

Getting Started

“A business plan is a summary and evaluation of your business idea. It is a written result of the planning process.” (Small Business Development Corporation)

In the same way, keeping abreast of changes in the industry and your market will put you in a better position to take advantage of new opportunities. Knowing what warning signs to look for will ensure that you're not caught unprepared. And focusing on the future can be like a self-fulfilling prophecy – you'll meet your targets because you'll have something to work towards.

Your business plan

Why a business plan?

It's a good idea to start with a business plan.

Developing a business plan will help you think through all aspects of the business and work out the effect of different choices you might make.

It will help you see what the strengths and weaknesses of your business are. Plan to take advantage of your strengths and overcome your weaknesses.

Plus you'll need a business plan when you are applying for finance or asking people to invest in your business.

Your business plan will be a basis for planning in the future. As key elements change, you will be able to work out how this will affect your business and where you need to change your plan

What to include

Here's an outline developed by the Small Business Development Corporation (SBDC) of what you'll need to include in your business plan. You'll need to do some research before you can fill in the details. And you may need help from your accountant to develop your financial plans.

Your business plan	
Introduction	
<ul style="list-style-type: none"> • Purpose of business plan 	<p><i>Write down why you are preparing the business plan and how you intend to use it. The above section on 'Why a business plan?' will give you some ideas.</i></p>
<ul style="list-style-type: none"> • Business goals 	<p>Why are you in business? Where do you hope to be in the market? What sort of business will you be running? What timeframe are you working under? Where do you want to be in 5 years?</p>
The industry	
	<p><i>You can get the information you need from your trade association, your union, trade magazines and government departments.</i></p>
<ul style="list-style-type: none"> • Overview 	<p>Give a general description of the road transport industry. Identify where your business will fit in.</p>
<ul style="list-style-type: none"> • Industry characteristics 	<p>Some of these have been given in the first chapter of this guide. You may know of other important issues that should be included.</p>
<ul style="list-style-type: none"> • Important trends 	<p>The road transport industry has close links with other industries and will be affected by the same things. Understanding these links will help you work out where you want to place your business.</p> <p>There are changes in the economy that affect nearly all small businesses, eg oil prices and interest rates. Other changes may affect only some businesses. You'll need to work out which changes are important to you.</p> <p>Your business will depend on the health of the businesses you serve, so you need to look at anything important that will affect them – eg if you are moving building supplies, demand for your services will be affected by trends in housing.</p>
<ul style="list-style-type: none"> • Social and political issues 	<p>Are there any social or political trends that will affect your business? An example might be fewer people wanting to live in the country, which would result in a lower demand for the transport of consumer goods.</p>
<ul style="list-style-type: none"> • Technological change 	<p>Are there any technological changes coming that will affect your business? The growth in e-business is an example. While it improves productivity to use electronic links to send work orders or make bookings, it does increase costs.</p>

Your business plan	
<ul style="list-style-type: none"> • Price sensitivity 	Price sensitivity refers to the extent to which customers are influenced by the price of what they buy – eg beer is a less price-sensitive commodity than cinema tickets because people are less likely to give up drinking beer when the price goes up. Your customers are likely to be influenced by price, and you'll need to acknowledge this and decide how you can work around it.
The business	
	<i>Summarise all the information about how your business will be set up. Include information about yourself as well.</i>
<ul style="list-style-type: none"> • Your profile 	Include details about your expertise, your work history and any training you've had.
<ul style="list-style-type: none"> • Past performance 	If you have a successful history as an independent operator or in a previous business, put the details in here.
<ul style="list-style-type: none"> • Business structure 	Are you going into business as a sole trader, or will your business be a partnership or a company? Include your registered business name if you have one.
<ul style="list-style-type: none"> • Main activities 	What type of business are you setting up? What will be its main activities?
<ul style="list-style-type: none"> • Location 	Where will your business be based? Which areas of Western Australia and other states and territories will you be covering?
<ul style="list-style-type: none"> • Starting capital 	What funds will you be using to start up the business?
<ul style="list-style-type: none"> • Unique features 	What are the strengths and weaknesses of the business? What makes it unique?
<ul style="list-style-type: none"> • Business advisers 	Identify your accountant, solicitor and bank.
<ul style="list-style-type: none"> • People 	Identify who your main customers will be, who will help you in the business and if you have any major suppliers.
<ul style="list-style-type: none"> • Management and staff 	A short statement will be all that's required here unless you are thinking of employing a number of staff. Write down who will be responsible for the different parts of your business and give details of their skills and experience.

