

# Appendices

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**Appendix 1**

includes a questionnaire that will help decide if you want to get into a small business.

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**Appendix 2**

is a more detailed business start-up checklist covering the main steps in starting and managing a business. It offers a simple way to check if everything has been done to increase the chances of business success.

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**Appendix 3**

is a business plan with specific information about you and the business. It covers most of the important issues discussed in the guide, and can be the basis for starting and managing a business.

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**Appendix 4**

is a sample of a cash flow projection.

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# Appendix 1

## The business idea

### Part A. The business owner

If you are ready to start a business, please answer the following questions:

#### Why start a business?

- To provide you and your family or community with a job or jobs, as well as an income
- You have an idea
- To be your own boss
- Because you can work your own hours
- Other

#### What will the business achieve?

- Jobs and income
- Profits
- Increased value
- Respect
- Growth
- Other

#### Is running a business the right thing to do?

Do you have what it takes to run a successful business?

##### Personal characteristics

Are you:

- Enthusiastic, a self-starter and want to make the business a success?
- In good health?
- Well organised?
- Responsible and reliable?
- Prepared to look for good advice?
- Keen to learn?
- Good at making decisions?
- Prepared to take risks, including risking your own money?
- Prepared to work long hours?
- Able to work under pressure?

### Do you have the skills and knowledge to run a successful business, including:

- The right technical skills or qualifications?
- Knowledge of – or experience – in the industry?
- Knowledge of – or experience – in managing a business?
- Ability to work well with people and be a good boss?
- Experience with money?
- Bookkeeping and selling skills?
- The support of family and/or community?

If you do not have these characteristics, don't give up. Talk with the local Business Advisory Service on 1300 650 058, or an Aboriginal Business Development Manager on 1300 134 359. The Small Business Website [www.smallbiz.nsw.gov.au](http://www.smallbiz.nsw.gov.au) is also a very useful resource for starting and managing a small business.

Training is available to learn the skills needed to run a business. The information is in the guide.

### Part B. Will the business idea work?

- Do people want the product or service you want to sell? Find out more about potential customers so you know what they want from the business's products or services.
- What do you know about the number, the size, the good and the bad points of your competitors, especially those selling similar products or services?
- After checking competitors, is there an opening or is it too hard to try?
- Will your product or service stand out from competitors?
- Can the product or service be provided at a competitive price?
- Can you be certain to provide enough of the product or service, at the same standard, each time and on time?
- Can you get resources such as skilled people, machinery and equipment, buildings, finance, raw materials, and services such as transport, power, telecommunications and water?
- Do you have a good understanding of government rules and regulations, and how much time and money it might cost to meet them?
- Have you worked out if the business can make a profit, or how long before it becomes profitable?
- Have you estimated the likely flow of money coming in and going out of the business?
- Have you discussed plans with a business adviser, accountant or a legal adviser?
- If the business is based in a community, you will have to consider other issues such as community support for the business. What questions might the community ask about the business? How will you answer these questions?

**If the answers are encouraging, it is time to do market research.**

## Part C. Market research and analysis

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Customers buy a product or service because of the benefits it offers. Buying something has purpose. Eating, drinking, wearing, or cooking. It is important to understand the buying habits of future customers, and why they might want to buy the product or service of your business.

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### Ask people who might be future customers:

- What are they looking for in the product or service?
  - Would they buy it?
  - What price are they prepared to pay?
  - How often are they likely to purchase the product or service?
  - How do they normally buy things – in shops, via the Internet, by telephone?
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### Find out more about the market you are thinking of entering by asking:

- Useful information like this is in the FMRC Business Benchmarking [www.fmrcbenchmarking.com.au](http://www.fmrcbenchmarking.com.au)
  - What are the different segments of the market? (For example, the market might include both low-priced products of low quality and high-priced products of high quality.)
  - How large are the various sections of the market (in terms of both numbers of customers and how many sales)?
  - What prices do people charge in the market, and how much profit do they usually include in their prices? Useful information like this is in the FMRC Benchmarking Library, available from all Business Advisory Services or at this link <http://www.fmrcbenchmarking.com.au/>
  - How do people normally pay for products or services in the market? By cash, debit or credit card, or cheque? Do they normally pay when they make a purchase, or after receiving an invoice? If they receive an invoice, is payment normally expected within seven, 30 or 60 days?
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### Next, analyse the competition:

- Who are the competitors?
  - Are they successful and why, or why not?
  - How would they react to your entry into the market?
  - Why can you compete against these rivals?
  - What realistic share of the market can you gain?
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You can do this research and analysis by yourself, but there are other sources of information. The best place to start is at the nearest Business Advisory Service on 1300 650 058.

