

HOME BUSINESS GUIDE



Your guide
to home
business
management

ABBi[®]

AUSTRALIAN BETTER BUSINESS INSURANCE

W E L C O M E



Working from or at home is the fastest growing small business sector in Australia.

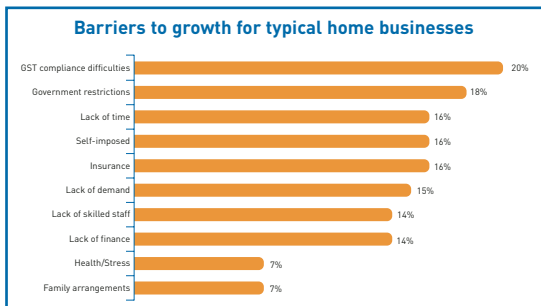
Home based businesses are growing by 16 percent a year* and it is estimated that between 750,000 and 1,000,000 Australians use their home in some capacity to earn an income.

Among the main attractions are independence and flexibility, not to mention low overheads.

And it seems like everyone wants to do it – from architects to engineers, bridal planners to pet minders, graphic artists to web designers.

Women in particular have fuelled the boom in home businesses as they seize the opportunity to be in close proximity to their children as they grow.

To make a success of your home business you need to have a handle on a wide range of management, business and lifestyle topics.



(Strategic Economic Solutions & CREEDA)

This guide is designed to act as a handy reference to help you tackle the barriers to growth many home businesses face.

Janine Perritt, Founder and Presenter
The Small Business Show (Nine Network – 1994-2002)

* Australian Bureau of Statistics June 2001

Useful Business Information

Use this section to record your key business information in one handy location.

Business name _____

ABN _____

ACN _____

Tax File Number _____

Insurer _____

Policy number _____

Bank branch _____

Bank key contact _____

Bank Account/BSB _____

Accountant _____

Lawyer _____

Local Business

Network Association _____

Key suppliers _____

Local Police _____

Plumber _____

Electrician _____

Key Holder(s) _____

Alarm/Security Provider _____

Telecommunications Provider _____

Energy Provider _____

Water Provider _____

Courier Company _____

PC help _____

Contents

page

Getting started 5

Now you are established 17

Growing your business 37

Top ten tips 51

Suggested websites 52

Glossary 62



GETTING STARTED

STARTED

Establishing a home business takes careful planning and consultation with the appropriate business advisors and professionals, not to mention family members. Here are a few areas you will need to think about...



What legal structure will your business take?

It pays to get some professional legal and accounting advice about the best structure for your business.

The most common business structures for home businesses are sole trader, partnership, proprietary limited company, association and co-operative. Each has advantages and disadvantages.

In deciding what structure to choose, you should consider such factors as:

- Taxation
- Type and size of your business
- Liability for debts
- Finance requirements
- Establishment costs

For other useful general business advice contact the Office of Fair Trading in your State or Territory.

NSW	www.fairtrading.nsw.gov.au	Ph: 02 9895 0111
QLD	www.consumer.qld.gov.au	Ph: 1300 658 030
WA	www.docep.wa.gov.au	Ph: 1300 304 054
SA	www.ocba.sa.gov.au	Ph: 1300 138 918
TAS	www.justice.tas.gov.au	Ph: 1300 654 499
ACT	www.fairtrading.act.gov.au	Ph: 02 6207 0400
NT	www.caba.nt.gov.au	Ph: 08 8999 6047
VIC	www.consumer.vic.gov.au	Ph: 1300 558 181

Tax File Number (TFN)

Sole traders can use their personal TFN for business purposes but if you are a partnership or company, you will need to obtain a separate TFN.

Most businesses need an ABN

The Australian Business Number (ABN) is your key to the Tax System. It identifies your dealings with the Australian Taxation Office (ATO) and other businesses.

An application for an ABN can be obtained from the ATO by phoning 13 28 66 or visit www.ato.gov.au.

Or you can apply online at the Business Entry Point's ABRpublic, visit www.business.gov.au

Tip – Make sure all your suppliers have an ABN so you can claim the GST on goods and services you buy.

Did you know? – You can run a search on a particular supplier at www.abr.business.gov.au (Australian Business Register)

Have I complied with all local council regulations?

Before you start working from home you should check with your local council on whether there are zoning or by-laws that prohibit your type of work from home as restrictions vary considerably from council to council.

If you are writing children's books on a computer you are unlikely to need approval but if you are running a hairdressing salon from the garage you may need to seek approval.

Local Government regulation can also inhibit things such as:

- The amount of floor space used
- The display or selling of goods made on the premises
- The amount of noise created
- Even whether you are able to put up a sign outside to advertise your business

If there is going to be increased traffic to and from your home it is a good idea to keep the neighbours on side as well.

“Many local councils have restrictions on putting a business sign up at the front of a residential house”

...Justin, Civil Engineer

Some other legal considerations when starting your business

- Contact your State/Territory Office of Fair Trading to register your business name and confirm what licenses/registrations may be required for your business.
- Check with your local council regarding zoning, health regulations and whether you need to lodge a Development Application or Building Application.
- Develop an Intellectual Property Register for logos, trademarks, patents, copyright and designs. Visit www.ipaustralia.gov.au for more information.
- Draw up your Will, especially if you are a sole shareholder or director.



Map your future success in a business plan

Just because you work from home doesn't mean you are not a fully fledged business and as such you should discipline yourself to think like one from the beginning.

One of the dangers for home businesses is that they can be run like a hobby rather than a professional operation. While your goal might not be to list on the stock exchange it does make sense to map out what level of success you do want and the actions needed to get there. Your new business may be around for some time.

Did you know? – 46% of home-based businesses are over five years old and still happily working at home. (ABS, June 2001)

That is why it is so important to have a business plan, to continually check you are on track and to monitor your financial progress.

How to write a useful and effective business plan

1. To write a plan, read a plan – Look at examples of business plans to get in your mind the writing style, the sequence in which the ideas are presented, and the parts to a plan. Sample plans are available on the internet at sites devoted to assisting entrepreneurs.

Tip – For a sample business plan visit – www.abbi.com.au/businessplan

2. Doesn't need to be right first time – Set yourself a deadline and commit to it. Don't be disappointed or frustrated if the first draft isn't perfect. They all start that way.

3. Write it for others to read – Your plan has to make sense to other people, particularly if you have to show it to a

finance lender. If it makes sense to a third party then it will be easier for you to use.

- 4. Use it** – Don't let your plan sit on your desk gathering dust, it should become a well-thumbed document. Refer to it at least once a week to keep you focused and motivated.
- 5. Update your plan regularly** – Remember you are writing a plan of action to be reviewed and updated regularly. If you are using it properly then the need to update it will be obvious.

“My business plan sits on my desk where I can refer to it and add to it regularly. It has changed from being a vision document to a work plan” ...Campbell, Photographer

Tip – Open your diary now and write in a date you are going to work on your business plan. Book a whole day or a weekend to ensure you can give it your full attention.

What is in a business plan?

1. Executive summary

- Highlight your key points, goals and vision as well as how you will get there.

2. Business Objectives

- What profit will I make after tax?
- When can I retire or how will I bolster my retirement income?
- How much will I eventually sell this business for?



3. SWOT analysis

- What Strengths, Weaknesses, Opportunities and Threats (SWOT) will impact the success of your business?
- What do you plan to do to enhance strengths and realise opportunities whilst reducing the risk factors in weaknesses and eliminating threats?

4. Marketing

- Who are your potential (or existing) customers?
- Where are they? Why do they want/need your goods or service?
- How much can they buy and how often?
- Who else might they be buying from?

Did you know? – Research information can be obtained for free or at low cost from your local Chambers of Commerce, the Australian Bureau of Statistics and State Government Departments.

5. People

- Who else can help me?
- What skills do I need to have /acquire to make this venture happen? Over what time frame and what cost do I need to acquire them?

6. Financials

- What money do I already have?
- Do I need finance, how much, and from where?
- What are the projected earnings of the business based on the marketing information above?
- What profit can I expect to earn?

Tip – For further information about writing a business plan contact your local Business Enterprise Centre (BEC). For a list of some local BEC's visit www.abbi.com.au and select Business Alliances.

Choosing a business name

Choosing the name for your business can be great fun and a great challenge. So where do you start?

Firstly, legal requirements are an important consideration. If you run your business under your own personal name you do not need to register it. If you add anything to your name then this must be registered. (eg Joe Bloggs & Associates)

Did you know? – The Office of Fair Trading won't allow a name that is misleading or offensive. There are a number of other words or phrases that you cannot use without consent. (eg "ANZAC")

Before selecting a name that you will hang your marketing hat on you need to understand the different names and trademarks a company can hold.