Your business plan	
Products and services	<i>This section summarises exactly what you will be offering to your customers.</i>
<ul style="list-style-type: none"> • Description 	Give a brief description of the services you will be offering.
<ul style="list-style-type: none"> • Opportunities and threats 	Identify any opportunities in the market that you intend to take advantage of. Make a note of anything that might threaten your business and state how you intend to deal with it.
<ul style="list-style-type: none"> • Strengths and weaknesses 	List anything that makes the services you offer better than those offered by your competitors. If your competitors offer better services, work out how you intend to compete with them.
<ul style="list-style-type: none"> • Future development 	Do you see your business changing? What services will you offer in the future?
Marketing	
	<i>This is where your knowledge of the industry and the business come in. You may also need to do some market research to find out more. Some of this will come from industry and government publications, but you should also talk to as many people as you can, including your potential customers.</i>
<ul style="list-style-type: none"> • Target market 	What is the market you are aiming at? How big is it? What share of the market will you be aiming for? What are the most important things about the market? How do customers behave?
<ul style="list-style-type: none"> • Customers 	What sorts of things will affect your customers' business? If your customers are affected by seasonal changes or major events, your business will be affected too. The smaller the number of customers you have, the more vulnerable your business will be to changes in their circumstances. Do you have a plan for dealing with this?
<ul style="list-style-type: none"> • Market potential 	Is the market changing? What are the key factors you need to keep an eye on to make sure you keep up with the market? How will your business take advantage of any opportunities?
<ul style="list-style-type: none"> • Competition 	Who are your competitors? What services do they offer? What are their prices? How do they sell their services?
<ul style="list-style-type: none"> • Advertising and promotion 	How do you intend to advertise and promote your business? How will you keep your major customers and attract new business?
Marketing	

Your business plan	
Financial information	<i>This section will include a range of financial information. You may need the help of an accountant to put it together.</i>
<ul style="list-style-type: none"> • Current position 	Include a statement of your total personal expenses and income from other sources, together with details of the funds you have available to set up your business.
<ul style="list-style-type: none"> • Income and expenditure projections 	These figures should be detailed for at least the first year and then in summary or consolidated form for another 3 or 4 years.
<ul style="list-style-type: none"> • Profit budget 	
<ul style="list-style-type: none"> • Balance sheet 	
<ul style="list-style-type: none"> • Cash flow forecast 	
<ul style="list-style-type: none"> • Break even analysis 	
<ul style="list-style-type: none"> • Capital requirements 	
<ul style="list-style-type: none"> • Sources of finance 	
<ul style="list-style-type: none"> • Timing and stages of finance 	
<ul style="list-style-type: none"> • Fixed asset requirements 	
Supporting documents	<i>It is usual to attach copies of key documents at the back of your plan.</i>
<ul style="list-style-type: none"> • Legal documents, leases or contracts, letters of intent, research documents, patents or trademarks 	

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Business structures

The way you set up your business will have an effect on how it's managed as well as on the way you pay tax. Most owner-drivers operate as sole traders, but your accountant or other professional adviser will be able to tell you if there is a better way for you.

The way you structure your business should:

- comply with legal requirements
- protect your assets as much as possible
- minimise the amount of tax you will have to pay, including capital gains tax
- allow for new partners or investors to join you
- be flexible

These are your options:

- **Sole trader**
- **Partnership**
- **Proprietary company (incorporation)**
- **Discretionary or unit trust**

For further details on these, check with your accountant or the SBDC.

