

GUIDE TO STARTING A NEW BUSINESS



Delivering for our clients since 1951

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WHO ARE CAREY GROUP?

Carey Group are an accounting and financial services firm operating across North Queensland, specialising in accounting, financial advisory, self-managed superannuation, auditing, bookkeeping, and business advisory. With a vast experience in the construction, professional services, agricultural, retail, and hospitality industries.

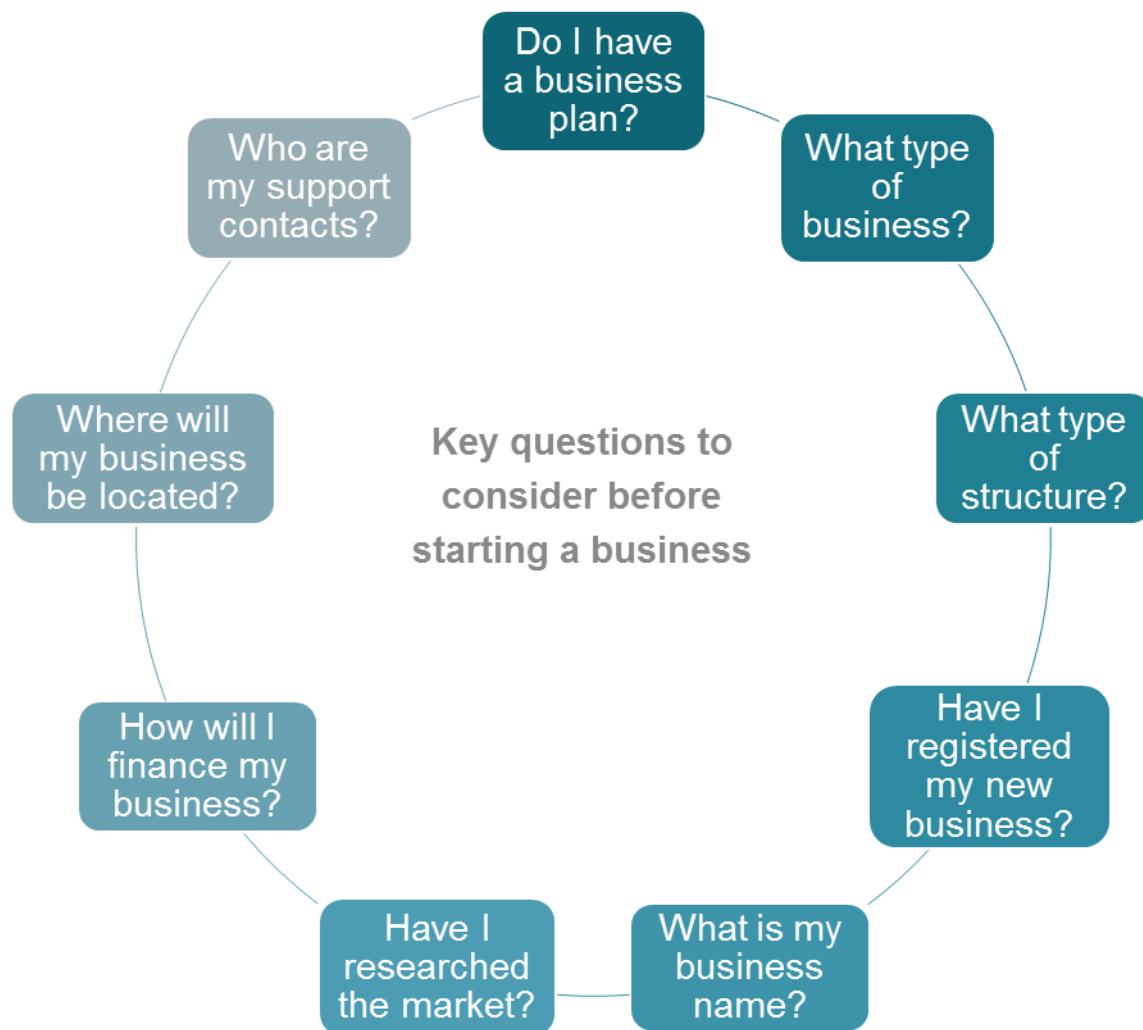
Carey Group built its reputable foundation back in 1951 when Brian Carey first joined the accounting and audit practice of Larry Kelly in Ingham, taking over the management of the firm. With strong family values in mind, Brian was then joined by his sons, John and Robert and the firm was rebranded as BJ Carey and Company. In 1988 Brian's son Joe joined the family business, and with the guidance of his eldest brother Robert, completed a restructure and commenced operating as the Carey Group of Companies in 2016, offering services in Accounting, Audit, Financial Advice, SMSF, and Business Services.