Company names – are registered with the Australian Securities & Investments Commission (ASIC). If a company wishes to trade using a name other than its registered company name, the trading name must be registered as a business name.

Business names – are operating names. It is compulsory to register your business name before trading commences. Registration is obtained under state or territory legislation, so businesses trading in more than one state or territory must register their name under the laws of each one.

Domain names – are internet addresses and ideally are linked to your trading name (eg www.abbi.com.au). Most businesses work to a business name with an associated domain name.

Trade mark – can be a letter, word, phrase, sound, smell, colour, shape, logo, picture, aspect of packaging, or any

combination of these. It identifies a product or a service of a business and distinguishes it from similar products and services. As the owner of a trade mark you have exclusive legal rights throughout Australia.

Here are a few tips to help you narrow down your selection:

Think long term – The name you choose today will be with your business for a long time. It is possible your business will look very different in 5 to 10 years so choose a name you won't grow out of.

For example, don't call yourself 'Bondi Bookkeeping' if you might move at some stage.

Don't limit your business – Including a descriptive term, such as 'multimedia designer', in your business name can be useful when marketing your products and services. However, a descriptive term may also work against your business as it grows.

For example, you might want to do more than just multimedia design in the future.

The radio test – Pick a name that isn't too hard to spell or say. Also check how your name would work if shortened to an acronym, for example Reed's Organising Team (ROT).

A good rule of thumb is to assume you are listening to your first radio advertisement. How does the name sound when read out loud? Will potential customers be able to recall it easily and spell the name when they search for it on the internet or in the telephone book?

"I narrowed the name of my business down to three options before testing them with potential customers. Now I know I have a name they can relate to"

...Liz, Mobile Beautician

Check out your dotcom options

Owning a good domain name has tremendous value. If you believe the internet will play an important role in the future of your business, you'll want to factor the availability of domain names into your choice.

Did you know? – You can check the availability of domain names by visiting either of these free online resources:

- www.domainregistration.com.au
- www.domain.netregistry.com.au

Tip – When you have decided on a business name make sure you register it with your local Office of Fair Trading before you commence. They will let you know if another organisation is using the name. You can also do a name search on the National Names Index at www.search.asic.gov.au/gns001.html

Raising finance

The success and profitability of all businesses will be influenced by the way in which you finance it.

Clearly the best way to start a business is with your own savings. However, for most that is not possible. So what finance options are available?

1. Short-term finance – Generally attracts high interest rates.

- **Bank overdraft** – generally used to cover cash flow shortfalls with interest calculated daily and charged quarterly. Ask about other fees.
- **Commercial bill** – generally used to meet seasonal cash flow needs of a business. Generally terms range from 30 days up to 180 days following which the total amount must be repaid.

- **Debtor finance** – generally used to cover the period between an invoice being sent and your debtors paying.
2. **Medium-term finance** – Three to ten year loans to cover such things as equipment, product development and business expansion.
 - **Term loans** – are paid back over an agreed period (term) where principal and interest rate are paid off in monthly repayments.
 - **Personal loans** – are taken in the name of an individual (who then lends it to the business).
 - **Leasing** – a financier will purchase the equipment you need and rent it back to you. You can offer to buy the equipment at the end of the lease.
 3. **Long-term finance** – Used to buy large assets such as the business itself, land, buildings, plant or machinery that will contribute to profit.

To secure a long term loan you will have to supply the lender with a business plan and the following:

- **Existing business** – A detailed overview of the existing business you want to buy, including its history, financial records, staffing, assets, products and services.
- **New business** – Evidence of demand, point of difference, financial projections and marketing plans.
- **Your history** – Your qualifications and experience and past achievements.
- **Repayment** – How the loan repayments will be made.

- **Budget** – A monthly cash flow budget for the 12 months ahead with the loan repayments included.
- **Security** – To cover the loan if repayments are not met. Generally accepted forms of security include:
 - real estate
 - shares in public companies
 - surrender value of an insurance policy
 - personal guarantee
 - bill of sale or debenture over assets other than real estate

“It pays to shop around and confirm what all the fees are including establishment, service and early payment adjustment fees,”

...Emma, Picture Framer

Sources of finance

Where do you go to find this financing? Look into the following options:

- major banks
- building societies
- credit unions
- finance companies
- intermediaries (finance brokers, accountants, solicitors)
- investors
- venture capital funds
- government grants



NOW YOU ARE
ESTABLISHED

ESTABLISHED



Set up your work space correctly

To enhance productivity and ensure a comfortable environment there are a number of things to think about when setting up your office space.

Think comfort – Studies show that efficiency decreases when we are uncomfortable. Don't sacrifice comfort for style when selecting your furnishings.

Measure before you buy – Remember to take accurate wall measurements before you go shopping for office furniture. Take into account skirting boards and heating ducts.

Wheels make light work – Office furniture with wheels will make life much simpler. It's easy to set up, easy to rearrange and easy to move for cleaning or to retrieve lost items.

Check your wiring – Make sure your home's wiring is adequate to accommodate office machinery and various computer hook-ups. Check for electrical hazards – be especially cautious of hazards to children and pets.

Be mindful of power points – Stringing a long cord across the living room and into your home office isn't a good look and may place you and your business at risk. If your office area doesn't have power points, you won't regret the cash it takes to have them installed.

Be independent – So, your major client phones with a big order but they can't get through because your son or daughter is on the internet!

If you're sharing a home with other people, you need a separate phone line and internet hook-up for your office. If you spend much time on the internet yourself, a direct connection like cable or DSL is very, very helpful.

Make it safe – When you work from home, you don't have an Occupational Health & Safety Committee looking out for your best interests. Learn about workplace ergonomics and take it seriously.

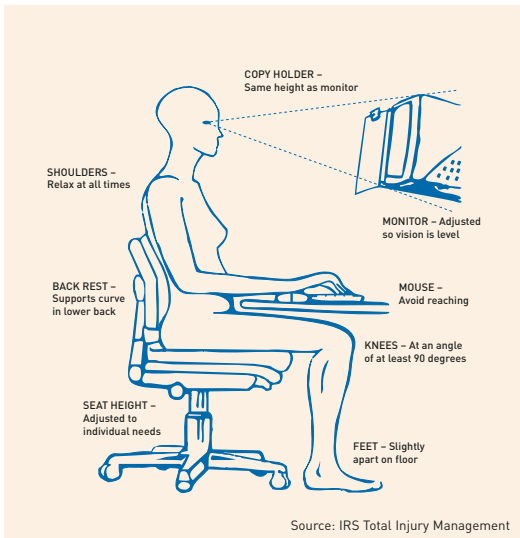
Tip – For further information about workplace ergonomics or to arrange an assessment call IRS Total Injury Management on 02 9650 5111.

Remember your eyes – If you're on the computer for long periods of time, get a glare-resistant screen for the monitor and position your monitor so sunlight doesn't shine on it directly.

Light it up – Effective lighting allows you to see what you are doing without causing any strain to your eyes. Many find that incandescent lighting is easier on the eyes than fluorescent or cool lighting.

Posture, posture, posture – An average person will spend 80,000 hours of his/her life doing work while sitting. Therefore, the single most important piece of work furniture is the chair. A well-designed chair can improve posture and circulation while decreasing fatigue.

- The shape of the chair should permit most of the body weight to be transferred to the seat through the buttocks rather than the thighs.
- Seat height should be adjusted so that your thighs are horizontal, the lower legs vertical and the feet firmly on the floor.
- Your chair should have adjustable heights and backrests.



- The backrest should adjust in the lumbar region to provide adequate support.
- Well-designed chairs include independent controls for back support and seat-front angle as well as seating height.
- You should be able to lean backward or forward without tilting the seat and be able to make adjustments from a seated position.
- Casters that roll freely are also a must.
- Armrests can support the forearms reducing fatigue and strain. However, if they are restrictive or uncomfortable go without them.

Position your monitor

- The top of the monitor casing must be 5-8 cm above eye level
- Avoid glare on screen
- Sit at arms length from monitor
- Centre monitor and keyboard in front of you
- Use a document holder, preferably in-line with the computer screen

Your keyboard is key

- Have your wrists flat and straight in relation to forearms
- Your arms and elbows should be relaxed and close to the body
- It is best to use a negative tilt keyboard tray
- Use a stable work surface and stable (no bounce) keyboard tray

Don't forget to take frequent short breaks to rest your eyes and stretch out every 60 minutes.

