

Key issues for start-up businesses (& what you need to know to do it correctly)



BY JEREMY STRETEN

Did you know that 3 in 5 small businesses fail in the first year? Did you know that over half those failures are not caused by a lack of money but a lack of planning? In an era when you can start a business with an idea, a laptop and an internet connection these figures may well increase. Helping start-up businesses to start up properly is key to ensuring that they will succeed in the future.

Do you know where you are heading?

If you do not know where you are heading you have no idea how to get there. I will often have business owners come to me looking at starting

up a business. When I ask them what are the goals for the business I get a blank look. I know that it is tempting to simply start a business with no idea of where you are going but you need to spend some time considering the goals of your business. This applies to sole traders and businesses with multiple owners. When you set a goal it does something in your mind to help you achieve it, it gives you something to reach for and make sure that you achieve.

How are you going to operate the business?

Getting advice about the structure of your business



is crucial. Don't just listen to your mate at a bar-be-que as that advice while well intentioned is not tailored to your circumstances, your business and your goals. If you have not set goals then you will have no idea what is the best structure for you. You need to discuss the benefits and drawbacks of structures with your accountant and lawyer and tell them exactly what your goals are, what your current position is and then allow the consultants to discuss the best way forward for your business. So long as you have given them the right information about your goals and current position then you will get the best advice.

What key agreements do you need to start engaging with your clients?

Great contracts make great relationships. When starting a business it is tempting to dive straight in and start doing work for your clients straight away. No matter what type of business you are in and who your clients are you will need to make sure

that you properly document your agreement. While you might think it is difficult to have that discussion early in your business it is better from a long term perspective to document your agreements early. You should also have a debt collection process in place. Training your clients/customers to pay on your terms, so that you can pay your debts when they come in, if you don't train your clients/customers on what you require from them in payment then they will just do what is best for them not for you.

Starting a business is a rewarding journey but these key areas are considerations that I see many business owners missing or simply not doing. Unfortunately often the businesses fail and the owners are left with nothing for all of their hard work. By taking these steps early on in your business you will avoid becoming another business to add to the business failure statistics.



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