

# GUIDE TO SET-UP A PROFITABLE SMALL BUSINESS IN 2023



# ABSTARCT

Starting a business is one of the most exciting and rewarding experiences you can have. But where do you begin? There are many ways to approach creating a business, with many important considerations.

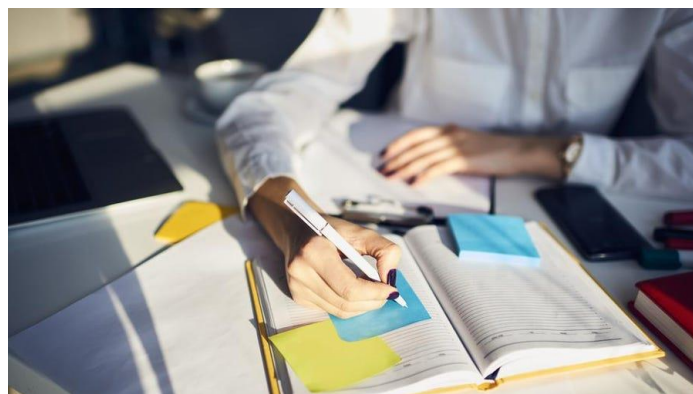
To help take the guesswork out of the process and improve your chances of success, follow our comprehensive guide on how to start a business. We'll walk you through each step of the process, from defining your business idea to registering, launching and growing your business.

## INTRODUCTION

For millions of people, starting their own business is a key component of the American dream. But it's one thing to have a stellar business idea; it's another to turn that idea into a fully-fledged, profitable enterprise. Starting a new business might be your dream, and there's no doubt that it can be difficult!

It doesn't have to be. In fact, you can start a business entity with steps, even if you don't have any business experience and are still looking for an idea.

### I. How To Start A Business In 11 Steps (2023 Guide)



Before You Begin: Get in the Right Mindset

The public often hears about overnight successes because they make for a great headline. However, it's rarely that simple—they don't see the years of dreaming, building and positioning before a big public launch. For this reason, remember to focus on your business journey and don't measure your success against someone else's.

## Consistency Is Key

New business owners tend to feed off their motivation initially but get frustrated when that motivation wanes. This is why it's essential to create habits and follow routines that power you through when motivation goes away.

## Take the Next Step

Some business owners dive in headfirst without looking and make things up as they go along. Then, there are business owners who stay stuck in analysis paralysis and never start. Perhaps you're a mixture of the two—and that's right where you need to be. The best way to accomplish any business or personal goal is to write out every possible step it takes to achieve the goal. Then, order those steps by what needs to happen first. Some steps may take minutes while others take a long time. The point is to always take the next step.

## 1. Determine Your Business Concept

Most business advice tells you to monetize what you love, but it misses two other very important elements: it needs to be profitable and something you're good at. For example, you may love music, but how viable is your business idea if you're not a great singer or songwriter? Maybe you love making soap and want to open a soap shop in your small town that already has three close by—it won't be easy to corner the market when you're creating the same product as other nearby stores.



If you don't have a firm idea of what your business will entail, ask yourself the following questions:

- What do you love to do?
- What do you hate to do?
- Can you think of something that would make those things easier?
- What are you good at?
- What do others come to you for advice about?
- If you were given ten minutes to give a five-minute speech on any topic, what would it be?
- What's something you've always wanted to do, but lacked resources for?

These questions can lead you to an idea for your business. If you already have an idea, they might help you expand it. Once you have your idea, measure it against whether you're good at it and if it's profitable.

## What Kind of Business Should You Start?

Before you choose the type of business to start, there are some key things to consider:

- What type of funding do you have?
- How much time do you have to invest in your business?
- Do you prefer to work from home or at an office or workshop?
- What interests and passions do you have?
- Can you sell information (such as a course), rather than a product?
- What skills or expertise do you have?
- How fast do you need to scale your business?
- What kind of support do you have to start your business?
- Are you partnering with someone else?

- Does the franchise model make more sense to you?

## 2. Research Your Competitors and Market

Most entrepreneurs spend more time on their products than they do getting to know the competition. If you ever apply for outside funding, the potential lender or partner wants to know: what sets you (or your business idea) apart? If market analysis indicates your product or service is saturated in your area, see if you can think of a different approach. Take housekeeping, for example—rather than general cleaning services, you might specialize in homes with pets or focus on garage cleanups.