Present like a business – If you are meeting clients at your home ensure the office is presentable and professional.

Keep costs down – Setting up can be an expensive process. If you have been put off by the cost of new furniture try checking the numerous furniture auction sites or second hand stores which have good quality pre-used furniture at a fraction of the price. And if you're still not sure then weigh up the costs of hiring versus buying.

Clean up – Ensure your home office is neat and tidy and if the paperwork is piling up invest in a good filing system to keep

things in order. (If you are really badly organised there are even clutter busters who can consult on how to organise your home).

“I seem to get a lot more work done now that I have cleaned up my office and adjusted my chair and desk. My neck doesn’t hurt anymore either” ...Simone, Systems Analyst

What should I do about insurance?

Most home business owners think their home and contents insurance covers their business risks – but they are wrong.

A recent survey by home business insurance specialists ABBi found that of the home based micro businesses that responded 29% relied only on their home insurance.

Few realise that often their home insurance does not cover their business equipment, or is limited in what it does cover. Other business items generally not covered in a home insurance policy include:

- Stock
- Work in progress
- Liability risks
- Business interruption
- Business money

While your home insurance might cover a small amount of business equipment, unless you have a specific business insurance policy you will not be covered for the following due to the damage:

- the loss of profits while your business is down
- loss of business cash
- breakdown of vital equipment

So, the key message is you can't rely on your home insurance to totally protect your business.

How to protect your home business

1. Check with your home insurer whether your business risks are covered under your home insurance policy. You need to consider all your business risks, including your contents, liability, machinery breakdown and the impact of business interruption.
2. Do a thorough risk assessment of your home business looking at the likelihood and impact of every scenario.
3. When selecting your insurance provider consider the following:
 - a. Competitive premiums, including benefits for not making a claim
 - b. Dealing direct – so you are not paying for commissions or fees
 - c. Pay by the month options at no additional cost, which means better cash flow for your business
 - d. Help with calculating the value of your business assets and how much cover you need to protect them (otherwise known as selecting the right sums insured).



Did you know? – Recent government legislation making provisions for a terrorist incident in Australia have changed business insurance policies and premiums. For more information visit www.abbi.com.au or contact the Insurance Council of Australia.

Some insurance scenarios you might not have thought about

Professional indemnity insurance – covers professionals providing advice or consultancy to clients if they are sued for breaching their professional duty of care.

It is not just the professions such as accountants, doctors, architects and solicitors who need this type of protection. Any business consultant, designer, professional adviser or indeed, any person who provides advice should have professional indemnity insurance.

Scenario example – A home based architect prepared structural drawings for a building and it was subsequently alleged that the drawings contained errors. Costs of the alteration were claimed and the resulting delays in construction.

Legal liability insurance – This covers your legal liability for any injury to another person or damage to their property (eg customers, employees and the general public).

Scenario example – A client visiting your home office trips over a cable on the floor injuring themselves, then sues you.

It also includes product liability, which compensates consumers for injury suffered from the sale or supply of your businesses products or services.

Scenario example – A home based business producing gift hampers wrongly labelled products within the hamper. As a result one of its customers had an allergic reaction to one of the products and sued.

Business contents or business property insurance – covers the physical loss of or damage to your property from certain events such as fire. This could cover the replacement of your business equipment, work in progress or stock held at your home business.

Scenario example – A fire damages your home business store room just as a big order comes in and the stock is destroyed. Insurance will cover the replacement cost of this stock.

Business machinery breakdown insurance – covers the repair or replacement of business machinery such as freezers, computer or other electronic equipment.

These are all areas where your household insurance may not protect your business assets.

Scenario example – Your home business computer breaks down, leaving you unable to access customer details. The computer is outside of its warranty period. Your home policy is unlikely to cover the repair of your computer as it is used for business purposes.

“The bushfires devastated our area and ruined my business. I had no idea that my home contents insurance didn’t cover my office, photographic equipment and supplies”

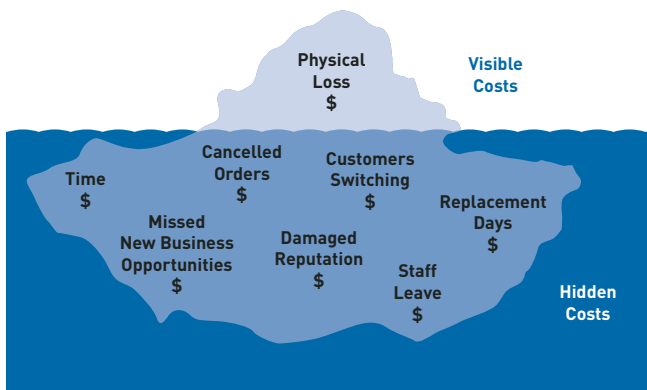
...Craig, Artist and Picture Framer

Business interruption insurance – covers reductions in your business income or increased costs that you may face as a result of damage to your property.

There are also hidden costs not picked up by insurance that can impact on your business such as disappointing customers, your time spent organising the replacement of

stock rather than dealing with new business and potential damage to your reputation.

It is impossible to reduce all risks and whilst you can transfer some risks through insurance it is preferable to reduce risks to an acceptable level, you can do this by implementing a risk management plan. For more information visit www.abbi.com.au.



Adapted from Work from Home Magazine, April 2001

Scenario example – The damage to stock as a result of fire in your home business store room means that you are unable to fulfil customer orders. Business Interruption insurance will provide you with the funds for alternative premises to help you get back on your feet and cover the lost income of not meeting those orders.

What are my tax obligations?

Being in business provides a number of tax opportunities. Make sure you get in touch with the Australian Taxation Office (ATO) and/or your tax advisor to get tailored advice for your individual circumstances.

The ATO website www.ato.gov.au has a checklist for small business, identifying the things that you may need to consider.

Taxation is complex so we recommend that you seek your own advice. However, here are some suggested tax topics to discuss further with your advisor. Some of these topics may not be applicable to your specific circumstances.

Am I maximising the taxation benefits?

One of the biggest tax issues is whether to claim a percentage of your home as a business expense.

On the plus side, not only can you claim a percentage of the interest on your mortgage but you can generally also claim other overheads such as electricity, water, gas, insurance and depreciation on furniture, carpets, etc.

Tip – It may be more efficient to install a separate business telephone line in your home than to detail all of the business calls you make on your home phone bill.

However, the biggest drawback is that while you may be able to claim some of the interest on your mortgage (say 20 percent) for the amount of your house classified as an office, this will then make it an income producing property.

A disadvantage of this is that your home will then be liable for Capital Gains Tax, when ordinarily, your family home, if not used for business, should be exempt from Capital Gains Tax.

It is important you weigh up the pros and cons with your accountant. Whether you work from home or not, every small business needs a good accountant.

“The best thing I ever did was choose a highly regarded accountant and lawyer. They might cost a little more than the rest but I know I am getting the best advice which is saving me money”

...Andy, Paving Contractor

What is Capital Gains Tax?

Capital Gains Tax (CGT) refers to the tax you pay on any capital gain you make (for example, from the sale of an asset) that you include on your annual income tax return. There is no separate tax on capital gains, it is merely a component of your income tax. You are taxed on your net capital gain at your marginal tax rate.

How is Capital Gains Tax worked out on a home business?

A Capital Gain is calculated against the increase in property price after sale. Taken into consideration is the amount of time the property was used to produce an income and the proportion of the house used.

Contact your tax adviser or the Australian Taxation Office at www.ato.gov.au for further information.

“Unless you are renting your premises I would say claiming a percentage of your home as a business is not viable because of the Capital Gains Tax implications”

... Anthony, small business accountant.

Goods & Services Tax (GST)

There is a goods and services tax (GST) of up to 10 percent on most goods and services consumed in Australia.

If the annual turnover of your business is \$50,000 or more (\$100,000 or more for non-profit organisations) you must register for the GST and you will need an Australian Business Number (ABN) to do this. If your turnover is lower you may choose to register for GST if you wish to.

For further information contact the Australian Taxation Office by telephoning 13 28 66 or visit www.ato.gov.au.

Pay As You Go (PAYG)

Most business people pay income tax through Pay As You Go (PAYG) instalments.

PAYG is a system for reporting and paying withholding amounts and tax on business and investment income.

Contact the Australian Tax Office for further information by telephoning 13 28 66 or visit www.ato.gov.au.

Fringe Benefit Tax (FBT)

You must register for FBT if you are an employer and provide fringe benefits to your employees.

Otherwise, there is no requirement to register for FBT.

A fringe benefit is broadly defined as including any right, privilege, service or facility provided to an employee or an associate of the employee (such as a family member).



