

Designing a prosperous business future

MOST rational people when they visit a gambling establishment such as a club, casino, race track or some other betting facility will generally take proactive steps so as to only risk those funds that they are willing to 'play' with.



By Schon G Condon RFD

To avoid the risk, some may place the disposable funds into a certain packet or purse, or maybe even appoint someone to supervise what they are spending.

All can be successful means to try your luck without risking it all. Unfortunately there are also those that need help and fortunately there are ways now for that to be obtained.

What I find interesting is the number of people that go into business and more often than not inadvertently bet everything they own on a business venture.

Competing in business is a market and in that sense is no different to a "Gamblers Den", and therefore should be treated much the same.

We live and breathe the damage that is done as a result, so it is appropriate to consider how we can avoid it.

The simple act of setting up a company is certainly a step in the right direction but it is not the cure-all that many believe it to be, particularly as these days there are continual steps being taken to break down the corporate barrier.

So let's take a look at the basic steps that one should take in looking at the average family business in the 21st century.

Business or job - Operating a business is not the same as having a job. And setting up a business due to the loss of employment can often lead to the loss of a lot more.

Even operators of simple consultancies have been losing a lot more than planned. If you want to go into business then step forward. If you are not suited to it then seek further employment.

Develop a plan - Do an outline plan on what you intend to do. Test its feasibilities, its weak points and its reality. Better to break the plan rather than the business, the business loss will cost you a lot more.

Determine your investment - Come up with a plan to discuss with the family exactly how much of the family fortune is to be wagered in the businesses establishment. Also the manner in which that investment is to be made, direct cash or the securitisation of the family home. Once this is decided then set up a process that can regularly monitor exactly what is exposed.

Who will be involved and how Once upon a time it was automatic that a company would be



bought and that mum and dad would be both equal shareholders and directors, a recipe for disaster.

Ownership should be based on who is to have right to the equity of the business and reap a benefit from its profitability, whilst the directorial role should be held only by those who are going to be actively involved in its day to day operations.

Get advice - Gone are the days when going into business was something that you could just do and pick up on the finer details later. Such an approach today is lethal to your finances. You must get advice from the start, find a good accountant, join a business chamber and a trade or professional body that is relevant to your business. These together will provide you with a wealth of information and guidance that will assist in avoiding the many pitfalls that will embrace you.

Tax vs risk - Oddly one of the most common desires expressed by many business operators is that they do not want to pay tax! This is easily achieved - simply don't make a profit. In not making a profit one must question why you have

put your assets at risk in the first place! More responsibly though in structuring your business venture there is a necessary compromise between maximum tax benefit and maximum risk protection. In the early stages lean toward asset protection, after all tax is only a share of profit, and profit is why you are in business.

Systems and processes - The development of systems and procedures will smooth out operations and avoid inconsistencies within your business. This will ensure that you keep control of your business, rather than it control you and that you don't accidentally overlook important regular duties and responsibilities. It will also ensure that you always have adequate information to manage your business and that you can measure it against your plan so as to keep your business improving.

Learn, learn, learn - As indicated earlier if you only want a job then don't establish a business. The ongoing operation of the business will be a continual process of learning and training. If this is not in your nature then give serious thought to starting a business, alternatively plan on paying a significant part of your profits to advisors and clerks who will advise and do the things that you could just as easily do yourself.

Going into business can be one of the most rewarding experiences you can be involved in. Unfortunately many people do not get to value the joy because they have gone off the rails at an early stage. Don't be one of the 80% that fail in the first five years, set yourself up for success.

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