

Entrepreneurs' Tool Kit



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IDEAS — READY, STEADY, GO ...

Are you an entrepreneur?

An entrepreneur is a person who sets up a business or businesses, taking on financial risks in the hope of profit ... (Oxford Dictionary)

Many people dream of working for themselves but what does this actually involve: long hours, financial uncertainty, stress, multi-tasking, responsibilities, burn-out and the possibility of failure.

But there are rewards if you have the passion, commitment and determination to back yourself. But, just how great is your idea for a product, app, service or technology? How do you know if your idea likely to be commercially viable, and is worth progressing? Use our quick checklist to find out.

Idea evaluation checklist

Can you answer these questions?

- **Idea** — does it solve a problem, address a need, fit a specific niche, have a strong USP (unique selling proposition)? Is it feasible, protectable, does anyone want it – how do you know?
- **Market** — who will buy it, why, where, how much and how often? What is the size of market, customer profile, demographics, price, position? Is the market contracting or expanding? Are there barriers to entry? Have you undertaken any market research?
- **Competitors** — who are the direct and indirect competitors? What are the threats and how will you manage them?
- **Path to market** — how will you get your product, service or technology to market? Will you license, manufacture and/or distribute, do a joint venture, sell via a website or platform or use another strategy?
- **Development** — if it's a product or technology, who will develop it? How much will it cost? Have you considered quality control, packaging, freight, distribution?
- **Financials** — do they add up? Do you have 3 year projections? Do you know the break-even point? Can you fund the business yourself, or do you need investors? If you are seeking funding, how and where will you find it?
- **Team** — what skills, experience, resources, know-how do you have? What other skills and resources do you need? Where will you find them?
- **Business Plan** — do you have a realistic business plan and can you implement it?

If you know the answers to most, if not all of these questions, and/or know how to find the answers you are probably ready to proceed to the next step.

Useful Resources: [Confidentiality Agreement](#) [Strategyzeer Business Model Canvas](#)
 [Minimum Viability Product](#)

IDEAS — READY, STEADY, GO ...

Co-working spaces

Most major cities in Australia have co-working spaces, as do many regional centres. They can be a relatively low cost way to run your business particularly when you are starting up. Some co-working spaces are specifically geared to tech start-ups others focus on social entrepreneurs, freelancers, those in the creative industries or a mixture of different types of businesses.

Incubators typically provide support for start-ups through mentors or other business professionals, and like most co-working spaces they run courses, pitch nights, and organise social activities.

Venture accelerators usually provide seed funding to successful applications (from \$15K to \$25K) and a three to six-month intensive program in exchange for equity. They tend to focus on tech start-ups with the potential to scale up quickly to enter global markets.

Other co-working options include spaces offered by universities, banks, corporates and professional offices.

Useful Resources: [Co-working spaces in Melbourne](#) [Incubators & Accelerators in Australia](#)

Networking & skills development

Making connections is an important part of the entrepreneurs' journey, and most people will need help to be successful. There are many opportunities to meet like-minded entrepreneurs, start-ups, digital professionals, investors, designers, or members of a special interest group via meet ups, entrepreneurs' networks, industry associations, pitch nights, hackathons, TEDx and events.

Federal, state and local councils run business seminars, workshops, networking events, forums, and a range of business skill development courses to enable you to start and run a successful business. They are listed on their websites and in their respective newsletters.

Universities, TAFEs and colleges run short courses to help you develop business skills, and there are a number of MOOKs available (massive open online courses) many of which are free.

Useful Resources: [Meet up](#) [Business Victoria](#) [City of Melbourne](#) [MOOKs](#)

Looking for funding for your new enterprise?

Can you answer these questions?

- How much do you want? (amount)
- Why do you want it for? (website development, R&D, trials, export, etc.)
- When do you need it? (time frame)
- How will you get it? (grants, investors, etc.)
- What if you don't get it?
- Do you have a back-up plan?

Your answers will influence where you look for funding.

IDEAS — READY, STEADY, GO ...