In 2002, the Townsville Office was opened as well as the introduction of Financial Advice and Self-managed Super Fund Administration services. The firm began to trade under the names of Carey Accountants, Carey Financial and Strategic SMSF from 2006 onwards.

In September 2017, the firm acquired Shirvington Partners with offices located in Cairns and Malanda. 2021 was a year of significant growth for the Carey Group, with the merger of Barrier Reef Accounting in October 2021, as well as opening its doors in Brisbane for the first time, extending its presence throughout Queensland.

The current firm not only continues the family business tradition, but seeks to provide the expertise and technical infrastructure of a contemporary accounting firm, while still maintaining the traditional values of personalised service and advice to its diverse client base.

AM I READY TO START A BUSINESS?



1. BUSINESS PLAN

Setting up a business is extremely exciting but can also prove to be difficult if you're not prepared. One of the first steps to starting a business is to create a business plan which will be the foundation of your business. A business plan provides a roadmap for how to structure, run and grow your new business.

Business plans provide the opportunity to identify and prioritise objectives and strategies to achieve goals and minimise challenges. A business plan is essential to obtain finance from lenders and investors and, therefore, should be created with different forces and factors in mind. A business plan will also help a business decide what structure you choose to trade under.

“A GOAL WITHOUT A PLAN IS JUST A WISH”

Your business plan doesn't have to be lengthy, but should include the following information:

1. Goals
2. Objectives
3. Market Analysis
4. Financial Plan
5. Marketing Strategy

TIP:

Be the customer!

- An effective way to attract opportunity amongst your target market will involve reviewing your products and services through the eyes of a purchaser.
- Analyse your competition as if you are the customer and determine what you could do differently to make your business better.

GOALS

- What goals do you have for the business?
- What is your mission statement?
- What is your growth potential?
- What are your short-term and long-term goals?
- What do you want to achieve in a month, compared to what you want to achieve in a year?



OBJECTIVES

- Objectives should be SMART – Specific, Measureable, Achievable, Relevant and Time bound.

MARKET ANALYSIS

- **Industry:**
 - Research the industry you are entering into.
 - Is there a demand for your product or service?
 - Is there a growth in the industry?
 - Look at trends, size and growth rate.
- **Target:**
 - Is there enough people in the market who are willing to purchase what you offer?
 - Identify who your ideal target market is – look at what age, gender, income level and lifestyle your customers could be.
- **Competition:**
 - Analyse your competition.
 - What are their strengths and weaknesses?
 - What makes their business work?
 - What can you draw from their successes and failure to enhance your business?
 - What products/services will you offer?
 - Are there any obstacles preventing you from entering the market?

FINANCIAL PLAN

- Will you need finance to start up your business?
 - Lenders will need to know your accounts are in order and that your new business is an acceptable risk.
- Create a budget – consider all your expenses and income to determine if you have enough cash flow to sustain your business.
- Consider your cash flow
 - Identify what level of revenue you expect to generate.
 - What does this look like at the beginning?
 - What does this look like 1 year, 5 years, and 10 years down the track?
 - How regularly will you be paid?
 - Will there be a delay between starting the business and earning your first income?
 - What payment terms will you put on receivables?
 - What type of expenses are involved in the industry?
 - Will you have large overheads?
 - What has worked for other businesses in the industry to minimise their initial costs?
 - What are your personal ongoing monthly financial commitments?

2. BUSINESS STRUCTURE

One of the key decisions you will make when starting a business is choosing the business structure. The four main business structures are sole trader, company, partnership and trust. The structure you choose for your business will impact your business registration requirements, your options to tax plan and your personal liability. This is summarised in the table below.

If you are unsure of which structure suits your business needs, Carey Group can help you!