Record Keeping

Under tax law, business owners must keep records that explain all transactions and track your income and expenditure. You should keep things like daily cash sales records, cheque books, sales invoices and bank statements etc.

Did you know? – You are required to keep the records used to prepare your income tax for at least six years.

Did you know? – There are insurance policies available to protect you from the cost of an unexpected audit by the Australian Taxation Office or other government agencies. This type of insurance covers the professional fees such as accountant's or auditor's fees incurred in responding to a statutory audit on returns lodged. Contact ABBi on 1300 304 111 for further information.

Tip – The ATO has additional information guides such as “How to Keep Your Business Records Now and In The Future”. Contact them on 13 28 66.

Payroll Tax

Payroll tax applies to employers whose wage payments throughout Australia exceed the exemption threshold of \$16,346 per week in any month.

Am I Utilising New Technology?

Technology seems to be progressing by the month rather than by the year. Here are some essentials and some toys to play with:

- **Personal Computer** – a good computer is essential, even if you don't need it for your actual business. It will make

life easier for everything from book-keeping to communicating with your clients.

- **Anti-virus software** – is like having a security system for your computer.
- **A multi-function centre** – one machine that serves as a printer, scanner and fax.
- **Zip drive or external hard drive** – it is important to back-up your data to protect you from losing everything.
- **High speed internet connection (Broadband)** – will save you time if you are always online. No more dialling up and waiting for the modem to log in which means your email can arrive anytime and you don't need a second phone line.
- **Instant Messaging** – allows anyone on the internet to exchange personal messages, documents and pictures instantly and privately with others for free.
- **3G (third generation)** – allows mobile users to check the internet as well as send and receive e-mail from their phone.
- **Multimedia Message Service (MMS) mobiles** – have built-in cameras that allow users to quickly send photos. Perfect for tradespeople.
- **Personal Data Assistants (PDAs)** – take your computer anywhere with the latest personal organiser. Now available as a touch-screen mobile phone with MMS capabilities. Users can hand write messages or draw diagrams on the screen and send them to another MMS mobile or to an e-mail address in seconds.
- **Wireless laptops** – now with up to 8 hours of battery life, wireless technology means no more looking for a phone line, making business meetings quick, easy and impressive.

Tip – Talk to your telecommunications company about the advantages of call waiting, messaging services and internet capable mobile phones.

Did you know? – Insurance is available for the costs of rewriting your computer records following the breakdown of the computer. Contact ABBi on 1300 304 111 for more information.

“You should end up paying between \$100 to \$150 an hour for a computer consultant to help set-up your system and then help you navigate your way through. If you’re not computer literate it can be money well spent and help avoid a major disaster like losing all your work”

...Clayton, IT consultant

Lifestyle differences for home businesses

Don't get isolated at home

Working from home doesn't have to be a lonely business. Here are some ways to avoid falling into the isolation trap:

1. Reach out

When writing your to-do list, make sure you include at least two things every day that require you to interact with another person.

Networking is a vital skill, so make contacts with people who can add value to your business, as well as connecting you with the outside world.



Tip – There are resources available to learn networking skills – contact your local Business Enterprise Centre.

Joining a professional group or club and attending seminars and trade shows relevant to your business are all great ways to meet new people who have similar interests and challenges.

Participate in the activities organised by these groups and take a good supply of business cards with you.

“Research what local business associations are in your area. You’ll find other business owners to talk to and perhaps you can refer each other business”

...Nadia, Architect.

Tip – Visit abbi.com.au for a comprehensive list of website references for some good network associations.

2. Establish links with other businesses

Develop links or relationships with other home-based business owners. Team up with other businesses that offer complementary services to your business to create referrals for each other. Consider written agreements to protect all parties.

3. Organise your own functions

Once you have joined various associations and formed networking relationships, take the initiative and organise functions that bring you all together. These could be business-oriented networking sessions or purely social get-togethers such as a barbecue in the local park.

4. Join a gym

If it suits you why not kill two birds with one stone...stay fit and meet new people. If you establish a routine that allows you to be at the gym at the same time every day,

you will run into many of the same people and get to know them.

5. Use the internet

Making online friends is another way of staying connected with the outside world. Be disciplined here though, it can be tempting to get distracted by non business activity.

6. Background noise

Sometimes, it's only silence that reminds you you're alone. If you come from a corporate environment, your workday was probably punctuated by the constant background noise of telephones, other people's conversations and laughter. If you find absolute quiet irksome, play the radio in the background. Talk stations are good because it's like having other people in the next room, but if you find yourself becoming too engrossed switch to a music station.

Family arrangements

If you have young children, running a business from a home can be even more challenging.

Here are some ideas to help things run as smoothly as possible:

- Don't make excuses for your family situation – make it clear in your business material that you are proud to be committed to family-friendly working practices



- Even if you are having a bad day, never complain about working from home to clients or customers
- Develop support networks with other people in similar situations to share pick-ups and drop-offs or child care time
- Involve your children in your work as early as possible – talk to them about it and give them jobs which they can realistically complete
- Try to create an area in your home that is dedicated solely to your business, that way you can make a distinction between business and family life

Don't stress about managing stress!

Living and breathing business 24 hours a day is not healthy. To cope with stress consider the following tips:

- Eat a balanced diet
- Take regular exercise
- Take up yoga or meditation
- Take some time out – have a massage or go to the movies
- Don't try to be a martyr and take on too much – speak to an advisor or mentor if things are getting too much

Making the most of your time

1. Establish a structure

Start each day with a plan of what you intend to do. Structure your time with a to-do list, preferably at the end of the previous day, so that when your new work day starts you get productive straight away.

2. Identify your time stealers

Take a moment to consider what the frequent time wasting interruptions are in your day and think about what you could do to manage or eliminate these. Is it:

- Telephone interruptions
- Personal visitor interruptions
- Meetings
- Tasks you should have delegated
- Fire fighting
- Lack of planning
- Stress and fatigue
- Inability to say 'no'
- Personal disorganisation

Concentrate on the tasks that are business critical or will help you to achieve your goals.

Tip – Visit www.abbi.com.au and select Business Support, Go Mad for 7 principles for making a difference which can be applied to setting goals in your personal or business life.

GROWING YOUR
BUSINESS

GROWING



Employing staff

As your business grows it is likely you will want to take on staff either permanently, temporarily or to out-source certain projects. So how do you go about employing the right people for your business?

Employee options

- Full-time or part-time via open ended or fixed term contracts
- Casual staff at an agreed rate
- Sub-contract key tasks to individuals or businesses for a fixed fee
- Temporary staff from an agency for a fixed fee

The choice you make will depend on many things including your overall plans for expanding the business, the need to be able to delegate, work flow peaks and troughs, and your feelings about the risks and rewards of taking on staff directly compared with contracting. Whichever choice you make you will need to check your obligations carefully.

Did you know? – Most local councils do not permit more than 1 or 2 people to work as employees of a home business, so check with your local council upfront about their requirements.

Draw up a job description for every job level

The more information you put down, the better your chances are of getting the right person for the right job.

Cover areas such as:

- The level of skill needed
- Whether training is necessary
- How much experience or responsibility the job requires
- Key responsibilities

Tip – Even better, contact your networks, they may be able to recommend someone to fill this position.

Target your ads

To fill a particular position, consider advertising in specialist or trade publications. If the job is not that specialised, the local newspaper or any number of private online job sites will reach the biggest audience.

Did you know? – A private employment agency will charge between 10% and 15% of the employee's first year's salary as a fee.

Always check references

Before appointing anyone, ensure you contact references on the phone. Ask questions such as: 'Would you re-employ this person?'

Short term help

If you need someone specialised for the short-term, it's worth paying that bit extra for contract or temporary staff.

Make your employees feel welcome

Make your new employees feel welcome by setting up an induction into the business with on-the-job training and relationship building with key customers and suppliers. Time spent teaching them the systems will save you later.

Lead a culture

Involve your employees in the work culture from day one and keep them up to date with the progress of the company. They will perform better if they know how the business is performing and what goals the business is aiming at.



Money is a short term motivator

A competitive package need not only be about money. Tailor benefits more suited to the individual like flexible hours and/or job-share. Look carefully at what motivates each employee – some may be driven by security, others by ambition. Group days out or brainstorming sessions combined with a fun activity can also work well.

Appraise your staff regularly

Give employees regular feedback on the good work they are doing and areas for improvement. Ask them to set short, medium and long term goals and set a training program in place to help them to achieve those goals.

Clarify policies

A short staff handbook is an ideal way to state policies clearly. Areas such as holidays, sickness and absenteeism can be clearly outlined.

