11TH EDITION

HOW TO ORGANISE & OPERATE A SMALL BUSINESS IN AUSTRALIA

JOHN ENGLISH

ALLEN & UNWIN
SYDNEY • MELBOURNE • AUCKLAND • LONDON
Disclaimer
The information contained in this book is to the best of the author's and the publisher's knowledge true and correct. Every effort has been made to ensure its accuracy. Neither the author nor the publisher accepts any liability for any loss, injury or damage caused to any person acting as a result of information in this book nor for any errors or omissions.

First published in Australia in 1981
This eleventh edition published in 2012
Copyright © John English 2012

All rights reserved. No part of this book may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system, without prior permission in writing from the publisher. The Australian Copyright Act 1968 (the Act) allows a maximum of one chapter or 10 per cent of this book, whichever is the greater, to be photocopied by any educational institution for its educational purposes provided that the educational institution (or body that administers it) has given a remuneration notice to Copyright Agency Limited (CAL) under the Act.

Allen & Unwin
Sydney, Melbourne, Auckland, London
83 Alexander Street
Crows Nest NSW 2065
Australia
Phone: (61 2) 8425 0100
Fax: (61 2) 9906 2218
Email: info@allenandunwin.com
Web: www.allenandunwin.com

Cataloguing-in-Publication details are available from the National Library of Australia
www.trove.nla.gov.au

ISBN 978 1 74237 993 7

Typeset in 11/15 Baskerville by Midland Typesetters, Australia
Printed in Australia by McPherson's Printing Group

10 9 8 7 6 5 4 3 2 1

The paper in this book is FSC® certified.
FSC® promotes environmentally responsible, socially beneficial and economically viable management of the world's forests.
Contents

Preface ix

Part A: Preparing for self-employment

1 The self-employment decision 3
The power of being small • Types of small businesses
• Pros and cons of self-employment • Personal
characteristics and success • Management skills and
experience • Risk of failure

2 Getting help 16
Business Enterprise Centres • Chambers of Commerce and
Industry • Trade association • Professional advisers
• Australian Institute of Company Directors • Suppliers •
Skills training • Publications • Benchmarking
• Networking

3 Government agencies 29
Local government • State and Territory small business
agencies • Business Licence Information Service
• Department of Innovation, Industry, Science and
Research • Department of Broadband, Communications
and the Digital Economy • Government tenders
• GrantsLlNK • Consumer affairs • Employment •
Taxation • Exporting • Australian Bureau of Statistics
• Australian Securities and Investments Commission •
IP Australia
Part A Self-evaluation exercise

Part B: Finding a business opportunity

4 Looking for ideas
Change creates opportunities • Identifying business opportunities • Parallel opportunities • New market opportunities • New product and service opportunities • Radical opportunities

5 Market intelligence
Market size • Market growth • Market stability • Commercial lifespan • Spinoffs • Needs and wants • Recognition • Compatibility • Complexity • Distribution channels • Product differentiation • Perceived value • Customer quality • Supplier quality • Competitors

6 Knowing the risks
Regulatory risk • Technology risk • Environmental risk • Economic risk • Dependence risk • Planning risk • Marketing risk • Deliverables risk • Liquidity risk • Personal risk

Part B Self-evaluation exercise

Part C: Getting started

7 Pathways to a start-up
Getting on the launch pad • Buying a business • Buying a franchise • Starting from scratch

8 Meeting legal obligations
Legal structure • Registering a name • Australian Business Number • Licences and permits • Insurance • Intellectual property
9  Planning a business strategy 142
   Understanding your customers • Positioning your business
   • Adapting to change • Myths and reality of planning •
   Putting your plan on paper • Sample business plan:
   Tasmanian Gourmet Venison

Part C  Self-evaluation exercise 162

Part D: Marketing plan

10  Marketing strategy 167
   Products and services • Distribution • Promotion
   • Pricing • Putting it together • Forecasting sales

11  Advertising and promotion 179
   Advertising media • Writing advertising copy • Publicity
   and sponsorship • Relationship selling

12  Online marketing 193
   What is online marketing? • Do you need a website? •
   Designing your website • Promoting your website
   • Social media • Mobile marketing • Getting help

13  Export marketing 209
   Export potential • Export opportunities • Export
   marketing plan • Customs requirements • Typical export
   transaction • Export assistance

Part D  Self-evaluation exercise 224

Part E: Operating plan

14  Establishing premises 229
   Retail premises • Manufacturing premises • Negotiating a
   lease • Serviced office • Business incubator • Home-based
   business
15 Operating strategy 243
Small business computer systems • Service operations • Retail operations • Manufacturing operations

16 Employing staff 259
Legal landscape • Designing a job • Hiring new staff • Motivation and loyalty • Staff turnover

Part E Self-evaluation exercise 273

Part F: Financial plan 279
17 Financial information 298
Accounting systems • Balance sheet • Income statement • Financial ratios • Cost structure • Breakeven point

18 Working capital 313
Profits are not cash • Operating cycle • Cash flow budgeting • Accounts receivable • Inventory • Overcoming problems

19 Small business finance 327
Borrowing money • Leasing • Equity capital • Government grants • Bootstrapping

20 Taxation 341
Tax file number • Record keeping • Pay-as-you-go • Goods and services tax • Income tax • Capital gains tax • Fringe benefits tax • Superannuation guarantee • State taxes • Facing a tax audit

Part F Self-evaluation exercise 341

Index 345