Funding options

There may be various options, depending on your circumstances, but they could include:

- Back yourself — use your savings, credit cards, or personal assets
- Family and friends — borrow monies from your nearest and dearest AND pay interest
- Bank loan — compare rates at [InfoChoice](#)
- On-line loan — e.g. [Moula](#), [OnDeck](#)
- Peer-to-peer lending (P2P) — e.g. [SocietyOne](#)
- Crowdfunders – e.g. [Pozible](#), [Kickstarter](#)
- Equity crowdfunders - [Birchal](#), [Equitise](#)
- Angel investors — e.g. [Angel Investment Network](#) , [Business angels](#)
- Venture Capital — [Avcap](#)
- Grants, awards, government programs eg the Entrepreneurs' Program

Useful Resources: [Australian Government](#), [Victorian Government](#), [INNOVIC newsletter](#)

Setting up your business

The structure of your company will depend on your business type and future goals, and will have implications for tax, profit sharing, legal liabilities etc. Before proceeding, ensure you understand the obligations of directors, office holders, etc.

- **Sole trader** – the simplest form of business structure but your liability for business debts is unlimited and could extend to your personal assets.
- **Partnership** – allows two or more partners to share the costs, profits and losses. It is advisable to have a formal 'partnership agreement' drawn up. Liability for business debts is unlimited and could extend to your personal assets.
- **Proprietary limited company** – limits exposure of liability for debts to business, not personal assets.
- **Trust** – The 'trustee' manages income for the benefit of others who are 'beneficiaries'.

Register a business (ABN) and/or company name (ACN)

If you operate a partnership, company or trust you will need a Tax File Number — you can apply on the same form as for the business name. Sole Traders use their own TFN.

[Australian Securities & Investment Commission \(ASIC\)](#)

TIPS — choose a business or company name that is:

- unique, memorable and stands out from competitors
- relevant to your business, describes what you do, or be quirky, e.g. Google
- indicates the legal status of your company e.g. proprietary (Pty)
- includes the word 'Limited' (Ltd) if the liability of the company is limited

IDEAS — READY, STEADY, GO ...

Intellectual property protection (IP)

Find out from IP Australia or your patent attorney how to protect your invention, innovation, designs, brands, logos, product names and other creative ideas. www.ipaustralia.gov.au

Intellectual property protection can take various forms – patents, trade marks, designs, plant breeders' rights, copyright, trade secrets.

Website

If you intend to have a website, you will need a domain name (website address), a reliable Internet Service Provider (ISP) and a website host. Ensure you choose a domain name with the appropriate type of address, e.g. com.au or edu.org etc.

Once you have decided on a domain name you can register it online with one of the many providers and find a website developer to build your website to your specifications.

TIPS — choose a domain name that is:

- short and simple
- easy to spell and type (no confusing hyphens)
- fits with your brand
- describes your business
- uses words that customers might use to find you

Useful resources: [Starting a Business](#)
[ASIC business structures](#)

[The Australian Taxation Office](#)
[Whois](#)

[Web Central](#)
[ASIC business name index](#)

Need help? About INNOVIC

INNOVIC (the Victorian Innovation Centre) is a not for profit organisation that helps take new ideas for products, services and technologies to market. We deal with all types of innovations across all industry sectors.

INNOVIC provides a range of practical commercialisation services including idea evaluations, confidential consultations, patent searches, IP assistance, advice on grants and funding, market research, product design and development, prototyping, business planning, marketing, licensing, manufacturing, meetings, negotiations and more.

INNOVIC's services are available nation-wide and we run regular seminars and workshops on commercialisation, innovation, and many other topics.

Contact: www.innovic.com.au

Tel: (03) 8060 3504



PROTECTING YOUR DIGITAL IDEAS

Protecting your digital ideas

Digital intellectual property (IP) represents a rapidly growing portion of the global economy. While digital IP encourages innovation, creativity, and economic growth, protecting it poses a challenge. Digital products are not tangible and can be reproduced at low cost with potential for immediate transfer via the internet across unlimited geographic markets.