Obligations

You're probably aware of the laws that apply to operating trucks on the road. There are also laws and regulations that apply to all small businesses.

Registration

For more information go to the Business Information and Licence Centre:
553 Hay Street (near the corner of Pier Street), Perth, WA
Telephone: (08) 9220 0222. Website: www.sbdc.com.au

Many business activities in Western Australia require registration. Here is an outline of some that might apply to you.

- **Registering a business or company name**

If you are going to trade under a business name or set up a company, you will need to register your business or company name at the Department of Commerce.

Department of Commerce address is:
219 St George's Terrace, Perth WA 6000
Telephone: (08) 9282 0777, or free call advice line: 1300 30 40 54
Website: www.commerce.wa.gov.au

- **Registering a proprietary company**

If you want to set up a company, it's usual practice to go to a solicitor or accountant who has already set up a number of 'shelf companies' so that you can use one straight away.

Companies are registered with the Australian Securities and Investments Commission. The Commission's WA office is at:
Level 3, 66 St George's Terrace, Perth WA 6000
Telephone: (08) 9261 4200. Website: www.asic.gov.au

- **Australian Taxation Office**

The Australian Taxation Office (ATO) collects income tax and goods and services tax (GST). Generally, each individual, partnership, company and trust in business will need a tax file number and an Australian business number (ABN).

Businesses that employ staff must register with the ATO as a PAYG withholding payer.

Businesses with a turnover of more than \$50,000 must register for GST. Registration for GST is optional if turnover is less than \$50,000.

Further information is available from ATO website at www.ato.gov.au and from www.abr.business.gov.au

- **State taxation**

You must register with the Office of State Revenue if you will be liable for pay-roll tax, land tax or stamp duty.

Employers in Western Australia are liable for pay-roll tax on the total wages they pay. In general, if you are not a member of a group, you will not be liable for pay-roll tax if your total wages bill is less than \$750,000 per annum.

You may have to pay land tax if you own land or property other than your family home. Land tax is paid every year on land owned at midnight on 30 June.

Stamp duty is paid when certain types of legal document are executed. These include but are not limited to transfers and agreements for the sale of real estate, documented gifts, policies of insurance, mortgages, and the transfer and issue of motor vehicle licences.

The Office of State Revenue is at the Department of Treasury and Finance:
Mt Newman House, 200 St George's Terrace, Perth WA 6000
Telephone: (08) 9262 1400. Website: www.dtf.wa.gov.au

Permits and licences

The Small Business Development Corporation's Business Information and Licence Centre has information on more than 5,000 federal, state and local authority licences, registrations and permits.

Their database gives you the following information:

- the licensing authority
- governing legislation
- licensing fees
- the duration of the licence

It is always worth checking whether you need a permit or not, and whether you must send in a formal application and pay a fee or just notify someone.

Vehicle regulations

Australian Design Rules detail the design criteria that apply to your vehicle.

Vehicle Standards Regulations cover vehicle dimensions, axle loads and maximum operating speeds.

Heavy Vehicle Permit Conditions are administered by Main Roads WA in issuing permits for vehicles outside the Regulations.

- **Heavy vehicle permits**

Special permits are needed for vehicles and loads exceeding regulation limits.

The maximum dimensions for transport vehicles, together with load and equipment are:

	Maximum dimension for rigid truck or trailer	Maximum dimension for articulated vehicle
Width	2.5 metres	2.5 metres
Height	4.3 metres	4.3 metres
Length	12.5 metres	19.0 metres

Permits for indivisible loads are available for vehicles and loads that exceed the above dimensions. Single-trip permits may also be issued on application for exceptional loads that exceed the regulation dimensions.

