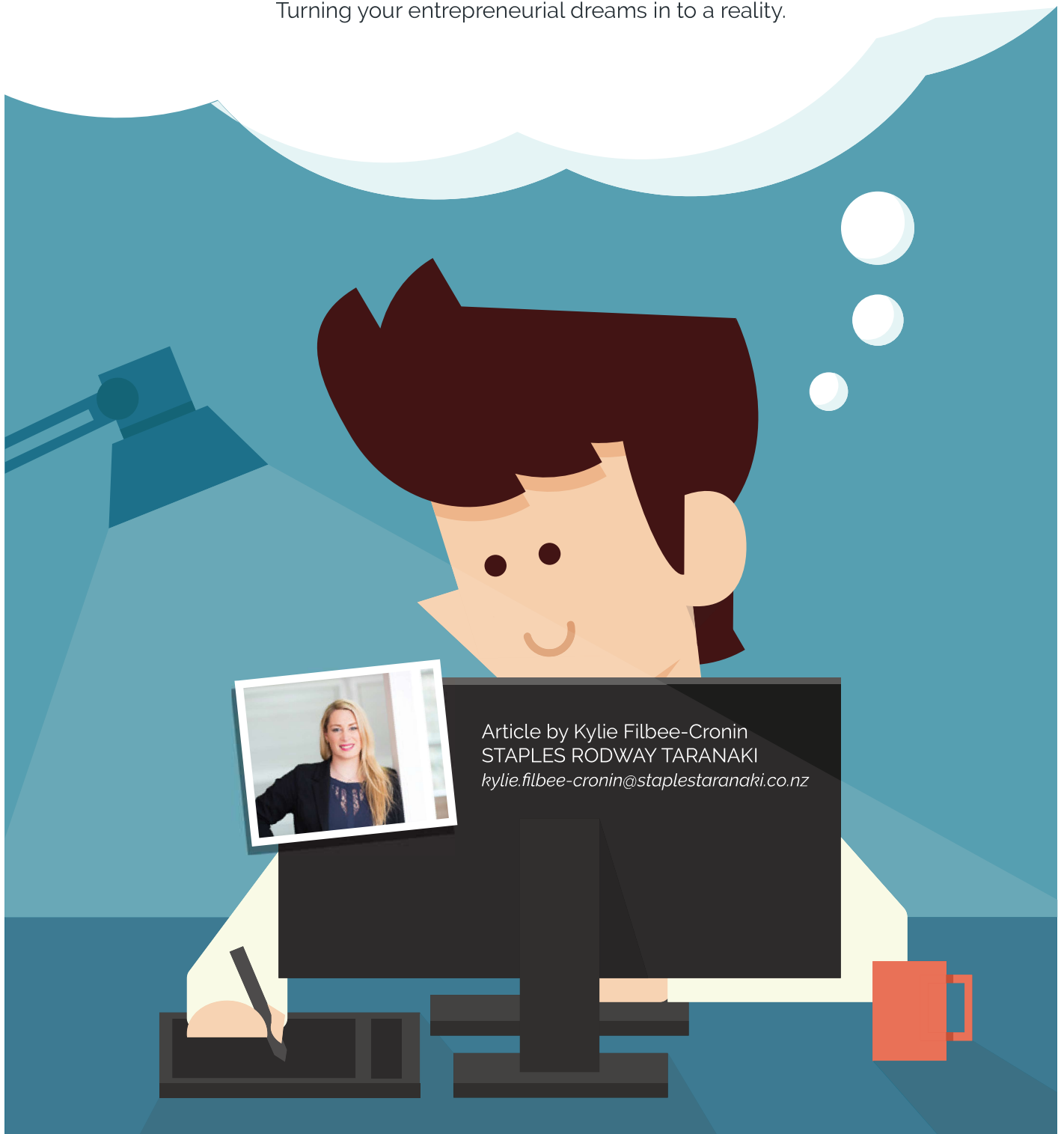


# BRAINSTORMING TO BUSINESS PROPOSALS

Turning your entrepreneurial dreams in to a reality.



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**M**ANY HAVE BEEN THERE. A great idea pops in to your head for a new product or service, you think there must be a better way of doing your job, or maybe you just want to call the shots when it comes to work-life balance. Either way, many of us have thought about starting a business; but only a few take the next step, and even fewer succeed. The first step to a successful new business is to decide if it's really the right thing for you.