It is important to understand that formal IP rights including patents, trade marks and designs are granted across national jurisdictions. Therefore promoting and selling goods or services to customers in other countries via the internet or through other social media channels can result in potential IP infringement issues. In many respects works that are in electronic form should be treated no differently from any other forms in respect of IP.

Copyright

One of the virtues of the web is its reach and the ability to distribute digital works faster and less expensively than ever before. However, just because works are in electronic form does not mean that copyright protection is lost or has been waived by the owner. It is important to check any license conditions that may apply to materials that you have sourced from the internet for use or reproduction.

When publishing your work on the internet, you should make it as clear to any users that you intend to protect it. Use the © symbol with your name where appropriate, or provide links to any terms setting out what they can and can't do with your work. You can also consider placing digital watermarks or fingerprints on your work too, and providing contact details for users to seek your permission to use your work.

Domain names

It is important to note that there are no proprietary rights in a domain name. The registrant does not own their domain name. Rather, they have a licence to use the domain name for a specified

period of time and are subject to the licence terms and conditions. Remember though; trade marks can be infringed in cyberspace, just as they can be infringed in the real world. It is up to the domain name applicant to make sure they are not violating anyone else's trade mark.

A domain name can function as a trade mark, however registering a domain name does not automatically give the applicant a right to register that name as a trade mark. It is advisable that domain name applicants search both the trade marks register and the domain name listings to ensure the proposed name is available to use.

Creator vs owner

The IP creator or author usually enjoys ownership rights. However, there are circumstances where the IP creator is not the IP owner.

For example, where a graphic designer is engaged to design a new company logo copyright ownership for the logo belongs to the designer unless otherwise specified, the firm or individual engaging the designer should ensure ownership of rights via written contractual agreement.

Software patents

The internet raises complex issues regarding the enforcement of patents, as patent protection is provided on a country-by-country basis, and the patent law of each country only takes effect within its own borders.

In many countries, computer programs, whether in source or object code, are protected under copyright. Nevertheless many people may seek to patent their software related inventions for a number of reasons including that copyright protection extends only to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such. The requirements for patent protection can be legally and technically complex, and so in these instances advice should be sought from a Patent Attorney.

PROTECTING YOUR DIGITAL IDEAS

TIP — For more information on types of IP, fees, applying on-line, how to search IP Australia’s databases, options for commercialising new ideas, licensing, franchising, tools, resources, model contracts and more

www.ipaustralia.gov.au

Other useful resources

IP Australia

Licensing your IP

Patent search AusPat

Trade mark search ATMOSS

Need help? About IP Australia

At IP Australia we celebrate and support the bright ideas and inventive spirit of Australians.

As the Government agency responsible for administering IP rights and legislation in Australia, we receive and process patent, trade mark, designs and plant breeder’s rights applications. We contribute to the innovation system more broadly by using our skills and experience to advise government and Australian businesses to make the most of their IP.

Contact: www.ipaustralia.gov.au

Tel: 1300 65 10 10



Australian Government

IP Australia

GROWING YOUR BUSINESS — USING THE EXPERTS

When you are trying to turn your great idea into a reality, there are a number of things you need to know that will help you achieve success and give you flexibility down the track.

Get an accountant

The decisions you make when first registering your business have long-term tax implications. Hence, it's important to utilise the services of a good accountant with expertise in small business from the beginning. They can provide invaluable advice on effective business structures, superannuation and your obligations if you employ staff.

Make sure you have the right business insurance

Business insurance is a complex area. It's not only your physical assets you need to protect, but your livelihood. Use a broker to determine the best approach for your business and negotiate the best deal. You also need to consider the claims process because lodging a claim can be time-consuming. AB Phillips' in-house service can simplify this process.

