending on your business type, your plan could include the following sections:

- **Business Summary:** A one-page overview written after your business plan is finalised.
- **About your business:** This is typically called the management plan or operations plan. It covers details about your business including structure, registrations, location and premises, staff, and products/services.
- **About your market:** This is the marketing plan. It should outline your marketing analysis of the industry you are entering, your customers and your competitors. This section should also cover your key marketing targets and your strategies for delivering on these targets.
- **About your future:** This section covers your plans for the future and can include a vision statement, business goals and key business milestones.
- **About your finances:** The financial plan includes how you'll finance your business, costing and financial projections.

Regular review

Business planning is an ongoing business activity. As your business changes many of the strategies in your plan will need to evolve to ensure your business is still heading in the right direction. Having your plan up to date can keep you focussed on where you are heading and ensure you are ready when you need it again.

Distributing & protecting your plan

A business plan is a blueprint for how your business will run and reveals what future direction your business will take. Understandably you will want to be careful who you show your plan to and avoid your competition seeing it.

Having an understanding with third parties when distributing a plan could be enough protection for some businesses, however others who have innovative business practices or products or services may wish to go further and sign a confidentiality agreement with each person to protect their innovations.

It may also be a good idea to include some words in your plan asking the reader not to disclose the details of your plan.

What to do:

- Visit IP Australia's **Protecting your IP page**, for more information on confidentiality agreements.
- For detailed information on Intellectual property protection, visit the **IP Australia website**.
- Contact your nearest **Business Enterprise Centre (BEC)** for assistance with your business planning process.

ADVICE & SUPPORT

There are a number of government services available to help you plan, start or grow your business. These services can provide general advice, workshops, seminars and networking events, and can even match you with a mentor or business coach.

Attending business events

Small business workshops and seminars are run regularly in most areas of Australia, and deal with issues such as planning, financial management, innovation, employing staff and exporting.

You may also find it useful to attend networking events to help expand your business. By developing networks, you can keep up-to-date on industry and local information, promote your business through new contacts and learn key skills from other businesses.

Taking on a mentor or business coach

Participating in mentoring or coaching programs can help you develop a greater understanding of business processes and practices, and equip you with the skills you need to grow and improve your business.

What to do...

- Contact Propeller Advisory or your nearest **Business Enterprise Centre (BEC)** for assistance with your business planning process.

- Check if your local BEC or state business agency hosts a business planning workshop near you.
- Search for networking, mentoring or training events and seminars on the business.gov.au website here: **Events & training** or on **Propeller Advisory's Facebook Events page**.
- Contact a business adviser, accountant such as Propeller Advisory or solicitor for advice.

USING THE TEMPLATE

Before you complete the business plan template and start using it, consider the following:

- Do your research. You will need to make quite a few decisions about your business including structure, marketing strategies and finances before you can complete the template. By having the right information to hand you also can be more accurate in your forecasts and analysis.
- Determine who the plan is for. Does it have more than one purpose? Will it be used internally or will third parties be involved? Deciding the purpose of the plan can help you target your answers. If third parties are involved, what are they interested in? Although don't assume they are just interested in the finance part of your business. They will be looking for the whole package.
- Do not attempt to fill in the template from start to finish. First decide which sections are relevant for your business and set aside the sections that don't apply. You can always go back to the other sections later.
- Use the [italicised text]. The italicised text is there to help guide you by providing some more detailed questions you may like to answer when preparing your response. Please note: If a question does not apply to your circumstances it can be ignored.
- Get some help. If you aren't confident in completing the plan yourself, you can enlist the help of a professional (i.e. Single Business Service, Business Enterprise Centre, business adviser, or accountant) to look through your plan and provide you with advice.
- Actual vs. expected figures. Existing businesses can include actual figures in the plan, but if your business is just starting out and you are using expected figures for turnover and finances you will need to clearly show that these are expected figures or estimates.
- Write your summary last. Use as few words as possible. You want to get to the point but not overlook important facts. This is also your opportunity to sell yourself. But don't overdo it. You want prospective banks, investors, partners or wholesalers to be able to quickly read your plan, find it realistic and be motivated by what they read.
- Review. Review. Review. Your business plan is there to make a good impression. Errors will only detract from your professional image. So ask a number of impartial people to proofread your final plan.

