

How To Start A Business



Have a brilliant idea or just want to be your own boss? Here, we provide a step-by-step guide on how to start a business in Australia.



Introduction

Whether you've had a lightbulb moment or you're ready to start running your own show, one thing's for certain: starting a business isn't easy. However, starting your own business can be immensely rewarding, especially once you start to see all your hard work pay off. In this article, we'll take you through the basics of what you need to do to start your own business. Getting started is often the hardest part, but our tips should help getting off the launching pad a little easier.

1. Choose a structure

In Australia, there's 3 main types of business structure you can choose to run your business through. It's important to know that each structure carries with it different tax obligations, rights and fees.

Sole trader (or sole proprietor)

Firstly, you can start your business as a sole trader which is an inexpensive and simple way to start out. To be a sole trader, you need to apply for an [Australian Business Number \(ABN\)](#), and your business will be registered to your personal name. Due to this, you'll also be taxed on an individual basis (under your personal Tax File Number (TFN), which can end up being more costly if your business generates high revenue. Because your business will be an extension of yourself, all debts and liabilities will be attached to you. So if your business gets into debt, you'll have to cover this with your personal finances. Another important element here is that your business's name will be your legal name. If you want to trade using a business name, you will have to [register for one](#) separately.



Example

Judy has been providing her services as an accountant to friends for free. She's received a lot of requests through recommendations, and has decided to launch this as her own business. Judy will have to apply for an ABN, and she will have all her profits taxed as part of her own income.

Partnership

Partnerships are not too dissimilar from sole traders, aside from the fact that you'll be going into business with another person (or multiple people, so long as they do not exceed 20). A partnership arrangement means that you and your partner will share in the business's profits and also be equally liable for tax and any debts that may arise. To start a partnership, you'll need to apply for an Australian Business Number (ABN), however your partnership will also need to register for its own Tax File Number (TFN). Similar to sole traders, the name of a partnership is the legal names of all partners. If you want to trade under a commercial name, you'll need to register a business (trading) name.

It's also important here to have a [partnership agreement](#) in place, so that you and your partner are both on the same page when it comes to the business, and so that you have a plan in place if your partner decides to leave or if you decide to terminate the agreement.



Example

Judy still wants to go into business, but her friend Jamie is also an experienced accountant. They've decided to go into business together. To do this, they'll need to apply for an ABN and TFN and put a partnership agreement in place. They'll equally share in all the business's profits, and be equally responsible for its debts.

Company

A company structure is significantly different to that of being a sole trader or in a partnership. Different to both of these, companies are considered separate legal entities from the people behind them. This means that if your company becomes indebted, these won't attach to you personally (unless you sign a directors' guarantee). Companies also have the advantage of paying a separate tax rate to individuals, meaning that businesses making a lot of money will pay less tax.

Registering a company means you also get to choose the name, though it will usually end in the suffix 'Pty Ltd' – indicating that the company is privately owned. Companies can be registered easily online, though they command a higher fee than their sole trader and partnership counterparts. Further, you'll need to ensure you're complying with ASIC requirements by reporting your finances accurately and fulfilling your duties as a company officeholder.



Example

Judy and Jamie still want to go into business, but they do not want to be taxed personally or be responsible for the business's debts. This is because they have enough clients that the business is already turning over a significant profit. They want to name the business 'J&J Financial' and grow the business as quickly as possible. In this situation, a company structure is most suitable

2. Know your niche

It's likely that you already have a good idea of what you want your business to provide, but what is going to make it special? For businesses starting out, it's always wise to start small and expand as you grow bigger. Further, it's worth doing [market and industry research](#) to get a good handle on your competitors and what you can do to become (and remain) competitive.

3. Get your website up and running

Having a website these days is a must, whether you want to sell your products online or not. Even if you only have a physical store or your services aren't available online, potential customers will still need to know your contact details and most people find these by doing a quick Google search. Put simply, if you don't have a website you won't be visible to the majority of consumers.

You'll have to register your business's domain name online and then build your site from there. After this, it's also important to have a visible [privacy policy](#) and [terms and conditions](#) document on your site. This way, you'll be not only complying with the law, but also letting your customers know that you take their privacy and online safety seriously.

4. Decide where you want to operate

Many businesses start from home, especially those run online. However, this is also the time to think about whether you want to lease a space or office, or even move into a co-working space to give your business a physical presence. Lease agreements for these types of spaces tend to be longer than residential leases, so make sure you're happy with the terms of the lease before signing anything.

5. Protect your ideas

When you start your business, your idea is your most valuable asset. As your business grows in monetary value, so too does the value of the idea. This is why it's important to protect your intellectual property early on, so you don't find yourself in hot water down the track. Protecting your business's assets can include [registering a trademark](#) for your business name, logo and patenting any special products you invent.



6. Market your business

A business has no room for growth if it doesn't put itself out there. Marketing is fundamental to all businesses, though the strategies employed differ greatly. These days, a lot of marketing is done online through sites such as Google, social media platforms, and customer reviews. Further, you can also introduce programs to inspire customer loyalty and keep your business in the minds of current and former customers everywhere. Whichever method you choose, engaging with your current customers and drawing in new ones is the best way to well and truly grow your business.

Starting a business shouldn't be seen as a race, but a marathon. By following each step, you'll be building what was once a simple idea into a sustainable and lucrative business. However, you shouldn't expect to see your business become as big as Coca Cola or Google overnight. Building a business takes time and patience – but it's an investment that comes with a more than worthwhile payoff.



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