Types of insurance you may need include:

- **Public liability** – covers personal injury or property damage by customers, clients or visitors to your premises.
- **Product liability** – covers injury or damage caused by the products you manufacture, sell or supply as a service.
- **Professional indemnity** – covers legal costs, claims and/or financial losses sustained by clients or third parties for damages arising from acts, omissions or breaches of professional duty in the course of your business.
- **IT & cyber** – covers cyber security risks and safeguards against computer hacking, data breaches, IT malfunctions and more.
- **Directors' and officers' liability** – provides personal liability and financial loss protection or indemnification from wrongful acts committed, or allegedly committed, to the organisation itself, and/or in by corporate officers in their respective roles.

Understand the basics around workers' compensation

If you employ staff you need Workers Compensation Insurance. The premium you pay will depend upon your WorkCover classification, so it's important to get it right to avoid overpaying and/or non-compliance. AB Phillips can help you with ongoing advice in this highly regulated area.

Consider how you will manage your HR requirements

Most small businesses don't have the luxury of in-house HR practitioners to advise and provide support on HR matters such as recruitment, training, dispute resolutions and payroll. Consider using an HR advisory and support service — whether it be the monthly payroll, ad-hoc recruitment, or just over-the-phone advice when required.



Need help? About AB Phillips

AB Phillips delivers insurance, financial services, workers compensation and HR services nation-wide to small, medium and large businesses, and individuals.

Over 40 years, AB Phillips has built a reputation on personalised service and expert advice. AB Phillips takes a special interest in SMEs and start-ups and can tailor packages to suit different needs.

For help with Workers Compensation AB Phillips has a telephone and email advisory service, Advice-Line, operated by in-house experts. It is provided free to AB Phillips business insurance clients.

Contact: www.abphillips.com.au

Tel: 1300 242 136

USEFUL LEGAL DOCUMENTS

In the enthusiasm to set up a new business, entrepreneurs may often overlook some key legal advice and documents that can prevent conflicts and problems in the future. These are some of the documents you may need. It is important that the documents you ultimately use in your business are tailored to your particular circumstances.

Co-founders (partnership, shareholder or joint venture) agreements

Broadly, a co-founders agreement is used to define the ownership and IP (intellectual property) rights of the parties, relevant roles and responsibilities, capital contribution, equity breakdown, management and approval rights, performance measures and expectations, how disputes and conflicts are to be resolved, and what happens in the case of a resignation or dissolution of the partnership.

IP assignment agreements

Sometimes an individual or business may want to transfer the rights to their IP. This can be done under an IP assignment agreement. It allows the owner of the IP rights (assignor) to transfer these rights to another person or company (assignee) under agreed terms and conditions. Unlike licensing it is an irrevocable and permanent transfer of IP.

Licensing agreements

A license allows the holder of IP rights (the licensor) to give rights to another party (the licensee) to undertake certain activities, e.g. using, developing and/or commercialising the IP under specified terms and conditions, typically in exchange for royalties or fees. The conditions for use, the duration, geographic region, type of license and other conditions are outlined in the licensing agreement.

Memorandum of understanding (MOU)

A relatively simple way to record an understanding you may have with another company or party regarding a project, policy, relationship, transaction, supply etc. An MOU does not create the liabilities and obligations of a legally binding document.

Employees contracts

These are important to determine the roles, responsibilities, remuneration, reporting structure, performance expectations, holiday, sick leave arrangements etc. It should also deal with IP issues, and ensure that employees cannot claim any IP developed as part of their job. It should also include confidentiality provisions, non-solicitation and non-compete clauses for those who have access to the company's know-how, customers, suppliers and data bases.

Contractor or employee? Not sure?

Check the ATO guidelines.



Need Help? Rankin Business Lawyers

Rankin Business Lawyers is a full service commercial legal practice that offers a range of commercial and private legal services. In short, we help business. We help you solve problems and exploit opportunities.

We do this with a focus on clear and timely communication and delivery of practical legal advice and services. We believe that relationships with our clients and referral partners are paramount and know that the better we understand your business and your needs, the better service we are able to provide.