SOLE TRADER

- ✓ Simple to setup and operate
- ✓ Full control of business decisions and assets
- ✓ You receive all profits
- ✓ Fewer reporting requirements
- ✓ Lowest cost structure
- ✗ You are personally liable for debts and your assets could be under threat
- ✗ Taxed at individual tax rates.

COMPANY

- ✓ Separate legal entity – you are not personally liable for any debts
- ✓ Tax rate is capped
- ✓ Able to raise significant capital
- ✓ Small business are taxed at a lower rate
- ✗ Higher complexity to setup and run
- ✗ High cost structure
- ✗ Complex reporting requirements
- ✗ No control of profits

PARTNERSHIP

- ✓ Easy and inexpensive to setup
- ✓ More capital is available
- ✓ Minimal reporting requirements
- ✓ Shared control and management of business
- ✗ You and your partner are personally liable for all debts
- ✗ Must dissolve partnership and start a new one if a partner leaves or is added
- ✗ Taxed at individual tax rates

TRUST

- ✓ Assets are more protected
- ✓ Income can be distributed to beneficiaries and taxed at their individual tax rates
- ✓ Flexibility in income and capital distribution
- ✗ More expensive to setup
- ✗ Requires a formal trust deed
- ✗ Can be difficult to dissolve or make changes once established

★ **You're not locked into any structure and you can change the structure as your business changes or grows. Many people choose to start as a sole trader because it's simple and cheap but it comes with its risks.**

3. REGISTERING YOUR BUSINESS

Once the business structure is decided, the entity will move into the second phase of the start-up process – registering the business. This is a process that can be completed by Carey Group’s corporate team.

1. Apply for an ABN (Australian Business Number)

2. Registering your business name

- Choose an available business name that reflects your brand.

3. Apply for an ACN (Australian Company Number)

- If you choose a company as your business structure, you will have to apply for an ACN (a number given to you by ASIC).

4. Apply for a Tax File Number (TFN)

5. GST Registration

Below \$75,000 Threshold	21 Day Rule	Consider GST Reporting Frequency	\$75,000 General Business'
<i>If a business is trading at a gross profit of below \$75,000, No GST registration is required, however is optional.</i>	<i>If a business does reach the \$75,000 threshold, they must register their entity for GST within 21 days.</i>	<i>Once registered for GST, a business must decide whether to report on a quarterly, monthly or annual basis. Other registrations including Fuel Tax Credits and PAYGW must be considered.</i>	<i>Once a business makes a gross income over the above threshold, GST registration is required.</i>

6. Other Registrations

- Will you need to lodge a Business Activity Statements (BAS)?
 - Yes, if you register for GST, PAYG Withholding or Fuel Tax Credits
- Do you need to register with any other organisations for your industry?
 - QBCC, Master Electricians Australia, etc.

Prepare for Tax

- To ensure you are prepared for quarterly and end of year financial requirements, you need to be keeping up to date records to make sure your lodgements can be completed on time.

4. INSURANCE

Peace of mind comes with having insurance and knowing you and your business are protected if hardships arise. Ultimately, your insurance product needs will vary depending on your business needs. The below table highlights some insurance product options for small business owners.

General Insurance	Personal Insurance
<i>Public Liability</i>	<i>Life Cover</i>
<i>Small Business Insurance</i>	<i>Total and Permanent Disability (TPD) Insurance</i>
<i>WorkCover Insurance</i>	<i>Trauma Cover</i>
<i>Building Insurance</i>	<i>Key Person Insurance</i>
<i>Vehicle Insurance</i>	

**If you are unsure of which personal insurance product suits your needs,
Carey Group can help you!**

- ★ **Carey Group specialises in personal insurances (inclusive of life cover, TPD and trauma insurance) any other insurance product should be discussed with an insurance broker.**

5. PREPARE YOUR FINANCES

- Set up a business bank account – this will allow you to easily track your business income and expenses.
- Set up a bookkeeping software – we recommend XERO.
- Prepare a budget – this will help you manage your cash flow from when your business starts, through to growth and expansion periods.
- Payment types – decide on your payment terms and advise what payment options your customers can use (e.g. Eftpos, direct debit, third party payments, etc.).
- Manage your cash flow – your bookkeeping software will have useful reports to help you manage your cash flow (e.g. profit and loss statement, cash flow statement, and budgets).