### Primary Research

The first stage of any competition study is primary research, which entails obtaining data directly from potential customers rather than basing your conclusions on past data. You can use questionnaires, surveys and interviews to learn what consumers want. Surveying friends and family isn't recommended unless they're your target market. People who say they'd buy something and people who do are very different. The last thing you want is to take so much stock in what they say, create the product and flop when you try to sell it because all of the people who said they'd buy it don't because the product isn't something they'd actually buy.

### Secondary Research

Utilize existing sources of information, such as census data, to gather information when you do secondary research. The current data may be studied, compiled and analyzed in various ways that are appropriate for your needs but it may not be as detailed as primary research.

## 3. Create Your Business Plan

A business plan is a dynamic document that serves as a roadmap for establishing a new business. This document makes it simple for potential investors, financial institutions and company management to understand and absorb. Even if you intend to self-finance, a business plan can help you flesh out your idea and spot potential problems. When writing a well-rounded business plan, include the following sections:



**Executive summary:** The executive summary should be the first item in the business plan, but it should be written last. It describes the proposed new business and highlights the goals of the company and the methods to achieve them.

**Company description:** The company description covers what problems your product or service solves and why your business or idea is best. For example, maybe your background is in molecular engineering, and you've used that background to create a new type of athletic wear—you have the proper credentials to make the best material.

**Market analysis:** This section of the business plan analyzes how well a company is positioned against its competitors. The market analysis should include target market, segmentation analysis, market size, growth rate, trends and a competitive environment assessment.

**Organization and structure:** Write about the type of business organization you expect, what risk management strategies you propose and who will staff the management team. What are their qualifications? Will your business be a single-member limited liability company (LLC) or a corporation?

**Mission and goals:** This section should contain a brief mission statement and detail what the business wishes to accomplish and the steps to get there. These goals should be SMART (specific, measurable, action-orientated, realistic and time-bound).

**Products or services:** This section describes how your business will operate. It includes what products you'll offer to consumers at the beginning of the business, how they compare to existing competitors, how much your products cost, who will be responsible for creating the products, how you'll source materials and how much they cost to make.

**Background summary:** This portion of the business plan is the most time-consuming to write. Compile and summarize any data, articles and research studies on trends that could positively and negatively affect your business or industry.

**Marketing plan:** The marketing plan identifies the characteristics of your product or service, summarizes the SWOT analysis and analyzes competitors. It also discusses how you'll promote your business, how much money will be spent on marketing and how long the campaign is expected to last.

**Financial plan:** The financial plan is perhaps the core of the business plan because, without money, the business will not move forward. Include a proposed budget in your financial plan along with projected financial statements, such as an income statement, a balance sheet and a statement of cash flows. Usually, five years of projected financial statements are acceptable. This section is also where you should include your funding request if you're looking for outside funding.

## 4. Choose Your Business Structure

When structuring your business, it's essential to consider how each structure impacts the amount of taxes you owe, daily operations and whether your personal assets are at risk.

### Limited Liability Partnership (LLP)

An LLP is similar to an LLC but is typically used for licensed business professionals such as an attorney or accountant. These arrangements require a partnership agreement.

### Sole Proprietorship

If you start a solo business, you might consider a sole proprietorship. The company and the owner, for legal and tax purposes, are considered the same. The business owner assumes liability for the business. So, if the business fails, the owner is personally and financially responsible for all business debts.



## Corporation

A corporation limits your personal liability for business debts just as an LLC does. A corporation can be taxed as a C-corporation (C-corp) or an S-corporation (S-corp). S-corp status offers pass-through taxation to small corporations that meet certain IRS requirements. Larger companies and startups hoping to attract venture capital are usually taxed as C-corps.

## 5. Register Your Business and Get Licenses

There are several legal issues to address when starting a business after choosing the business structure. The following is a good checklist of items to consider when establishing your business:

## 6. Get Your Finances in Order

### Open a Business Bank Account

Keep your business and personal finances separate. Here's how to choose a business checking account—and why separate business accounts are essential. When you open a business bank account, you'll need to provide your business name and your business tax identification number (EIN). This business bank account can be used for your business transactions, such as paying suppliers or invoicing customers. Most times, a bank will require a separate business bank account in order to issue a business loan or line of credit.