For details about permits and the operation of vehicle combinations that exceed the regulation mass and/or dimension limits, contact:
Main Roads WA, Heavy Vehicle Operations
70 Pilbara Street, Welshpool WA 6106
Telephone: (08) 9311 8450. Fax: (08) 9311 8455

- **Drivers licence**

Make sure you have the correct drivers licence for the category of vehicle you will be driving. If you employ another driver, don't forget to check that they have the correct licence as well, and that it's current.

For more information about heavy vehicle licences, contact the Department for Planning and Infrastructure's Licensing Services:
Telephone: 1300 720 111. Website: www.dpi.wa.gov.au/licensing

Compliance

- **Occupational health and safety**

Everybody at work has responsibilities under the *Occupational Safety and Health Act 1984*. As a self-employed owner-driver, whether you work for yourself or contract to deliver freight on behalf of another company, you are responsible for your own and other people's health and safety in the workplace.

In the road transport industry, the workplace includes trucks, depots, warehousing facilities or any place where drivers go while at work, such as the premises of a customer who may be in another state.

When you enter other workplaces to collect and deliver freight, you must follow the health and safety directions at that workplace. You must also make sure that you do not put people at that workplace at risk by your actions.

If you employ another driver, you must provide:

- a safe working environment
- safe systems of work
- safe equipment and protective clothing
- training, supervision and information
- welfare facilities for your employees

and you must:

- monitor your employees' working conditions and health
- keep work injury records

For further information, contact the Chamber of Commerce and Industry of Western Australia:

Telephone: (08) 9365 7555. Fax: (08) 9365 7550.

Website: www.cciwa.com

UnionsWA is another source of information:

Telephone: (08) 9328 7877. Fax: (08) 9328 8132.

Website: www.tlcwa.org.au

You could also go direct to WorkSafe at:

5th Floor, 1260 Hay Street, West Perth WA 6005

Telephone: (08) 9327 8777 or 1300 307 877. Fax: (08) 9321 8973.

Website: www.commerce.wa.gov.au

- **Vehicle loading**

According to the WA Vehicle Regulations, loads must be restrained to prevent unacceptable movement during all expected conditions of operation.

Detailed information is available from the Department for Planning and Infrastructure's Vehicle Safety Branch in a book entitled *Guidelines and performance standards for the Safe Carriage of Loads on Road Vehicles – Load Restraint Guide*.

- **WA Heavy Vehicle Accreditation Scheme**

Accreditation doesn't replace permits. Any operator who needs a Main Roads WA permit needs to be accredited except for government bodies, charities, agricultural implements, non-business uses, operators using no more than four single-trip permits in a calendar year and non-freight vehicles such as buses, cranes and other plant vehicles.

Accreditation is required for operations involving:

- a B-double or road train;
- a truck and trailer over 42.5 tonnes gross mass;
- a concessional loading scheme;
- an annual oversize vehicle permit or notice;
- more than four single-trip permits in a calendar year; or
- a trailer that is used in permit combinations.

To be accredited, you must meet standards in both maintenance management and fatigue management.

For information about accreditation, contact Main Roads Western Australia:
70 Pilbara Street, Welshpool WA 6106
Telephone: (08) 9311 8450. Website: www.mainroads.wa.gov.au

- **Fatigue management**

Fatigue management operating standards are in place for commercial vehicle drivers whose work time:

- is more than 60 hours per week; or
- more than once per week, is more than 10 hours in any 24 hour period;
or
- more than once per week, is between the hours of midnight and 5 am.

The standards apply to drivers of the following commercial vehicles:

- an omnibus;
- a school bus;
- mobile plant with a Gross Vehicle Mass (GVM) of more than 4.5 tonnes;
- a motor vehicle with a GVM of more than 4.5 tonnes that is designed to carry or is carrying a large integrated piece of equipment; or
- any other motor vehicle with a GVM of more than 4.5 tonnes that is used, or intended to be used, to carry goods for hire or reward.