6. EMPLOYEES

In the foreseeable future and depending on your business's growth, the opportunity to hire employees may present itself. The Fair Work's pay calculator is a resourceful tool for estimating employee wages, superannuation and leave entitlements. Before even considering hiring an employee, the associated costs and business's financial stability needs to be taken into account.

Using the pay calculator can only be as accurate as the information filtered in.

The required information you will need includes:

- Relevant award
- Apprentice or trainee (if applicable)
- Employee level (e.g. Level 1–5)
- Employment status
- Employee allowances (e.g. uniforms, travel, car)
- Other award specific information

Following the sequence of questions, the pay calculator will generate an employee's pay rate summary including hourly rate and weekly pay.

For all other employee related topics, the Fair Work system provides informative resources and other tools to guide you.

THE PAY CALCULATOR

Your employee's pay rates summary ?

The pay rates on this page are the same as those our advisers give to customers who contact our Infoline.

Pay rate as at: 30 July 2021



[Edit calculation date](#)

Apprentice - 1st year or stage 1 | Weekly hire - full-time | 3 years (nominal term)



Hourly pay rate: ? \$23.41 * [why?](#)

*Includes base rate allowances (eg. industry or disability allowances)



[Show rates for all employment types](#)

Not the pay rate you expected? [Get help.](#)

Weekly pay rate: \$889.52 * [why?](#)

*Includes base rate allowances (eg. industry or disability allowances)

Your award: Building and Construction General On-site Award (MA000020) ?

Employment Status: Weekly hire - full-time



[Edit employment type](#)

Your selected penalty rates: None selected

[Select penalties](#)

All purpose allowances:

*Industry allowance

\$1.42 per hour [why?](#) [edit](#)

*Tool allowance

\$0.62 per hour [why?](#) [edit](#)

[Add another allowance](#)

Your selected allowances: None selected

[Select allowances](#)

7. QUOTING AND WORKMANSHIP

Sorting out costings, overheads and creating quotes is a time consuming process.

- Less time spent on quoting clients creates time for getting the physical labour done.
- Asking clients an array of questions about the service and the work they're seeking will help reduce time for quoting.
- This information will create the quote and breakdown the cost components for the job.

Every client's job and needs will be circumstantial. However, taking the time to set flat rates for some common jobs will prove efficient. A pre-planned list for the small jobs allows you to lock in a job immediately as there is no need to calculate a quote.

Structuring terms and conditions influences your service offering.

- The terms and conditions outlines the contractual agreement between the business and the client.
- While protecting the businesses from harm, the client is informed about possible honouring workmanship and warranties if those circumstances arise.

If you have access to someone who has been in the industry for some time, it is worth talking to them about how they quote and what guarantees they offer. The more experience you can expose yourself to, the better. Underquoting leads to losses on a job and can then eventually leave you broke. Understanding both direct and indirect (or overhead) costs, will make a difference to ensuring you are making enough on each job to be profitable.



8. SHOP PREMISE OR MOBILE SERVICE

There are many factors that will determine whether a business is better suited to a shop premise or a mobile service. Some businesses choose to utilise both options.

Circumstances to consider when determining the location or platform of your business could be:

- **Practicality**
 - Some trade and service businesses operate as a mobile service because of the simple practicality of the job. The decision then becomes if you also need a physical premise, or if working from your vehicle and home is sufficient.
- **Lifestyle preference**
 - Some business owners like the flexibility that mobile services offer them and this may be the biggest selling point for them to go mobile. Other people enjoy the routine of having a set location to provide services to customers.

The table below list some pros and cons of each service type. The content of the table are general in nature and you should contact a business advisor for more personalised advice.

Mobile	
Pros	Cons
Mobility/flexibility – provide services to many people in different areas	Confusion – customers won't be able to search for your location on maps
Signage on the work vehicle to promote business	Smaller inventory of products and equipment able to be carried
Lower start-up costs	Vehicle costs are more expensive
Shop Premise	
Pros	Cons
Can provide a wide range of inventory – e.g. air conditioner, tools, equipment in store	Increased overall business expenses such as rent, utilities, maintenance, etc.
More convenient for customers to find location – can search for your location	More expensive start-up costs
Provides the opportunity for walk-in customers	Can be less flexible due to maintaining opening hours

9. SUPPLIERS

Tips for sourcing suppliers?