Learn from an exit

Hold exit interviews, particularly for key staff, to help identify any challenges in retaining other staff.

Did you know? – 36% of Australian home businesses employ staff and 64% have no staff other than the operator(s). (Strategic Economic Solutions & Creeda)

Government help

The Government provides individuals and employees with training and incentives to encourage work placement.

Programs such as New Apprenticeships attract financial assistance for eligible employers to help reduce the cost of training.

Contact your nearest New Apprenticeships Centre in your

region to find out what subsidies or allowances you may be entitled to – 1800 639 629 or www.newapprenticeships.gov.au

For other information and useful links

- www.workplace.gov.au
- www.business.gov.au

Some general employment guidelines

Awards – work conditions such as minimum wages, hours of work, overtime, holidays, minimum periods of notice and safety requirements are sometimes covered under industrial awards. Award conditions vary according to the job.

For information on federal employment conditions, salary and wage rates WageNet provides access to wages and conditions of employment information. Visit www.wagenet.gov.au or call 1300 363 264.

Please note that some types of employment are not covered by industrial awards. Certified agreements, enterprise agreements and/or the employment contract are also possible sources of work conditions. If you are uncertain about employment requirements for your employees, you should seek legal advice.

Hours of work – most employees work 38 hours in a five day week. All time worked in excess of the standard hours or outside the prescribed time is generally paid for at penalty rates. The Award Enquiries Service can supply details regarding rates of pay.

Paid leave – full time staff are entitled to a minimum four weeks paid annual leave, but this can vary according to different awards. A loading on holiday pay of 17.5% or more is prescribed in many awards and most employees receive 10 or more public holidays per year.

Sick leave – normally employees are entitled to one week paid sick leave per annum. However, entitlements vary so refer to the relevant award for the details covering your employees.

Notice of termination and severance payments – once again check the award your employees are working to as it will dictate the period of notice of termination and also the level of severance payment based upon years of service.

Check the legislation governing what is lawful or unlawful dismissal. Employees unlawfully dismissed may be entitled to claim for reinstatement or damages (in the form of financial compensation). It is, therefore, worthwhile to seek legal advice before proceeding with a dismissal.

Anti-discrimination laws – are enforceable against anyone who discriminates against or harasses job applicants, employees, or those you provide services for, on the basis of their sex, pregnancy, marital status, race (including colour, ethnic, background, descent, national identity and ethno-religion), homosexuality, disability, transgender or age.

Please note that some types of employment are not covered by industrial awards. If you are uncertain about employment requirements for your employees, you should seek legal advice.

Compulsory requirements for employers

Safety and workers compensation – minimum standards exist for physical working conditions to ensure Occupational Health and Safety (OH&S). It is compulsory for all employers to insure for workers compensation liability.

Did you know? – Employers who fail to take out workers compensation insurance could face imprisonment for up to six months.

Contact WorkCover in your State for more information. The following are national workers compensation sites.

WorkCover NSW	www.workcover.nsw.gov.au
QLD WorkCover Authority	www.workcover.qld.gov.au
VIC WorkCover Authority	www.workcover.vic.gov.au
ACT WorkCover	www.workcover.act.gov.au
WorkCover WA	www.workcover.wa.gov.au
WorkCover Corporation of SA	www.workcover.com
TAS Workplace Standards Authority	www.wst.tas.gov.au
NT Office of Work Health and Electrical Safety	www.nt.gov.au/deet/worksafe

Superannuation – employers currently have a superannuation obligation of 9% of gross wages for employees earning over \$450 per month, and they must advise employees at least quarterly of all super contributions made. For specific details on your obligations, contact the Australian Taxation Office, your insurance company or your industry association.

PAYE (Pay-As-You-Earn) Tax – employers are required to deduct tax and Medicare instalments from salary and wage earners and pay them directly to the Australian Tax Office.

At the end of the financial year each employee receives a group certificate that shows how much the employee earned and how much tax was deducted.

Wages book – every business is required by law to keep wage records for all employees. The record must show details of all wages and deductions, as well as the “take-home” amount.

Pay slips – must be available to all employees. Include on each slip:

- The employee's name and classification
- Date of payment
- Dates relating to pay period
- Gross pay (including overtime)
- Tax deductions and particulars of all deductions
- Employee superannuation contributions
- Net pay

Enterprise agreements – can be struck between the employer and employee(s) to set their own working arrangements away from centralised controls.

These agreements need to be registered with the Industrial Registrar who ensures minimum conditions are met.

For more information about Enterprise Agreements contact the Federal Department of Employment and Workplace Relations or visit their website www.dewr.gov.au.

Increasing sales

Let's face it – your sales ability will make or break your business so it pays to be the best you can be. Here are a few simple sales tips:

Sell benefits, not features – Position your marketing and sales around what your product or service 'does' rather than what it 'is'. Always concentrate on how your product will benefit your customer.

For example, a health-food product contains nutrients that are good for the body. That's what it is. What the product does is make the customer thinner, more energetic or able to accomplish more with less sleep.

Sell to the people most likely to buy – Understanding the characteristics of your existing customers and looking for potential customers with the same characteristics will improve the effectiveness of your targeting.

Differentiate your product – Why should a customer buy from you and not from your competitor? Come up with at least three benefits that will give a customer a reason to buy from you. Your product or service, for example, works faster, is less expensive, and has a higher-quality level of ingredients.

Get face to face – Spending money on print-media advertising or direct mail won't work in isolation. There is no shortcut to the personal approach. Get one-on-one with your customer, if not in person, at least by phone.

Don't ignore what's under your nose – The costs of acquiring new customers are higher than returning existing customers. 'Wow' your customers and make them feel valued with excellent customer service and it will pay off.

Focus on the second sale

– Nearly 85 percent of all sales are produced by word of mouth. They're the result of someone telling a friend or associate to buy a product or service because they themselves were satisfied. Therefore, concentrate on developing future and referral business with each customer.



Everything you do must be aimed at the second sale. Ask yourself: Will this be such a satisfactory experience that my customer will buy from me again or tell his/her friends?

“Show customers that you are an asset to them. Prove that you can improve their businesses or enhance their lives.”

...Greg, Event Director

Marketing

The key to growing a business is marketing.

The potential marketing methods available are almost limitless, but a little preliminary planning can help narrow down the field of options for your business.

Who is your target market?

You first need to decide to whom you plan to market to. Mass marketing to a broad audience is not the most cost-effective way of reaching potential customers.

Begin by asking yourself some simple questions:

- What needs do my product/service fulfil?
- Will businesses or consumers be more likely to need what I offer?
- Who are the clients I already have?
- Who does my competition market to?

Some research into your target audiences is a good



idea to determine if they would be interested in your product/service. You can use surveys, chat rooms, email questionnaires, or telephone polls to generate that feedback.

Set a Budget

Without a budget business owners can easily find too much profit being funnelled into marketing efforts.

Before you make a decision about what types of marketing methods to choose, establish how much you can spend to achieve the desired results.

Most businesses use the 10% rule. If you generate \$5000 in monthly sales, then you should spend around \$500 a month on marketing.

See your business through your customer's eyes

Keep a strong focus on your customer base. Pay close attention to their needs and concerns. Study the diversity of different genders and generations. One size fits all sales and service no longer works in the marketplace. You also need to be flexible to change your product or service to react to any trends you identify.

Create a Unique Selling Proposition

Your logo, professional image and tag line must be unique and strongly recognisable. Promote benefits rather than just services in all your marketing materials. What makes your business stand out? What is the unique and most beneficial thing you offer your customers?

Choose your overall image and remain consistent

All of your marketing materials should feature the same professionally designed logo, colours and branded image.

First impressions count

Customers notice and judge you and your business at first glance. They may decide to do business with you or move on to your competition quickly from their first impression.

Ask for testimonials

Third party testimonials are powerful. Prospective clients want to know that they can trust you and have made the right decision to do business with you and your company.

Tip – If a past client refers you to someone else, contacting them to say thank-you with a card, gift or phone call is an effective gesture.

Improve your business card

This may be the first image you present of your business and is the one thing they are likely to hang on to.

Work with professionals

Most people don't save money by printing their own business cards, designing their own website and printing their own brochures – unless that is what you do for a living. If not, don't get cheap with your image- it's linked to your success!

Did you know? – Small office suppliers and instant print suppliers often have cost effective print and design services you can use for this purpose.

Become a valuable resource

Look for ways you can be a resource for your prospects and customers. Supply them with free information. Help them do things faster, easier, less expensively. You get another opportunity to sell something every time they come back to you for help.