Contact: rankinbusinesslawyers.com

Tel: 1300 529 249

DISPUTES: HOW TO RESOLVE THEM

Disputes can have a high impact on the day-to-day running of your business, and drain you of time, energy and money.

When you start a business and you're busy dealing with business plans, registration, licensing and banking, disputes will be the last thing on your mind. However, disputes with other businesses are sometimes an unfortunate part of doing business.

The key is to address any issues quickly while hopefully continuing your ongoing business relationship with the other party – enabling you to get on with the job of running and growing your own business.

In 2012, the **Office of the Victorian Small Business Commissioner (VSBC)**, in conjunction with the **Victorian Civil and Administrative Tribunal (VCAT)**, commissioned research to quantify the impact of involvement in litigation for certain business-to-business disputes at VCAT.

In addition to the cost and time spent being involved in the litigation process, the study found that:

- 37% of businesses said the dispute had an adverse effect on business performance – 40% of these said the impact was high;
- 52% of businesses said the dispute had an adverse effect on work related stress – 62% of these said the impact was high; and
- 31% of businesses said the dispute had an adverse effect on their general health and well-being – 59% of these said the impact was high.

These statistics highlight the need to resolve disputes quickly and efficiently through **alternative dispute resolution** (e.g. mediation) before they result in litigation.

Business disputes may involve such issues as:

- contractual rights and responsibilities;
- misrepresentation;
- tendering problems;
- unfair trading;

- unpaid monies;
- undelivered goods or services;
- quality of goods or services.

How to deal with a dispute

When businesses become concerned about the conduct of another party you are encouraged to deal directly with the other party prior to taking further action.

When pursuing debts or other issues it is important to avoid behaviour that is threatening, inappropriate or illegal. If you are a creditor owed money, a debtor disputing the claim, or are involved in a contractual dispute, the key things to remember are to:

- keep your communication in writing; and
- maintain a calm and professional tone.

Step 1. Reminder

Does the other party have a good understanding of what is in dispute, what they owe, whether work is incomplete or substandard and why?

Locate the original agreement that outlines the contractual terms agreed. If an official contract was not entered into, you may have records of an email exchange

Refer to this agreement — when it was signed and what was agreed — in a reminder email to the other party including a copy of any invoice (if relevant).

In the case of invoices, they should be clear and easy to understand with details on:

- what the invoice is for;
- when the work was done and/or product supplied; and
- how and when the invoice is to be paid.

DISPUTES: HOW TO RESOLVE THEM

Step 2. Follow up

If the other party does not respond, make payment or address your concerns within the time specified, follow up via email and direct mail.

Step 3. Letter of demand

If the issue has still not been addressed, you may decide to send a formal letter of demand advising that you will be escalating the matter if it remains unresolved.

What's next? Alternative dispute resolution and mediation

If you're unable to resolve your dispute after following these steps, refer the matter to an appropriate dispute resolution body that deals with such disputes (i.e. in Victoria to the VSBC for alternative dispute resolution).

Mediation is a key tool used by the VSBC to resolve disputes. Mediation is a process of negotiation where an independent third party assists the parties involved in a dispute to identify and explore options to resolve it in a commercially pragmatic way.

Need help? About The Office of the Victorian Small Business Commissioner

The Office of the Victorian Small Business Commissioner (VSBC) is your first port of call for independent guidance on business disputes with other businesses, not-for-profits, or a local or state government entities, (including retail tenancy matters). We provide quick, effective, neutral and low cost mediation services – so you can get on with the job of running your business. Either you or the other party need to be based or operating in Victoria.

Around 80 per cent of mediations are settled, avoiding the cost, delay and distraction of litigation.

Contact: **Tel: 13 VSBC (13 8722)** **www.vsbv.vic.gov.au**



There are also Small Business Commissioners in New South Wales, South Australia and Western Australia while businesses in other states and territories may wish to contact the Australian Small Business and Family Enterprise Ombudsman.

Contact: **NSW Small Business Commissioner** **SA Small Business Commissioner**
 Other states and territories