

Start your own business

Some things to
think about first



Work and Income
Te Hirainga Tangata

A service of the Ministry of Social Development

Starting a business is a big step. It can be risky – but it can also be very rewarding. This booklet will help you understand what's involved and tells you where you can go for practical advice and support.

Is a business for you?

First, you need to ask yourself:

- am I ready to work really hard for as long as it takes?
- do I have something people want to buy?
- will I be able to attract customers?
- am I willing to learn new skills and go on courses?
- can I cope without always having a steady income?
- do I have the support of my family and friends?



If you have any questions,
you can call us free on
0800 559 009

Do you have the right idea?

To succeed you'll need a business idea that works. Think about:

- what you'll offer your customers
- who your competitors are and what they offer
- what's new or different about your idea
- how much you'll need to charge
- what skills you'll need to run the business
- what else could affect the business, like the seasons
- what licences or permits you may need
- how many hours you'll need to put in.

What skills will you need?

You'll need a wide range of business and personal skills – such as accounting, marketing, customer service, time management and organisational skills.

You'll also have responsibilities such as:

- paying tax, GST, wages, PAYE and ACC
- meeting health, safety and employment laws
- arranging legal things like contracts, leases and agreements.

There are a lot of courses and organisations that can help you gain skills you don't have now.

What will it cost?

It takes time to get a business going so you need to think about how you'll cover your costs in the meantime. Your costs might include:

- rent, rates, phone, power and other bills
- stock – and storing or freighting it
- business vehicles
- equipment like phones, faxes and computers
- furniture like desks, chairs and filing cabinets
- stationery like letterheads and business cards
- wages, ACC, GST and other taxes
- interest on loans or hire purchases
- advertising, insurance and other business services.

Writing a business plan

There are lots of people who can help you get started in business. But first they'll want to see a business plan. Here's some of the information you'll need to include:

Personal details

- Your name, address and other personal details.
- The skills and experience you have to run the business.

Information about the business

- Business name, products and services.
- What the business is about and how it will operate.
- Whether it is a sole trader, partnership or limited liability company.
- Where the business will be located and why.
- Equipment and licences you'll need – and regulations affecting you.
- Details of people who'll help you (eg lawyer /accountant).
- Your back-up plan if something goes wrong.

Business and marketing goals

- What you want to achieve and how you plan to do it.
- Any future plans – to expand or offer more services later on for example.
- Who your customers are and how you'll market your business to them.
- Who your competitors are and how they might affect your business.
- What else could affect your business – like the weather or seasonal trends.

Financial details

- What your income and expenses will be for the next year or so, including wages, taxes and stock costs (called a forecast).
- What you must earn to meet running costs (called a break-even analysis).
- What loans you have (or will need) and what for.
- What assets you own and their value.
- How much money you'll put into the business yourself.

Help to get started

- **BIZ** can help with advice and support to get you started – and they can tell you about others who can help too. To find out more call **0800 424 946** or visit www.biz.org.nz
- **Be your own Boss** is an excellent training programme that provides useful skills to people wanting to start a business. Your local Work and Income service centre can tell you more about this and other business programmes.
- **Local councils** are a good place to get advice and find out about training courses. Most city councils have Small Business Development Units to help small businesses. You'll find them in your phone book.
- **Enterprise agencies** can help with business, legal and financial advice. Ask your Case Manager how to get in touch with them.
- **Te Puni Kōkiri** has a business advice and mentoring service for Māori people in business. Your local iwi authority may also be able to help.
- **Local libraries** have lots of business books – ask your librarian to help you find suitable books.
- **Inland Revenue** has a Small Business Advisory Service to answer questions about tax. To talk with a Business Tax Information Officer or Māori Community Officer call **0800 37 77 74** to make an appointment.

Financial help

We may be able to provide financial help if:

- you or your partner are getting financial help from the Government (there are some exceptions), *and*
- you have a good business idea, *and*
- you can't meet the costs of starting the business yourself.

Usually you'll need to work full-time in the business. There are also other conditions so please talk with us first.

The **Enterprise Allowance** is to help you get started in your own business. There are two types of allowances – a subsidy and a grant.

- The **subsidy** is a short-term allowance to help with costs while you are getting started. It's paid every 4 weeks (you need to fill in a form every month).
- The **grant** is a one-off payment at the start to help with set up costs, such as buying furniture or the first lot of stock.

You may be able to get both of these payments – and if your business is a partnership or co-operative, more than one person could qualify. The amount you get depends on the business and your financial situation.

The Business Training and Advice Grant helps towards the cost of training and advice you need to run your business, such as training in management, marketing, time management or customer service. You could also use it if you need the help of a business advisor, to write your business plan for instance. Ask your Case Manager about courses or services that could be useful for you.



If you have any questions,
you can call us free on
0800 559 009

How do I apply?

To apply for an **Enterprise Allowance**, you need to show us your business plan and, if you qualify, you'll need to sign an agreement with us. If we pay you a subsidy we'll also want to see your cashbook at times (showing income and expenses) and get reports on how your business is doing. These reports will need to tell us about:

- your business performance compared to your business plan
- your staff, customers and stock levels
- your cash flow – and a forecast for the next 6 months or more
- anything that shows your business is likely to succeed.

To apply for a **Business Training and Advice Grant**, write a brief summary about your business and the course or service you want the grant for (you need to apply and get approval before starting the course or using the service).

This grant can be used before you apply for an Enterprise Allowance – or when you're already getting an allowance. It doesn't have to be repaid if you decide not to start the business.



If you have any questions,
you can call us free on
0800 559 009

How your income support may be affected

Before you decide to go ahead you'll need to check how starting a business affects any benefits or payments you get now.

If you are getting income support your benefit payments usually stop once you start a full-time business – but it may be different if you have a family. And you may still be able to get extra help for housing and childcare costs, for example. Your Case Manager can tell you exactly how your income support will change.

Ask us for our *Preparing for self employment* worksheet.



If you have any questions

call us on **0800 559 009** from 7am to 6pm Monday to Friday and Saturday 8am to 1pm or contact your Case Manager at your nearest Service Centre.

If you are deaf, hearing impaired or find it hard to communicate by phone, you can send a message to our Deaf Link email address **MSD_Deaf_Services@msd.govt.nz** or our free-fax **0800 621 621**.

www.workandincome.govt.nz



Work and Income
Te Hirainga Tangata

A service of the Ministry of Social Development