Enhancing your credibility

A good way to earn credibility is by establishing yourself as an expert with intimate knowledge of your industry. Experts out-position their competitors because they are recognised as knowing more.

Writing articles and making them available for reprint in industry and media publications is an especially powerful method of getting your name out there.

“Position yourself as ‘the’ expert in your industry by writing articles and offering free advice” ...Vanessa, Personal Trainer

Mentors save time and money

Many people feel they have to build their business alone. The good news is that you don't have to know all the answers as long as you have people who can support you.

Seek out mentors and advisors who can teach you the valuable skills you need. Mentors do not tell you how to do things; they are successful people who give you the guidelines and encouragement to help you succeed.

Just as important, carefully choose a team of competent advisors. They are both your protection and your technical expertise.

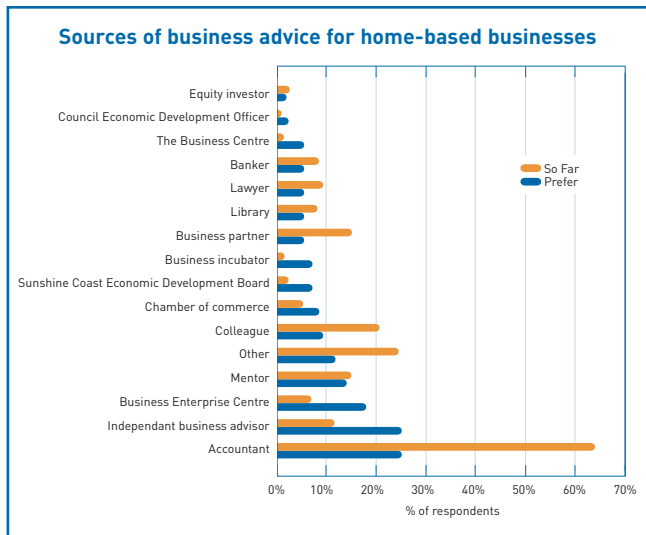
The advantages of a mentor:

1. Learn from someone who has done it all before
2. Get introduced to the right people and processes
3. Help identify your skills and training needs
4. Discuss business decisions with an objective third party

Did you know? – The Entrepreneur Business Centre helps small business people succeed. Seek the guidance of an EBC Advisor to mentor you through both the start-up and growth phases of your small business by visiting www.ebc.com.au.

This free service support is provided by phone, fax and email.

“I was thrilled to be asked to become a mentor. Having recently retired from my business it gave me a way to stay in the game,” ...Robert, Retired Marketing Consultant



(Strategic Economic Solutions & CREEDA)

TOP TEN TIPS

1. Know your market.
2. Create a business plan and stick to it.
3. Get good accounting and legal advice about business structure and tax.
4. Ensure your work environment is user friendly as well as looking professional.
5. Don't assume your home insurance covers your business. Find an insurer who covers both home and business in one policy.
6. Check zoning or by-laws with your local council before setting up.
7. Make new technology work for you...invest in up-to-date technology.
8. Get out more – don't become housebound and lose your face to face communication skills – that is where most business is won.
9. When employing staff check carefully the award conditions and compulsory requirements you face.
10. Marketing is vital – set a budget for marketing, find 3 points of difference, don't skimp on design and position yourself as an expert.

SUGGESTED WEBSITES TO VISIT

WEBSITE



ABBi Home Business Guide

Suggested websites to visit

Government

www.business.gov.au – The Business Entry Point provides a wide range of services and information about start-up, taxation, licensing and legislation and taxation compliance, includes a section on home based businesses.

www.industry.gov.au – Department of industry, tourism and resources, go to small business

www.homebusinessmanual.com.au

www.ato.gov.au/businesses/

www.gststartup.gov.au/ – GST Startup & Assistance

www.asic.gov.au – Australian Securities and Investments Commission enforces company and financial services laws to protect consumers, investors and creditors.

www.abr.business.gov.au – Australian Business Register

www.ipaustralia.gov.au – IP Australia is the federal government agency responsible for granting rights in patents, trade marks and designs.

www.dewrsb.gov.au – Department of Employment, Workplace Relations and Small Business, develops and implements policies and programmes aimed at supporting the labour market and workplaces with higher productivity and pay.

www.accc.gov.au – The Australian Competition & Consumer Commission administers the Trade Practices Act and the Prices Surveillance Act. The site includes a Small Business Program section with franchising information.

www.nohsc.gov.au – National Occupational Health & Safety Commission

www.comcare.gov.au – ComCare Australia

www.worksafe.gov.au – Worksafe Australia – National Occupational Health & Safety Commission.

www.ausindustry.gov.au – AusIndustry is the Commonwealth Government's agency for delivering products and services and information that support industry, innovation and research.

www.treasury.gov.au – provides the latest GDP, interest rates, CPI and unemployment figures amongst other information

www.wagenet.gov.au – WageNet provides information about wages and conditions of employment in Australia.

www.privacy.gov.au – The Office of the Federal Privacy Commissioner Australia

Business resources

www.standards.com.au – Standards Australia.

www.ebc.com.au – Entrepreneur Business Centre, provides industry specific business content & software solutions, advice and mentoring services, including business start-up guides, business benchmarking and business planning guides.

www.abs.gov.au – Australian Bureau of Statistics is Australia's official statistical organisation, find statistics about your industry under the ABS catalogue.

www.ibisworld.com.au – IBISWorld Australia – Market Research, Industry, Company and Business Environment Reports

www.connect4.com.au – Connect 4 Provides Information and Analysis on Australian Listed Companies

www.smallbusiness.info.au – Small Business Professional Development develops and trials different approaches to training to encourage small businesses to take control of their own learning.

www.payline.com.au – PayLine is an outsourced payroll service designed by ADP Employer Services to meet the needs of small to medium businesses.

www.domainregistration.com.au – domain registration and web hosting solutions

www.domain.netregistry.com.au – domain name registration

www.legalmart.com.au – Legal mart provides legal information over the net supplied by a network of Australian law firms

www.solutionsmanagement.com.au – Solutions Management is a website and marketing company focused on providing solutions in order to help Australian small businesses to grow.

www.eurolink.com.au – Eurolink is a leading global supplier of skilled professionals and recruitment services

www.avcal.com.au – Australian Venture Capital Association is a national association that represents the venture capital industry's participants, promotes the industry and encourages investment in growing business enterprises.

www.irs.net.au – IRS Total Injury Management provides information about dealing with workplace injury

Finance, insurance and security services

www.iecltd.com.au – Insurance Enquiries & Complaints Ltd

www.fics.asn.au – Financial Industry Complaints Service

www.apra.gov.au – Australian Prudential Regulation Authority

www.asic.gov.au – Australian Securities & Investments

www.ica.com.au – Insurance Council of Australia

www.abbi.com.au – Direct small business insurance provider and specialist in insurance for home businesses

www.rushton.com.au – The Rushton Group, insurance valuation service. The services offered include assessing optimum premium cover and reinstatement values, building code requirements, risk surveys, disaster recovery and contingency planning and claim management

www.asial.com.au – information of the Australian security industry

www.webwatchsecurity.com.au – tailored security solutions for businesses

Networking organisations and resources

www.flyingsolo.com.au – a resource for those starting or growing their own business.

www.mbn.com.au – offers advice and support for micro businesses.

www.smallbizclinic.com – Small Business Clinic, provides business improvement seminars, mainly for accountants.

www.abn.org.au – Australian Businesswomen's Network

www.australianbusiness.com.au – Australian Business Limited is a member based organisation providing businesses with information and advice.

www.anzabi.com.au – ANZABI is an association of business incubators which sets best practice standards for the incubator industry in Australia and New Zealand.

www.businessclubaustralia.com.au – business information

www.franchise.org.au – Franchise Council of Australia

www.networkingtowin.com.au – Tips for effective networking

Business Enterprise Centres – visit **www.abbi.com.au** for a link to regional BEC websites

www.homebusinessmanual.com.au – covers issues affecting home businesses in Australia, sponsored by City of Casey and the Micro Business Network

www.mhba.org.au – Micro & Home Business Association

www.creeda.com.au

Industry Associations

www.chambernet.com.au – Australian Chambernet, gateway to Australian industry associations

www.ara.com.au – Australian Retailers' Association

www.ifs.com.au – Investment & Financial Services Association

www.ica.com.au – Institute of Chartered Accountants in Australia

www.cpaaustralia.com.au – CPA Australia

WA

www.sbdc.com.au – Small Business Development Corporation, SBDC is a Western Australian State Government agency focused on the development of the small business sector

www.cciwa.com.au – Chambers of Commerce & Industry of Western Australia

www.workcover.wa.gov.au – WorkCover Western Australia

www.docep.wa.gov.au – Consumer & Employment Protection – Officer of Fair Trading

NSW

www.smallbiz.nsw.gov.au – New South Wales Department of State and Regional Development provides information, advice and assistance to foster business growth, industry and innovation including a business kit, networks, chat and the weblinks section

www.newcastle.nsw.gov.au – Newcastle City Council website

www.thechamber.com.au – New South Wales State Chamber of Commerce

www.workcover.nsw.gov.au – WorkCover NSW

www.fairtrading.nsw.gov.au – Office of Fair Trading – NSW Consumer Protection Agency

