

## The business idea

Starting a new business, no matter what kind, requires a lot of time and money relative to your personal resources. You don't want to risk either the time OR the money. So, at this point we are going to recommend you spend a good deal of time in the website for the NSW Department of Industry and Investment - [www.smallbiz.nsw.gov.au](http://www.smallbiz.nsw.gov.au) (NSW Department of Industry and Investment, 2011). This site is a cornucopia of business-relevant information, training modules, resource materials and assistance options.

*Go to the Small Business Tool Kit on the site.*

The Toolkit has been put together by experts. A lot of our summary notes in this area have been drafted using the website as a guide. Our intention is just to alert you to the possibilities and to suggest some questions you might want to follow up further. And to encourage you to always go to the experts. Remember Sirolli's advice? You can't do it all on your own.

If you are in NSW, your local Business Enterprise Centre provides free advice and support as well as low-cost training in specific topics. The Australian Tax Office provides good information and advice on its website. If you are going to work in your own business you can look forward to a long relationship with the Tax Office. It will be easier if you set things up right in the first place!

## Back to the business idea

Running a business takes more than just doing what you enjoy and expecting people to pay for it. We assume you really, really want to do it. You know what they say - strategy is as much about what you decide NOT to do as it is about what things you decide to do. It's quite legitimate to do your homework about your idea and then to decide against it. It's not only your business goals that count. It's also your life goals, and sometimes they can be in conflict.

Fundamental to this question is how much money do you need to generate in order to live your life as you are now? And how much more would you need to live the way you want to live?

This is the first and possibly the most important test of your business idea - how will it generate an income?

And the next test is - how much time, effort and resources can you put aside to follow this dream?

When you are ready to use them there are tools in the Smallbiz Toolkit to help you think through these matters. But before you get really serious, we suggest you take up mind mapping to see if your business idea has a good chance of working and to work out what the important questions are. If your first go doesn't look good, get another sheet of paper and play around with it a bit.

You've identified the important things, you've done your SWOT.

Now it's time to run a feasibility check. After all, if you don't want to make money, you're better off having an ordinary job that pays the bills and lets you get on with employing your creative impulses in a hobby.

- You need to truly understand your market. Who will pay you for your product or your service? Who else is already in the market? What are they doing? Are they doing it well? How will you do it better?
- What regulations apply? For example, if you want to work in public spaces what are the Occupational Health and Safety regulations? What do you know about Risk Management? Do you need to put in a Development Application? Whose permission do you have to get? What insurances do you need? If your idea is about food, what are the HACCP (Hazard Analysis and Critical Control Points) requirements? Labelling requirements? Liabilities?
- Where will you get your products from? Who will deliver the service?
- What will it cost to put your product or service in front of the customer? How much can you charge?
- Will you need staff? Will you need to buy in some services? What are the industrial requirements?

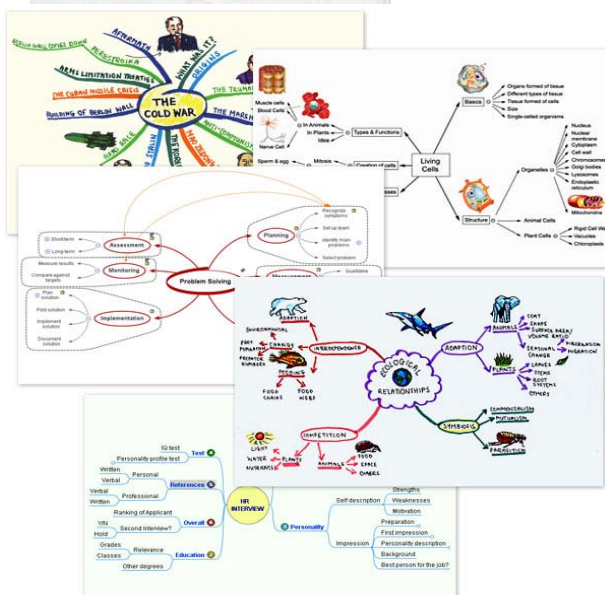
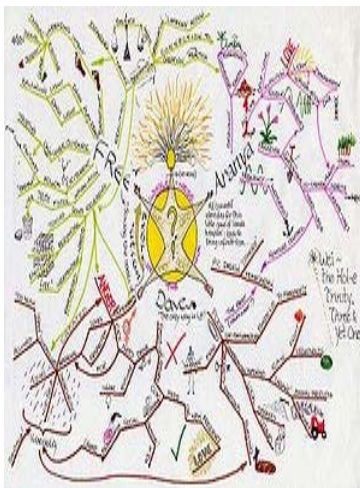
## Mind Mapping