## Part D. The positives and negatives of your business idea (a SWOT analysis)

A good way to test the nature of the market and if your business idea will work is to look at the positive and negative sides of the idea. This is called a SWOT analysis. It stands for an analysis of the Strengths and Weaknesses as well as the Opportunities and Threats to a business idea.

**The following is an example of a SWOT analysis by someone planning to start an Aboriginal business selling arts and crafts:**

Strengths	Weaknesses
<p>I make my own high-quality traditional handcrafts.</p> <p>My business will be located in an area that is visited by a large number of tourists.</p>	<p>I don't have much experience in managing money.</p> <p>I don't have a guaranteed large supply of products. This could create difficulties if there is a high demand for them.</p> <p>I don't have skills in using the Internet.</p>

Opportunities	Threats
<p>There is a strong interest in authentic Aboriginal arts and crafts especially among overseas tourists.</p> <p>There are regular arts and crafts fairs and trade shows where I can promote and tell both consumers and retailers about my products.</p> <p>The internet lets me sell my products to customers all over the world.</p>	<p>Some businesses are making very large numbers of cheap goods, which many consumers do not realise are poor quality.</p> <p>If the value of the Australian dollar is high (compared with money in overseas countries), my products will be more expensive for customers overseas to buy using their local money.</p>

**See Appendix 3 for a blank template for you to do your own SWOT analysis. It's in Part A, Getting Started.**

# Appendix 2

## Business start-up checklist

Tick each of the following boxes as you complete the steps for starting and operating the business. Do this checklist along with the business plan in Appendix 3. You can go back to the Quick Guide at the front of this publication to help with the meaning of any points.

### Part A. Getting started

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- Decide why you want to be in business, what things the business might achieve, and whether running a business is the right thing to do.

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- Consider if the business idea will work, including doing market research and analysis.

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### Part B. Setting up the business

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- Decide on the most suitable structure for the business (for example, sole trader, partnership, co-operative, company).

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- Work out where the finance will come from, and what kind of finance.

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- Decide on the location of the business and the type of premises it needs.  
Options might include:
  - Home-based or commercial premises
  - Leasing or buying
  - Access to customers and appropriate staff.

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- Practicalities of setting up the business:
  - Does the business name need to be registered?
  - What about a business licence(s) and/or permit(s)?
  - What equipment is needed?
  - What type(s) and level of insurance does the business require?
  - Is there Intellectual property that needs protection?

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### Part C. Running your business

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- Marketing
  - Build on the market research and analysis you did in Appendix 1c)
  - Develop a marketing strategy and the 'promotional mix'
  - Develop and monitor the marketing budget.

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- Customer service
  - Understand and meet the changing needs and demands of customers
  - Develop a good service attitude in the business.

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- Employing and managing staff
  - Consider if you are ready to take on one or more employees
  - Choose and keep the right people. This is essential to the success of the business
  - Consider the kind of work being done and what skills and experience employees need
  - Check out the wages and other employment conditions for the type of job.  
Minimum wages and conditions will probably be set by an award or agreement.

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**□ Taxation**

Every business needs to:

- Have an Australian Business Number (ABN)
  - Put money aside to pay income tax
  - Withhold 48.5 per cent from payments to other businesses which don't quote an ABN
  - Check whether it should be registered for the Goods and Services Tax (GST)
  - Report and pay relevant taxes.
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**□ Record keeping**

Keep all necessary basic records.

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**□ Managing creditors and debtors**

Know how to manage creditors and debtors so the business has access to adequate cash.

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**Part D. Profitability of the business**

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**□ Costing and pricing**

Figure out fixed and variable costs to help set prices and work out the business's break even point.

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**□ Cash flow management**

- Remember: Profit is not the same as cash flow
  - Make sure the business can make enough cash or can get more funds to pay accounts or debts when due.
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**□ Business performance**

- Regularly review the performance of the business including:
    - Sales turnover
    - Number of customers
    - Value of average purchase per customer
    - Gross profit margin
    - Fixed and variable costs
    - Return rate of customers
    - Stock.
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**Part E. Assistance and support**

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- Seek advice and assistance before a problem arises. Government, community and private advisory services are there to help. (See Useful Contacts on page 35)
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**Part F. The business plan (Appendix 3)**

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- Plan to make a profit and keep looking at day-to-day and long-term profit goals.
  - "Failing to plan is planning to fail."
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**Fill in the SWOT analysis below for your business idea.**

There is an example of a SWOT analysis in Appendix 1d).

Strengths	Weaknesses

Opportunities	Threats

**Who will help set up and run the business?**

Family members, community leaders and an Aboriginal Business Development Manager from the Department of State and Regional Development.