- Understand your industry distribution channels.
- Try the manufacturer of the most common brand first.
- Have a productive first contact with a wholesale supplier.
- Research online with direct wording to limit the results.
- Look for unconventional suppliers – think outside the box!
- Join industry groups, forums and other professional networks.
- Subscribe to your industry's trade publications.
- Attend trade shows.
- Don't be afraid to make a mistake – if you go with one supplier and they don't live up to your expectations, changing a supplier is an option.
- Shop around to find the best price for the brands and products you require.
- Once you've found a good supplier, stick with them – this will create loyalty and may help you in the future.
- Create a credit account – instead of paying when purchasing, you can create an account to pay off later if cash flow is tight.
- Local suppliers can be good places to go so you won't have to wait or pay for freight.



10. EXTERNAL SUPPORT

When venturing into owning your own business, it's important to have particular contacts on speed dial - external support is a key factor into the success of a business. Contacts we recommend having close contact with are:

- **A mentor** – someone you trust who has been successful in business for a number of years. They will offer support, motivation and help keep you on track.
- **Accountant** – your accountant, financial planner and ASIC representative are an important support who will help navigate the technical side of setting up your business and keep it going as you make key business decisions.
- **Join as a member of the local Chamber of Commerce** – an excellent network who will provide you with local, industry specific advice and support. Most Chambers hold events specific to local business owners. The events and networking will provide you new contacts to reach out to when unexpected circumstances occur.
- **Keep in contact with a previous owner** – if you're buying an existing business, it may be worthwhile to keep in contact with the prior owner. There may be something that comes up that only prior owners can solve.
- **Getting in contact with Regulators** – Government Regulators set the boundaries of how your business can operate. Having internal contacts with organisations like QBCC and local banks will help navigate the complexities of policy changes and keep you on track with regulation. Bank managers or brokers will also be a helpful contact to ensure you have access to finance when needed.
- **Family & friends** – Starting a business on your own is difficult, especially in the first few years. Surround yourself with a supportive network is important for your mental state. Most people know a family member or friend who own and operate a small business. Chatting about the struggles you're facing can be beneficial and listening to their experiences could help find a solution.



11. TIPS & COMMON MISTAKES

Starting is the hardest part for first time business owners, business plans can fall apart quite quickly. So the question is - what are the common mistakes in business and what can you do to avoid them?

Too much planning

- Lack of planning is a recipe for disaster. However, too much planning can also lead you down the same path. You should instead focus on a few key troubles instead of addressing all of your potential problems immediately. Strengthen the areas that are already bringing in the revenue before moving onto the minor issues.

No advertising and marketing

- Investing in marketing and advertising for your business will provide an extra kick in growing your business. Posting products on Social Media or advertising in your local newspaper is going to be beneficial for your business' success.

Ignoring or lack of attention to your finances

- Business and finance go hand in hand. You must continually monitor your financial statements for your business, this will help you know where it stands and identify what areas you might need to cut down on spending or when you need to increase revenue.

Not having enough funding (cash flow deficit)

- Starting up a business is costly and many business owners fail to recognise the amount of funding needed to get things off the ground. Preplanning the necessary funds to purchase items and equipment you need. You could potentially consider an investor or business partner to assist with funding needs.

Trying to do everything on your own

- As a small business owner you might be willing to learn how to become a jack of all trades. Be mindful of the possible consequences like being burnt out which could impact your business. Industry experts such as accountants, bookkeepers, marketing specialists and HR consultants can give your business that boost to get things rolling and keep you on track.

12. USEFUL WEBSITES



<https://www.careygroup.com.au/>



<https://www.ato.gov.au/>



<https://calculate.fairwork.gov.au/>

<https://calculate.fairwork.gov.au/FindYourAward>



<https://www.qbcc.qld.gov.au/>



<https://www.business.qld.gov.au/starting-business>

<https://register.business.gov.au/>

13. CONTACT US

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