ACT

www.mhba.org.au – Micro & Home Business Association, Canberra based

www.actchamber.com.au – ACT & Region Chamber of Commerce & Industry

www.workcover.act.gov.au – ACT WorkCover

www.business.gateway.act.gov.au – Business Gateway also known as BusinessACT, the business arm of the ACT Government.

www.canbas.com.au – Canberra Business Advisory Service

www.cbc.asn.au – Canberra Business Council

www.fairtrading.act.gov.au – ACT Office of Fair Trading

VIC

www.manningham.vic.gov.au – Manning City Council website

www.casey.vic.gov.au – City of Casey website includes online learning tools

www.knoxhomebiz.com.au – Knox Home Based Business Network, promotion and development of home businesses in the Eastern Region

www.businessaccess.vic.gov.au – Provides information and referral services to existing and potential small business operators

www.workcover.vic.gov.au – Victorian WorkCover Authority

www.business.channel.vic.gov.au – Business Channel Victoria

www.consumer.vic.gov.au – Consumer Affairs Victoria – Office of Fair Trading

QLD

www.caloundra.qld.gov.au – Caloundra City Council

www.qcci.com.au – Queensland Chamber of Commerce & Industry

www.workcover.qld.gov.au – WorkCover Queensland

www.qrtsa.com.au – Queensland Retail Traders & Shopkeepers Association

www.consumer.qld.gov.au – Queensland Government Office of Fair Trading

NT

www.ntcci.com.au – Northern Territory Chamber of Commerce & Industry

www.nt.gov.au – Northern Territory Government

www.caba.nt.gov.au – Northern Territory Government
Department of Justice
– Office of Fair Trading

SA

www.business-sa.com.au – Business SA (Chamber of
Commerce & Industry)

www.workcover.com – WorkCover Corporation

www.businesschannel.sa.gov.au – The Business Channel
for South Australia

www.ocba.sa.gov.au – Office of Consumer & Business
Affairs South Australia
– Office of Fair Trading

TAS

www.tcci.com.au – Tasmanian Chamber of Commerce &
Industry

www.wsa.tas.gov.au – Department of Infrastructure, Energy
and Resource
– Workplace Standards Tasmania

www.justice.tas.gov.au – Department of Justice and
Industrial Relations

General

www.yellowpages.com.au – Yellow pages

www.whitepages.com.au – White Pages

www.whereis.com.au – on-line map

ABBi GLOSSARY

GLOSSARY



ABRpublic – an online database that contains publicly available information provided by businesses when they register for an ABN.

Area Consultative Committees (ACCs) – non-profit, community-based organisations funded by the federal government supporting small business and communities in rural, regional, remote and metropolitan Australia.

Articles of association – the basic document of a registered company defining its internal organisation. It is one of two fundamental documents on which the registration of a company is based. See memorandum of association.

Asset – anything of worth that is owned. The assets of a business are money in the bank, accounts receivable, securities held in the name of the business, property or buildings, equipment, fixtures, merchandise for sale or being made, supplies and all things of value that the business owns.

Australian Business Number (ABN) – a single identifier for all business dealings with the Australian Taxation Office.

Australian Business Register (ABR) – a register of information provided to the ATO by businesses and other entities when they register for an ABN that can be accessed by the internet. Some of this information is available publicly from ABRpublic.

Australian Company Number (ACN) – the number allocated by the Australian Securities and Investments Commission (ASIC) when you register a company under Corporations Law.

ACCC – Australian Competition and Consumer Commission.

ASIC – Australian Securities and Investments Commission.

ATO – Australian Taxation Office.

Australian Workplace Agreement (AWA) – an individual written agreement between an employer and employee about terms and conditions of employment.

Award – the setting out of terms and conditions of employment, along with salary levels, through an industrial agreement between employers and employees.

Bad debts – money owed to you that you can't collect

Balance sheet – an important business document that shows what a business owns and owes as of the date shown. Essentially a "balance sheet" is a list of business assets and their cost on one side and a list of liabilities and owners' equity (investment in the business) on the other side with the amount for each. The liabilities include all that the business owes.

Bandwidth – the amount of 'stretch' in a network connection, ie its maximum carrying capacity for data traffic.

Break-even point – the point at which volume of sales is enough to cover all costs.

Business Activity Statement (BAS) – a form for businesses registered for GST to use to report their business tax entitlements and obligations.

Business contents – The equipment used for your business such as machinery, tables, chairs, electronic equipment and computers.

Business Enterprise Centre (BEC) – community-based organisations located in city and rural areas that provide assistance to foster viable local economic enterprise.

Business interruption insurance – Covers a reduction in your business income or increased costs that you may face as a result of damage to your property.

Business liability insurance – See Legal liability insurance

Business machinery breakdown insurance – Protects your business for the breakdown of machinery, computers and electronic equipment at your premises

Business name – the name of a business officially listed in the state or territory Register of Business Names.

Business Property – Buildings, contents, stock, capital additions and any other items that you specify to your insurer when taking out insurance.

Broadband – a high bandwidth network (carrying voice audio and data simultaneously) allowing for high-speed internet access.

BSB – A BSB Number is a unique number which identifies both the bank and the branch of a particular account in Australia. It is frequently used in electronic banking.

Business Entry Point (BEP) – the online government resource for the Australian business community, providing a wide range of information and transactions across all levels of government.

Business Licensing Information Service (BLIS) – a state and territory government service which provides information on licensing requirements for business.

Business Incubator – office space and facilities funded by the federal government to assist new and growing businesses by providing premises, advice, services and other support.

Capital – the total owned and borrowed funds in a business.

Capital Gains Tax – the tax on the profit obtained when selling an asset (most homes and motor vehicles are exempt from this).

Cash flow – the flow of internal funds generated within the business as a result of receipts from debtors, payments to creditors, drawings and cash sales.

Certified Agreement (CA) – a collective agreement made directly between an employer and a group of employees, or between an employer and a union or unions representing employees.

Company – a business owned by a group of people called shareholders, which has its own legal identity separate from its owners.

Copyright – a type of property right which protects the expression of ideas such as literary or dramatic works, television productions, drawings etc., from being used for commercial gain without permission of the copyright owner. Registration is not a prerequisite for protection.

Corporations Law – the legal regulation of companies, securities and futures industries in Australia.

Domain name – a name that identifies an organisation's address on the internet, either a website address (the domain name follows the 'www') or an email address (the domain name follows the '@' symbol in the email address).

E-business – business conducted over the internet, not only buying and selling but also servicing customers and collaborating with business partners.

E-commerce – the buying and selling of goods and services on the internet.

Encryption – the coding or scrambling of information in a file so that it can only be decoded and read by someone who has the correct decoding key.

Expenses – costs incurred by a business in earning income, for example, rent, advertising, wages etc.

FAQ – frequently asked questions.

Financial year – an accounting period of 12 months, often coincident, for convenience, with the fiscal year (1 July to 30 June).

Firewall – internet security to protect a LAN (Local Area Network) against hackers.

Fixed assets – the land, buildings, vehicles, materials and equipment owned by a business, which are used to earn revenue rather than being for sale.

Fixed costs – costs, which are incurred by a business whether it is operating to generate income or not and which do not necessarily increase or decrease as a total volume of production, increases or decreases. Rent, for example, must be paid whether or not any business is accomplished.

Fringe Benefits Tax (FBT) – a tax paid by employers, on behalf of their employees, on non-salary benefits such as company cars and company mobile phones, etc.

Freedom of Information (FOI) – the principle that the community should have access to information in the possession of the government and big business, in order to be better informed about their operations and practices.

Gearing – the ratio between the business's debt and equity finance.

Goods and Services Tax (GST) – a 10% consumption tax on goods and services that is added on to their overall retail price.

Gross – the total overall amount. For example, gross profit is the trading profit of a business without any deductions for business expenses.

Gross profit – the excess of net sales over cost of goods sold usually expressed as a percentage.