The operating standards set out when drivers must take breaks and how long those breaks should be. They also set limits on the number of hours that can be worked during particular periods. The regulations also specify what companies that employ commercial vehicle drivers must do.

For further information, contact the Department of Commerce,
WorkSafe Division:
1260 Hay Street, West Perth 6005
Telephone: (08) 9327 8777. Email: safety@commerce.wa.gov.au
Website: www.commerce.wa.gov.au/WorkSafe

Drivers working interstate must work within the fatigue management standards that apply in each state and territory.

For information on regulated driving hours and log books in other states, contact the Department for Planning and Infrastructure's Transport Industry Policy Division on (08) 9216 8000 or the relevant interstate agency direct.

- **Dangerous goods**

Dangerous goods are substances or articles with hazardous properties, which may, if handled incorrectly, explode, asphyxiate, burn, poison, corrode, pollute the environment or become unstable if mixed with other products.

The legislation that covers the safe transport of dangerous goods is prescribed in:

- Dangerous Goods (Transport Act) 1998;
- Dangerous Goods (Transport) (General) Regulations 1999;
- Dangerous Goods (Transport) Explosives by (Road and Rail) Regulations 1999; and
- Dangerous Goods (Transport) (Road and Rail) Regulations 1999.

The rules apply to the consignor, the prime contractor, the driver, the owner of the transporting vehicle, loaders and packers, and the manufacturers of tanks in which dangerous goods are carried.

All vehicles that convey dangerous goods above a certain quantity must be licensed and operators must follow rules relating to loading, documentation, placarding, safety equipment, transporting, parking and standing the vehicle, unloading, training and action in the event of an accident or emergency.

For further information, contact the Department of Mines and Petroleum
– Resources Safety Branch:
Telephone: (08) 9358 8001. Fax: (08) 9358 8000.
Website: www.dmp.wa.gov.au

Insurance

If you're running a business, it's important to protect all the assets of the business. Appropriate and adequate insurance coverage is an important part of this.

Insurance cover may be arranged through an insurance company directly, through an agent of an insurance company or through an insurance broker. Insurance agents act for the insurance company and insurance brokers act for you.

Brokers have access to policies from a range of insurance companies. They are entitled to charge a fee, which may be offset by the lower premiums they obtain.

All insurance brokers in Australia must be licensed with the Australian Securities and Investments Commission (ASIC). You can check to see if a broker is licensed by searching the ASIC registers on its website www.asic.gov.au.

Insurance is a complex area. Do not sign anything until you understand all the terms and conditions of the contract. Ask your insurance company, broker, accountant or solicitor if you are unsure of the meaning of a particular phrase or condition.

Disclosure

In insurance proposal forms, it is important to disclose all facts that could influence the insurance company in accepting the risk or in calculating the premium. Failure to do so, even accidentally, could mean losing your entitlement to a payment when a claim is made.

Cover notes

Always obtain a cover note if there is a risk of trading without a policy being issued in time. The insurance company is entitled to payment for cover note protection. If you change your mind, advise the insurance company straight away to cancel the cover note. This will keep the amount you have to pay down.

Risk management

Your business should have a risk management strategy. This involves developing policies, procedures and practices to identify, analyse, assess, treat and monitor the risks inherent in the operation of the business. This should not only reduce costly and stressful problems but also reduce insurance claims and premiums. Insurance should be a backup, not a substitute for risk management and preventing loss.

Insurance reviews

Insurances should be reviewed at least annually, before renewal and when important changes occur in the business. Cover should be increased or decreased as appropriate to reflect the value of the assets insured.

Types of insurance

Workers' compensation

It is compulsory to have workers' compensation insurance cover for your workers. The term 'workers' is very broad and includes full-time, part-time, casual and seasonal workers, apprentices and trainees. All workers should be covered, no matter how they are paid. Subcontractors engaged to do work that is for the purpose of your trade or business and paid mainly for their personal manual labour or services can also be defined as 'workers'.