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## Part B. Setting up the business

### What structure will the business have?

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- Sole trader
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- Partnership with partners
- 
- Co-operative
- 
- Company
- 
- Aboriginal corporation
- 
- Incorporated association
- 

### Where will the money come from to start the business?

You may be using more than one of the following sources of finance.

#### How much will you get from each source?

- 
- Your money  
How much? \_\_\_\_\_
- 
- From family members or friends  
Who? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- From community members or a community organisation  
Who? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- From other investors, including venture capitalists and Australian Business Angels  
Who? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- From a bank  
Which one? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- From another financial institution  
Which one? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- Vendor finance  
How much? \_\_\_\_\_
- 
- From a State or Federal Government program  
Which one? \_\_\_\_\_  
How much? \_\_\_\_\_
- 
- From another source of finance  
Which one? \_\_\_\_\_  
How much? \_\_\_\_\_
-

**What kind of finance will be used?**

You may use more than one of the following.

- Your own money
- A gift or grant of money
- A bank overdraft
- A commercial bill – for how long? \_\_\_\_\_
- Credit card
- A term loan – for how long? \_\_\_\_\_
- A personal loan – for how long? \_\_\_\_\_
- A loan but without a set term \_\_\_\_\_
- Leasing – for how long? \_\_\_\_\_

**What personal assets can be used as security for a loan?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Where will the business be located?**

- At home
- Based in the home
- A leased business premises
- An owned business premises
- A business premises that you are buying
- At a business incubator  
Where? \_\_\_\_\_
- Other premises  
Where? \_\_\_\_\_

**What kind(s) of insurance?**

Speak to an insurance company or a broker before deciding which of the following types of insurance to buy.

- Small Business Pack
- Burglary
- Business interruption or loss of profits
- Electronic equipment (computer)
- Fire and other perils

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 Machinery breakdown

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 Money

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 Motor vehicle

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 Partnership

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 Personal accident or sickness

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 Products liability

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 Professional indemnity

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 Public liability

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 Workers compensation

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 Others – Which one(s)? \_\_\_\_\_

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**What is the business name?**

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**What licences and permits are needed?**

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**What equipment is required?**

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 Phone lines – How many? \_\_\_\_\_

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 Fax line

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 Computer – Desktop or laptop? \_\_\_\_\_

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 Fax

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 Photocopier

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 Printer

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 Filing cabinets – How many? \_\_\_\_\_

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 Office desk and chair

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- What about internet access? \_\_\_\_\_  
If so, dial-up or broadband? \_\_\_\_\_  
Which internet service provider will you use? \_\_\_\_\_
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**What intellectual property needs protection and how?**

For example: The logo of the cultural centre will be protected by registering a trademark, and original music performed at the centre will be protected by registering a copyright.

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**Part C. Running Your business**

**Marketing**

**How does the business product or service satisfy the needs of customers?**

**Target customers can be grouped according to different interests, backgrounds and reasons for coming to the business.**

For example: The cultural centre will meet the needs and interests of all visitors to learn more about the culture, traditions, history and current situation of indigenous Australians. It will give them a chance to meet Aboriginal people. Cooking lessons with native foods will attract food and wine tourists. It will give them a chance to sleep out in traditional housing. It will attract backpackers and school students looking for experiences and who enjoy roughing it.

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**What is the pricing policy?**

Will there be discounts? Will there be different prices for cash and credit card customers?

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**How will you make your product or service different from competitors?**

The cultural centre offers a broader range of unusual activities and events that are more interactive than those at other centres.

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**How will the product or service be delivered?**

Will the product or service be sold via the internet or through other businesses?

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**What type of advertising and promotional methods will be used?**

- Publicity
- Sales promotions
- Packaging
- Direct mail
- Personal selling
- Advertising
- Internet

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**Employing and managing staff**

Do you intend to employ staff? Yes / No

If so: How many people will be employed? \_\_\_\_\_

When do they start work? \_\_\_\_\_

Full-time, part-time or casual? \_\_\_\_\_

Would you employ an apprentice or a trainee? Yes / No

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Where will you advertise for staff?

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**Which industry award covers the business?**

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**Taxation**

**Are you planning to:**

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- Apply for a Tax File Number?

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  - Apply for an Australian Business Number?

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  - Register for the Goods and Services Tax?

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  - Register for Pay As You Go (PAYG) withholding?

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  - Register for Fringe Benefits Tax?

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**Managing creditors and debtors**

Is credit an option for customers? Yes / No

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If so, what can be done to reduce the chance of bad debts? (A bad debt is when people do not repay money they owe).

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