

Issue 33 – 1st October 2022

Business Plus+ Newsletter



The **ESS BIZTOOLS' Business Plus+** newsletter, prepared monthly except January, helps our accounting subscribers communicate with their clients and prospects.

Want to know what's included in the Business Plus+ newsletter? Let us give you a preview...

One of our recent article, **"Self-rating for Commencing a Business"**, is available below. You are most welcome to use this article to communicate with your clients and prospects.

Self-rating for Commencing a Business

If you are contemplating commencing a small business or acquiring a small business, you have to be honest with yourself and understand your strengths and weaknesses and implement strategies to overcome your perceived weaknesses.

A very important fact is that, at least, 60% of businesses do not survive for more than two years.

"Whilst there will be some significant opportunities there is still going to be many challenges for thousands of businesses over the next few years encompassing higher interest rates, higher inflation, bank's concern about borrowing levels, valuation of houses, ability to meet mortgage repayments, shortage of staff in virtually all categories".

Part of the strategies for embarking on a small business career is to undertake serious self-assessment before you make the move into operating your own small business.



In various surveys the following reasons for failure have been identified:

- No knowledge of the industry in which you will be operating.
- No market research conducted by a marketing professional.
- Insufficient understanding of how "social media" can be utilised to promote business activities.
- There were problems with suppliers in some overseas countries being unable to fulfil supply contracts to Australian businesses.
- No Business Plan
- Not receiving professional advice (from accountant and lawyer) before making the final decision to start a business or signing a contract.
- Insufficient capital or inadequate access to borrowings, primarily caused through inaccurate Budget and Cashflow Forecast.
- Inexperienced management.
- Poor marketing.
- Not developing and then maintaining an interesting website.

- Too much expansion – too quickly!
- Not enough time devoted to managing the financial records of the business.
- Not being able to understand financial accounts or key performance indicators which are vital for business operators/managers to utilise.
- Not assembling a competent “virtual advisory team” comprising accountant, lawyer, marketing experts and any other persons with skills or knowledge, who you can discuss issues with on an ongoing basis throughout the year.

You need to consider these items as well:

- How do you get on with other people? Because in business you’ll be dealing with all types of personalities – can you handle that?
- You might need to improve on your communication skills – business people need to be able to communicate in a range of activities – e-newsletters, newsletters, videos, social media posts, media interviews, telephone, Zoom meetings, public speaking. If you have problems with any of these, you should undertake training as part of your preparation for commencing or acquiring a small business.
- Can you handle failure? – because you will be very unique if in business you do not encounter a significant number of “failures”.
- Can you set clear goals and then work towards achieving them?
- Can you “sell products/services” – these will be your products or services – you have to be able to “talk the talk”. If not, before commencing a business it might be advisable to undertake a “selling course”.
- Do you have drive and energy? Are you prepared to work the extra hours that most businesses will require you to undertake, if the business is going to be successful?
- Do you have self-confidence and are you a self-starter?
- Have you researched who the suppliers to your business will be – have you made contact with them to determine the conditions that they will impose on you – can you operate within those conditions? It is better to find out now than later on when you have made a commitment to commencing or acquiring a business. Of particular concern is the terms of trade that a supplier will grant you.
- Where are the potential suppliers located? During COVID-19 there were problems with suppliers in some overseas’ countries being unable to fulfil supply contracts to Australian businesses. You need to consider your fall-back position if your preferred supplier is unable to supply products to you. Have you identified alternative suppliers?
- Have you identified the type of people who would be the “customers” for your business? Are you confident that you can communicate and work with this group of people based on their socio-economic conditions, location, education, aspirations in life?
- Will you be able to motivate, lead and train your team members?
- Do you have self-confidence?
- Are you prepared to continue to learn? Businesses change every day, the marketplace can change every day whether you want it to or not. To operate a business, you have to be flexible and you definitely require a commitment to participate in an ongoing learning process, whether it’s technology, marketing, digital marketing, social media, selling tactics, understanding new products, processes and software products and ensuring that this new knowledge and skills are communicated to your team members as well.
- And lastly a very important question. Will the commitment that you have to make, the working hours, the financial commitment, the potential for spasmodic financial rewards from the business and the pressure be acceptable within your family environment?

When you have considered these items, our suggestion is that you prepare a personal SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) on yourself as a potential business person. When you have completed this self-examination and if you’re still committed to proceeding with the commencement or acquisition of a business, we suggest that you make an appointment with an accountant in our business for a discussion on the strategies for the development of a successful business journey for you.