Wikipedia tells us that mind maps are diagrams used to represent words, ideas, tasks or other items linked to and arranged around a central key word or idea. They help you to generate ideas, visualise relationships, put some order into your thoughts, and classify ideas.

They help you in writing, planning and problem solving and encourage a brainstorming sort of approach to thinking. Start with your product or service in the centre and then try to map all the elements you think would be necessary to make your business work.

(TIP Get some big sheets of paper or a whiteboard, lots of cleaner and some coloured pens.)

If you need a kick-start to thinking about what to map, look up a business planning guide - they'll give you lots of problems to get your creative juices running.



The diagram on the left was filched from Wikipedia. The second came from [www.mindmapping.com](http://www.mindmapping.com). We also recommend the books of Tony Buzan on Mindmapping.

## Things to think about

- What are your products or services?
- How will you deliver them? Who to? How will they know about you? Who are your competitors? How will you be different?
- What are the risks that could impact on your business? How will you deal with them or protect yourself against them?
- Is there any legislation that will affect you? If your hoped-for customers are government or corporate, what policies or expectations will affect whether or not you can provide to them? If you are selling direct to individuals, are there any legislation or insurance issues?
- Operationally, how are you going to produce your goods or services? What equipment will you need? How will you keep enough stock on hand? What software will you need? How can people get in touch with you?
- And so on...

## So does it still look feasible?

Richard Florida tells us that the future lies with the knowledge industries and with the creative classes.

So, if you're getting disheartened it may be that you aren't looking at the market in quite the right way. Your market may not be individuals. Your idea may be better suited to the Business-to-Business market, or Business-to-Government market.

When we say Business-to-Business don't forget local government, the not-for-profit sector, aged care organisations, charities and associations of all sorts. All of them have needs because of government regulation, fund-raising events or simply because they help their members through cooperative purchasing.

## So what markets might there be for your product or service?

Community projects are usually cash-strapped. But they can often auspice grant applications or sponsorship deals that can fund creative elements.

Retail outlets purchase goods or sell them on commission. And other businesses often need innovative goods and services. These markets will need you to provide good communication and on-the-target service.

Corporations and business associations art works or street furniture, or events or cultural projects. Sometimes they will fund projects or community groups which allow the community group to purchase a service or products.

Local governments are major funders of creative projects through grants or tendering systems. They often have local purchasing preferences so it pays to become familiar with how your local council works.

And of course, there is always State or Federal government. Their funding and procurement is always competitive and often calls for matching funds or in-kind contributions. For these projects, if you

often purchase sponsor

*Think about a small museum. Let's consider the Newcastle Region Maritime Museum - one we know well. This not-for-profit organisation has been managing on a shoe-string since 1972. Every year it runs a major event with visiting ships, markets, entertainment and parades. Every year, they need to buy conservation and exhibition materials. They've just finished a \$5million project to set up a new exhibition centre. Now they need to run interpretive programs, conservation and collections management and fund-raising events - and all with mostly volunteer help.*

*What sort of business proposition (given that cash-flow is a problem for them) would you put together that could help them achieve their aims whilst helping you to build a business?*

*That shouldn't be too big a task for a creative thinker?*

are just starting

out, you would probably need to be working through a formal structure and with other people.

Each of these target markets has a different approach to buying and your decision will impact on how you can promote, market and price your offering. However, they may offer you alternatives you haven't considered yet.