It is compulsory to cover family-member workers living away from the employer's home, but cover is optional for family-member workers living in the employer's home. Family members must be mentioned by name on the policy, or a claim made by them will not be accepted.

Sole traders and self-employed persons are not able to cover themselves or their business partners for workers' compensation. Instead, they can take out various other forms of sickness, accident, income protection and life insurance.

Further information, including a schedule of insurance companies approved to underwrite workers' compensation insurance in Western Australia, is available from WorkCover Western Australia:

2 Bedbrook Place, Shenton Park WA 6008

Telephone: (08) 9388 5555. Website: www.workcover.wa.gov.au

Public liability

Public liability insurance covers you for liability for any claims of compensation if a member of the public should suffer personal injury or loss of or damage to property while on your premises. Cover is not compulsory, but is recommended to protect your business and assets if someone sues you. Premiums are related to the risk.

Many insurance companies include public liability as a portion of their 'packs' of insurance. You may find it is more expensive and more difficult to buy a policy for public risk alone.

Personal accident and sickness

Personal accident and sickness (or 'income protection') insurance pays you a percentage of your salary or business income while you cannot work because of illness or disability. Policies available offer a variety of cover, and it is up to you to choose the protection you need. For instance, if a large portion of your medical expenses is already covered by a health fund, you may not need extra cover for hospital and doctor's bills.

Other insurances

Some other insurances you may need include:

- asset protection
- burglary
- comprehensive motor vehicle
- consequential loss
- fire
- fusion (sometimes an extension of a fire policy)
- glass
- keyman
- marine
- money
- partnership protection
- storm and tempest damage (sometimes an extension of a fire policy)
- vehicle loan protection
- workers' compensation

For more information, consult your insurance broker.

Computer use

These days your computer can be an important part of how you communicate with your customers, your suppliers, your bank and government agencies like the Taxation Office. Most people are now familiar with electronic banking. Now, companies in all sorts of industries are setting up systems so that they can do more business electronically. Examples are the booking systems used at the wharf and the despatch systems used by warehouses and freight forwarders.

Computers give you a fast way of finding out information on all sorts of things you need to know about running your business. This guide has a list of organisations that you can contact if you want more help with setting up or running your business. All of them have web pages that you can access through the internet. The internet is also a way of keeping up with what's happening in your industry.

For help with running your business, computers are best for the tedious and repetitive tasks. For a small business, these are things like invoicing, keeping track of sales, controlling debtors and creditors, preparing Business Activity Statements (BAS), budget forecasting and keeping records.

There are software packages you can buy 'off the shelf' to do nearly everything you need to do. These packages are available at most computer retail outlets and large office supply shops. Two basic bookkeeping packages are *Microsoft Money* and *Quicken*. The Australian Taxation Office may also be able to help.

There are also software packages specifically designed for road transport operators. They can help you track your expenses, work out your operating costs and manage your vehicle maintenance.

The software you choose will tell you what sort of computer you need, and what other equipment like a printer and a modem you'll need to attach.

Professional assistance

These experts may be useful to you:

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| Bankers/financiers | <ul style="list-style-type: none">• Finance packages |
| Government agencies | <ul style="list-style-type: none">• Industry and small business information |
| Insurance brokers | <ul style="list-style-type: none">• Insurance packages and advice |
| Solicitors | <ul style="list-style-type: none">• Lease problems• Contracts and agreements• Corporate structures and partnerships |
| Accountants | <ul style="list-style-type: none">• Income tax and other tax matters including tax planning• Accounting systems• Funds management• Financial advice• Analysis and advice for leasing vs buying decisions• Advice when you're experiencing financial problems• Business structuring• Superannuation and retirement advice• Computer support and advice• Compliance (audits, tax, statutory returns, balance sheets etc – for companies) |
| Trainers/mentors | <ul style="list-style-type: none">• General training• Industry specific training• Business planning and mentor assistance• Quality assurance programs |