### IS IT RIGHT FOR ME?

There are 3 main reasons people become their own boss: **Time, Money and Control.**

More time means a better work-life balance, more money is self-explanatory, and more control means you call the shots on business direction, your working hours, company culture and so on. Unfortunately, the rule of thumb is that in the early days of business you only end up with two of these golden pieces of the puzzle. You're either working hard to grow the business so you have less time on your hands, or you're paying someone else to do it, so you have less money. Of the three, control shouldn't be one of the options you sacrifice - if you haven't got that, then chances are it's no longer your business.

Before you even start this journey, you need to consider which two of those pieces are most valuable to you. Eventually a mature, successful business will bring you all three, but in the beginning you're either going to work hard or be on a tight budget until the profits grow. In many cases both time and money are sacrificed, but if your idea stacks up, it shouldn't be long until you've got some freedom.

### WHERE DO I START?

We rarely see businesses succeed when they have no start-up capital. They often underestimate the costs involved - such as supporting lost wages or paying for initial equipment and stock. If you haven't got savings to rely on, you'll need funding from investors or the bank, who are going to want a budget and a business plan. There are some brilliant tools available that your accountant should have access to. These automated tools allow for quick updates and reporting against your actual results later down the track. Alternatively, there's nothing like a quick spreadsheet. It is strongly advised that you either have an accountant prepare the budget and business plan with you, or at least have your budget reviewed by one. They will know about the standard costs that come with most types of business.

Market research is also key to building a reliable and fact-based business plan, so you can show your funders/investors that you are confident in your budgeted sales. What made you think there was a need for this in the market? If you're simply going out on your own from your current employer, will there be enough customers to go around and what makes you different from your previous employer that will make the customers follow you?

Assuming your funding is approved, next you'll need to figure out how best to structure your business. We often hear comments like "well yeah I set up a company because my mate said I can pay less tax". This is not the case. There are some advantages with companies that help minimise tax,

however there are many other complications that come with that. Companies should be viewed as a vehicle for limiting your personal liability. When it comes to business structures, having an accountant and lawyer involved is a no-brainer. They'll future proof your structure so that you can access your profits, secure your personal assets, allow for succession planning, or have an easy exit if you're looking at a short-term project.

Once you're set up and have the funds in the bank, it's time to start drumming up business. Where do your customers come from? You can't just rely on friends and family spreading the word - they have their own busy lives as well. Marketing and branding is such a complex and confusing beast in the digital age, but it comes with great advantages such as geographic and psychographic targeting, and retargeting (when you've googled something or looked at a website and similar advertising starts following you around online). We can all figure out how to boost a social media post, or create a quick logo, but if your brand isn't captivating and you don't understand how a brand is more than a logo, it will be almost completely ineffective. A top tip - invest a bit of your start-up capital in brand design, a dynamic, responsive online presence, and invest in some professional marketing strategies and guidance.

Now you're ready to start selling your product or service - congratulations! This is where the hard part starts, and the costs associated with running a business start rolling in. Cashflow in the first 2-3 years needs to be monitored carefully to avoid rising debt levels, interest costs or being cut off from your suppliers. Keeping an eye on the original budget and whether you're on target or not will help you decide where to fine-tune your processes. Stay in touch with your advisors for some honest and unbiased feedback, and above all else, do not put your head in the sand if it gets hard. When that happens, often you need some guidance to get you back on track, but sometimes the answer is that it's just not going to work out, or perhaps you just need to scale back and rebuild using a different technique. It's ok to say that you didn't get it right the first time, or even a second or third time; if you recognise this early, you can fix the issues or back out before you dig yourself deeper in to debt than necessary.

All these factors make being in business sound like hard work - and that's because it is! But if you're passionate enough about something and you focus your energy in the right areas, you can be successful. Stay in touch with your advisors and use professionals for the tasks that you aren't trained in, so that you can spend your time reviewing the results and growing your business.

Above all else, don't ignore the numbers. Get yourself a bookkeeper (part time internal or use an accountant to out-source) who takes care of the bank reconciliations and billing for you so that you can spend your time reviewing the results and growing your business. After all, when that initial business idea first came to you, what image did you picture in your head? Surely it was something far more inspirational than an image of you stressing about taxes, and ACC?

*If you've got a great business idea growing, check out our Nuts and Bolts article on page 4 and contact Kylie Filbee-Cronin on [kylie.filbee-cronin@staplestaranaki.co.nz](mailto:kylie.filbee-cronin@staplestaranaki.co.nz), or your usual advisor.*