

Four Useful Tips for Start-Up Businesses

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'HELPING CLIENTS ACHIEVE FINANCIAL SECURITY'



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FOUR USEFUL TIPS FOR START-UP BUSINESSES

Starting a new business or entrepreneurial venture requires a great deal of commitment, energy and passion. Comprehensive planning and an appropriate structure from day one are essential to ensure you can hit the ground running.

The following are some useful tips to consider when considering the launch of a new business:

1. STRUCTURE

It is critical that you have an appropriate structure in place to operate your new venture. Which entity is most suitable will depend on a number of factors:

- **Asset protection:** protecting personal and business assets from creditors;
- **Limited liability issues:** how exposed is the business to third party liabilities;
- **Taxation:** capital gains tax, income tax, land tax, payroll tax, superannuation guarantee charge;
- Who will have control of the business;
- Whether there are any family law issues;
- **Stamp duty** issues;
- **Professional/industry** requirements;
- **Commercial knowledge;** and
- Administrative **costs and compliance.**

A good structure will:

- have the flexibility to accommodate changing circumstances most effectively;
- minimise costs such as taxation;
- allow for efficient distribution of profits; and
- provide sufficient asset protection to the business owners.

2. OWNERS AGREEMENTS

Where your business has more than one owner, all co-owners should spend time to document a Buy Sell Agreement. Like a will for your business, a Buy Sell Agreement is a contract between co-owners which sets out exactly what the rights and obligations of each partner are in the event of a voluntary or involuntary departure of a partner. Reaching agreement on these matters early on goes a long way to preventing any later disputes. An effective Buy Sell Agreement should address the changing value of the business over time, rewarding business partners who stick out the initial set-up phase and ensuring the business will remain viable in the event of a partner's exit.

3. INTELLECTUAL PROPERTY

From the moment you begin considering your new venture you will need to grapple with finding a captivating name. It is critical that in considering this name, you not only look for something that is appealing from a marketing perspective but also a name that is legally available and for which you can register your ownership rights via a trade mark. There is no point investing time and money into a name which for one reason or another, is not available for you to use. It is much more efficient to carry out thorough searches before you start any design or marketing processes.

Holding a registered business name or a company name does not give you any proprietary rights and will not safeguard your brand. A registered business name simply identifies the owner of the business. The same name may be registered by other business owners in different states and territories and often names which are very similar will be accepted in the same state.

To hold exclusive rights over your brand, you must register a trade mark. When you register a trade mark, you obtain exclusive use of the trade mark throughout Australia. This prevents others from marketing their business, goods or services utilising your trade mark. Your trade mark also becomes a valuable asset when selling your business.

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Are You Financially Secure?

At Mulcahy & Co we are in a unique position to provide the expert advice and solutions of accounting, financial planning, lending, legal and information technology all under the one roof. This makes a normally complicated process seamless to help you on your way to becoming financially secure.

WHAT DOES BEING FINANCIALLY SECURE MEAN?

It means assessing your personal and business goals and developing a plan to achieve them.

1. **Goals & objectives**
2. **Estate plan**
3. **Risk plan**
4. **Asset protection plan**
5. **Taxation plan**
6. **Debt plan**
7. **Retirement plan**
8. **Business plan**
9. **Superannuation plan**
10. **Investment plan**

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Copyright automatically exists in the creation of literary, dramatic, musical and artistic works including many works produced in the course of business such as plans, brochures, manuals, working drawings and photographs. The owner is the author of these works.

You also need to consider whether you take ownership of any copyright developed by your employees in this critical development stage. Employers usually consider that they own all copyright works that their employees create when at work, however this is not generally the case. Whilst copyright laws provide that employers own works created by employees in pursuance of the terms of their employment contracts, this has been interpreted narrowly by the courts and it is critical you have a formal employment contract in place to secure your ownership of the materials created by your employees.

It is also important to ensure you protect your trade secrets. This includes any information which provides your business a competitive advantage over those who do not know it. Trade secrets should be protected by signed confidentiality agreements from every person who has knowledge of that secret. This is critical in the start-up phase of your business when you may be approaching numerous suppliers and contractors to assist in getting things off the ground.

4. A CLEAR PLAN

Having a clear sense of direction for your business is vital and whilst they are important factors, a business plan should extend beyond finances to document the core purpose of the business:

customers: whilst market research may be useful, considering whether the product or service is something you would use is a useful measure of whether your business will have the demand it requires to be sustainable. You can't build a business for someone else if you aren't personally and emotionally engaged in your own product.

purpose: research shows that employees are less and less motivated by money and more motivated by a sense of purpose. Your business purpose needs to be clear enough that your entire team is invested in its achievement.

finance: the obvious element, you need a clear understanding of the businesses ability to be financially viable.

Getting these right gives your start-up the best chance of growing into a thriving business

We offer a free no obligation meeting to review your situation. Call us today on 03 5330 7200 and take advantage of this valuable offer.