Hacker – a person who uses their computer and internet knowledge to obtain unauthorised access to other private computer networks, systems and websites.

HBB – Home Based Business

Hire purchase – system for financing the purchase of plant and equipment, where the ownership is vested with the lender until the final payment is made. The borrower is required to place a deposit and make periodic (usually monthly) repayments at a flat rate of interest.

HTML (Hypertext Markup Language) – the language used to create and define a web page.

HTTP (HyperText Transfer Protocol) – a method of sending web pages over the internet. These letters often appear at the start of a website address, e.g. <http://www.abbi.com.au>.

Homepage – the opening page or entry page of a website.

Hyperlink – a highlighted word (or graphic) within a hyper text document (Web page). When you click a hyperlink, it will take you to another place within the same page, or to another page.

Input tax credit – a credit for any GST included in the price paid for goods and services used in a business.

Instalment Activity Statement (IAS) – a form similar to the Business Activity Statement but for businesses not registered for GST and for individuals who are required to pay PAYG instalments or PAYG withholding.

Intangible assets – those assets of a business, which cannot be assigned a firm, fixed value, such as leases, franchises, goodwill and patent rights.

Intellectual property – products of the mind, ideas (e.g., books, music, computer software, designs, technological know-how) that can be protected by patents, copyright, and trademarks.

Interest – the cost of borrowing money

Invoice – document which shows the customer charges for goods delivered or work done

IP address – the unique numerical address assigned to every computer connected to the internet.

ISP (Internet Service Provider) – an organisation that allows users to dial into its computers to connect to the internet, for a fee.

ISDN (Integrated Services Digital Network) – digital telephone system that can provide high-speed (up to 128 Kbps) transmission of voice and data.

LAN (Local Area Network) – a group of personal computers linked together in order to share programs and data.

Legal liability insurance – Covers your business if you are sued for causing personal injury to another person (normally other than employees) or damage to property owned or controlled by someone else by an occurrence in connection with your business.

Legal name – the name of the entity that appears on all official documents or legal papers. It may be different from the trading name.

Loan – money lent at interest. A lender makes a "loan" with the idea that it will be paid back as agreed and that interest will be paid for the use of the money.

Market segmentation – the division of a market into segments. Each segment consists of a group of consumers with similar requirements, which can be distinguished from the requirements of other consumers in the market. There will be distinct differences between the goods and services needed to meet the requirements of each segment.

Mark-up – the price increase between buying at wholesale and selling at retail often expressed as a percentage of the wholesale or cost price. Compare margin.

Margin – the difference between the selling price and the purchase price of an item usually expressed as a percentage of the selling price. Compare mark-up.

Memorandum of association – a formal document (including the company name, address, objectives, and capital) that constitutes the charter of incorporation of a company.

Memorandum of understanding (MOU) – a formal agreement in principle between two parties.

META tag – a special HTML tag that contains keywords that represent web page content. These are used by search engines to build indexes.

Micro business – A micro business employs less than 5 staff.

Modem – the hardware that connects a computer to an ISP through the telephone network.

Multimedia – documents or platforms that combine different kinds of data such as plain text, video, graphics or audio.

National Names Index – an index of Australian corporate and registered business names and incorporated associations.

Net – what is left after deducting all charges (see gross).

Net profit – the remainder after all expenses of an accounting period are deducted from all revenue of the same period.

Net worth – the owner/s' interest in a business, calculated by subtracting all liabilities from the assets of the business.

Operating expense – all the expenses normally incurred in running a business, during an accounting period, excluding the cost of goods sold.

Overdraft – a form of loan by which a person with a trading bank current account is given permission to continue making drawings on the account up to an agreed limit, after the balance has been reduced to nil.

Overhead – expenses which are incurred in producing a commodity or rendering a service, but which cannot conveniently be attributed to individual units of production or service. Examples are heating, lighting etc.

Partnership – A legal business relationship of two or more people who share responsibilities, resources profits and liabilities. **Patent** – the granting by a government of monopoly rights to the owner of an invention to manufacture and sell it for a certain number of years, conditional on the owner being willing to immediately reveal the ideas incorporated in the invention, so that they can be published for the advancement of knowledge of the general public.

Pay As You Go (PAYG) – a single, integrated system for reporting and withholding amounts and tax on business and investment income.

Payroll tax – a state and territory government tax on industry, on the basis of the number of employees involved in a business.

PC – personal computer

Physical Loss – Tangible assets which the business loses as a direct result of a fire or defined event.

Portal – a gateway for internet users that offers a range of services such as news, search engines and links to other sites.

Premium – consideration paid for an insurance policy.

PR – Public relations

Product liability insurance – Covers your business if you are sued for causing injury to another person or damage to property caused by your products.

Profit – total revenue less total expenses for a period of time calculated in accordance with generally accepted accounting principles.

Profit and loss statement – statement of revenue and expenses showing the profit or loss for a certain period of time.

Propriety Limited Company (Pty Ltd) – a business which is owned by not less than two persons and not more than 50 persons and which restricts the right of the shareholders to transfer shares. Such a business is a separate legal entity and must use the words Proprietary Limited (Pty Ltd) after its name

Provisional tax – a form of income tax, normally payable prior to the end of the tax year, and levied on taxpayers who are not included in a PAYE scheme, such as self-employed professionals.

Public liability insurance – See Legal liability insurance

RAM (Random Access Memory) – the memory that can be used by applications to perform necessary tasks while the computer is on.

Risk – in a general sense it is the threat of an action or inaction that will prevent or hinder the ability of the business to achieve its business objectives.

Replacement Costs – The cost of replacing a business item such as a computer.

Risk – The chance that an action or natural event will hinder or prevent the achievement of objectives – measured in terms of impact (severity) and probability (frequency).

Risk Assessment – The evaluation of a risk in order to assess its potential impact

Risk Management – The process of identifying, monitoring, controlling and reporting of all internal and external sources of risk that could have a material impact on business operations.

SME (Small to Medium Enterprise) – SME's employ up to 20 people in the service industry or up to 100 in the manufacturing industry, and a medium enterprise employs up to 500 people.

SOHO – Small Office / Home Office – a home-based or traditional office based professional SME.

Sole Trader – This is a type of legal structure for a business. It means only the person who owns and operates the business is trading.

Spam – an electronic mail message that is transmitted to a large number of recipients who have not requested those messages.

Spider – an automated program which searches the internet.

Stamp duty – a charge on certain property and securities transactions levied by state and territory governments.

Streaming media – a continuous broadcast of audio or video files over the internet made possible through the use of three software packages: the encoder, the server and the player.

Sums Insured – The total value of the insured item selected by the insured to cover the cost of repair/replacement.

Superannuation Guarantee Charge (SGC) – a government policy requiring employers to pay a charge if they do not contribute a prescribed level and standard of contributions to complying superannuation funds.

SWOT analysis – What Strengths, Weaknesses, Opportunities and Threats (SWOT) will impact the success of your business? What do you plan to do to enhance strengths and opportunities whilst reducing the risk factors in weaknesses and threats?

Tariff – a type of tax levied by the federal government on imported goods or services.

Tax File Number (TFN) – a number allocated to taxpayers and used by the Australian Taxation Office to monitor income and taxation details.

Tax invoice – an invoice for the supply of goods or services which must specify that it is a taxed invoice and must include an Australian Business Number. If the invoice is not in the specified format the recipient cannot claim GST Input Tax Credits.

Tender – the selling of a goods or services through the request of formal bids.

Trademark – used to distinguish goods as the produce of a particular manufacturer.

URL (Uniform Resource Locator) – the global address of a document and other resource on the world wide web.

Valuation – the process of appraising the worth of property according to some recognised criteria.

Variable costs – the costs additional to fixed costs of running a business

Venture Capital – capital invested in a start-up business that is thought to have excellent growth prospects but does not have access to capital markets because it is a private company.

Virus – a malicious piece of computer code which makes unauthorised changes to a computer, distributed via the internet or email.

Warranty Period – The period of time which specific items of equipment eg computers that you have purchased, are covered for breakdown or other specified perils. Usually associated with the purchase of new goods.

Withholding tax – tax deducted at the source on interest, dividend and royalty payments made to non-residents, and certain investments or payments to residents where the recipient has not provided their Tax File Number to the payer.

Workers' compensation – money paid to an employee to compensate for injuries received in connection with their work. All employers must insure against claims for this kind of compensation.

Worm – a virus that replicates itself on other computers.

ZIP – software files compressed into .ZIP format so they take up less space.

Zoning – local government boundaries that specify land and property uses.

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