GLOSSARY

- Australian business number (ABN) – a single identifying number used when dealing with other businesses and the Tax Office.
- Australian Company Number (ACN) – the number allocated by the Australian Securities and Investments Commission (ASIC) when you register a company under Corporations Law.
- Blog – is a shortened word for Weblog (see Weblog).
- Break-even – the exact point when a business' income meets a business' expenses.
- Capital cost – a one-off substantial purchase of physical items such as plant, equipment, building or land.
- Cash incoming – cash that is flowing into the business such as sales or other income.
- Cash outgoing – cash that is flowing out of the business such as purchases, expenses or fees.
- Cash flow – the measure of actual cash flowing in and out of a business.
- Channel – a way of delivering something to its destination, whether it is a message to be communicated or a physical product to be delivered.
- Contract – a legally enforceable agreement made between two or more parties. A contract may be a verbal contract or a written contract (or may be partly verbal and partly written).
- Copyright – a law that protects original works of art, literature, music, films, sound recording, broadcasts and computer programs from copying and certain other uses.
- Demographics – the characteristics of a segment of the population e.g. customers.
- Domain name – a name that identifies an organisation's address on the internet, either a website address (the domain name follows the 'www') or an email address (the domain name follows the '@' symbol in the email address).
- Environmental audit – an objective assessment of a business' impact on the environment, and to what extent.
- Environmental Management System (EMS) – a business system implemented to manage current and future environmental impacts.
- Fixed asset – a physical asset intended to be used in the business for a long time.
- Fixed cost – a periodic cost incurred by a business that tends to remain the same each period. Fixed costs are separate to the costs associated with producing a product/service that change depending on the quantity.
- Goods and Services Tax (GST) – a broad-based tax of 10 per cent on the sale of most goods and services in Australia.
- Gross profit – also referred to as net sales. This is the remaining profit when the cost of producing a good is taken away from the sale price.
- High-end – usually refers to expensive or high quality products/services.
- Intellectual property – laws that protect the property rights in creative and inventive endeavours including art, literature, music, films, sound recording, broadcasts and computer programs.
- Inventory – a comprehensive list of items a business currently has in stock.
- Liability – a financial obligation or amount owed.
- Licence – a legal document that grants a business or person with official permission to conduct a certain activity.
- Market position – refers to the position an organisation, product or service has in the market, usually in relation to its competition.
- Milestone – a goal or objective with a target date.
- Mission statement – is a statement outlining how an organisation intends on achieving its vision.
- Net profit – is the total gross profit minus all business expenses.
- Off-the-shelf – a complete ready-made product that can be purchased by the general public. Usually refers to technology or computer products.
- Patent – an exclusive right granted to an owner to sell their particular device, substance, method or process that is new, inventive and useful.
- Pay As You Go (PAYG) withholding – a legal requirement to hold back a portion of payments made to employees and other businesses, which is then paid to the Tax Office
- Payroll tax – a state and territory government tax on industry, calculated on the amount of wages paid.
- Permit – a legal document granting, usually temporary permission, to carry out a planned action.
- Plant and equipment – also known as fixed assets used in the operation of a business.
- Product liability – is insurance that covers a business for damage or injury caused to another business or person, through the failure of a product sold by that business.
- Professional indemnity – is insurance that protects a business if their client suffers a loss as a direct result of their advice.
- Public liability insurance – is insurance that protects a person against claims for property damage and bodily injury.

GLOSSARY

- Retail lease – a legally binding contract between a business and a landlord that sets out the terms by which a business can occupy a landlord's shop or premises.
- Social media – a group of technology including Blogs, online networks (e.g. Twitter, Facebook, MySpace, LinkedIn) and online collaboration tools often used to expand your network/market reach or collaborate on a large scale.
- Stamp duty – a state and territory government tax paid by a buyer on the purchase price of the property or asset.
- Stocktaking – a regular process involving a physical count of merchandise and supplies actually held by a business, to verify stock records and accounts.
- Sustainability – development that takes full account of the environmental consequences of economic activity and utilises resources that can be replaced or renewed.
- Third party – persons who are not a party to a contract.
- Trade mark – the registration of a letter, number, word, phrase, sound, smell, shape, logo, picture, aspect of packaging or any combination of these, which gives the owner the legal right to use, licence or sell it within Australia.
- Turnover (financial) – financial turnover is the amount of money a business typically makes in a given period.
- Turnover (staff) – staff turnover is the rate at which staff take-up and leave a position in an organisation.
- Unique selling position – a characteristic of a business or a product/service that sets it apart from the competition.
- Venture capital – capital invested in a start-up business that is thought to have excellent growth prospects but does not have access to capital markets because it is a private company.
- Vision statement – an inspiring statement that expresses an organisation's main ambitions/ goals.
- Weblog – (also known as a Blog) an individual's or organisation's online website displaying a reverse-chronological list of entries (known as posts). Posts typically include thoughts, observations, promotions, links, images or videos. A Weblog is publicly available and allows readers to comment on posts.
- Worker's compensation – a payment made to an employee affected by a work related injury or illness, to compensate for the loss of earning capacity, medical and rehabilitation expenses.

About Propeller Advisory

The force behind small businesses making a big impact.

At Propeller, we speak human (we're not your typical accounting-types). We start with your vision, not numbers. We plan for your ambitions, not your BAS deadline. We empower you to shape your own future, instead of encouraging you to stick to how it's always been done.

When you join Propeller, you become part of an enterprising business community that is ambitious about innovation and growth. Think of us as your best friends, mentors and coaches (and veeeery occasionally a nagging parent). We hold you accountable, pick you up if things get rough, help you map out your next adventure, and of course, celebrate your big wins!

If you're a small or medium business serving people through education, healthcare, fashion, fitness, design, creative industries or professional services - you're in good company with Propeller!

Our services

The Standard Tax & Accounting Stuff	Small Steps. Big Growth
Offload My Bookkeeping	All Good Things Must Come to an End
Recipe for a Healthy Business	1-on-1 Mentoring
... or Choose Your Own Service Package	



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