### Determine Your Break-Even Point

Before you fund your business, you must get an idea of your startup costs. To determine these, make a list of all the physical supplies you need, estimate the cost of any professional services you will require, determine the price of any licenses or permits required to operate and calculate the cost of office space or other real estate. Add in the costs of payroll and benefits, if applicable.

## **II. 10 Business New Year's Resolutions for 2023**

The Christmas shenanigans are over, and people eagerly await extravagant New Year parties. The last few days of the year are filled with revelry and anticipation about the future. Business owners utilise this period to retrospect and identify new

avenues of success. Like any other individual, they are filled with renewed vigour to set new goals that align with the changing socio-economic environment.



These goals are commonly known as New Year's resolutions and can be personal, professional or both. They are undertaken to make changes to become a better person and build an improved business that effectively satisfies its customers' needs. So, here is a list of some realistic resolutions for 2023 that will help entrepreneurs avoid procrastination and get ready for maximum efficiency.

## 1. Become More Organised

Businesses have several operations running simultaneously, with different departments managing specific tasks. Files, workers, machines, meetings, and deadlines are all over the place. It can become challenging to keep track of the workflow, projects, and personal schedules of the staff members. If you have purchased a business for sale Melbourne that feels chaotic and mismanaged, you need to bring some order to the office.

You must organise your workplace by decluttering and using the cloud for storing all the files and data. Create workflow templates and ask all the employees to help develop a monthly calendar and their personal to-do lists. Create a scheduling system for meetings and calls to keep things managed and organised.

## 2. Utilise Data

Data is important for making informed decisions and reducing risk. In 2023, more and more businesses are expected to become data-driven enterprises because it helps improve productivity. Thus, entrepreneurs must resolve to use market research, customer surveys and competitor analysis to refine their processes and make them better.

Processing and analysing information help identify new opportunities in the market and stand out in the crowd. It aids in predicting consumer behaviour and preparing for the future. It is also helpful in driving innovation and meeting the needs of the buyers.

### 3. Pay Attention to Planning

Planning is the backbone of every business because the organisation is built based on the business plan. With concrete planning, business owners never lose sight of their goals. They can convey the target to the staff members efficiently and create KPIs for each of them that are aligned with the company's goals.



Planning all the projects and activities aids in managing time and allocating required resources to each task. Businesses also need to have a contingency plan in place for unexpected events like the pandemic. Thus, business growth needs planning.

### 4. Appreciate and Motivate

Entrepreneurs often forget about giving due recognition to their employees. Thus, they should make rewarding their staff members a part of their New Year's resolution. Maintaining a positive and high-growth work culture where employees feel motivated to perform is vital.

Make it a point to mention the efforts of hard-working and efficient employees in team meetings to make them feel recognised. Also, they must be awarded incentives and other benefits to show appreciation for their efforts. It will keep your relationships strong and reduce attrition.

### 5. Connect And Engage

Broaden your horizons as you walk into 2023 with new acquaintances, friends, colleagues, mentors, and supporters. Find like-minded people in your industry and social circle to have meaningful conversations that allow mental, spiritual, and business growth.

Liaise with businesspeople to strengthen your business ties and build a network of eminent personalities who become your support pillars. Create a symbiotic relationship where both parties gain something from each other. Find people who you wish to work with to make processes streamlined and easier. Keep meeting new people and expanding your contact list.

## 6. Read and Learn Everyday

Entrepreneurs must have the habit of reading a variety of content, ranging from books and trade journals to magazines and newspapers. While industry news and world affairs keep them abreast of the latest happenings, books help in improving their knowledge base. Business books are helpful in revealing the secrets of legends and the success stories of the biggest brands.



Also, learning new skills is necessary to keep progressing with changing needs of the business. Exercising the muscles of your brain through education and information accumulation also helps boost cognitive skills and improve writing and communication skills.

## 7. Stick to the Budget

Business owners have the habit of stretching the budget and spending more than required to make their company stand out. It can work once in a while but is not recommended if it has become a habit. Thus, the New Year is the best time to resolve to stay within the allocated budget, even if it seems less.

It will ensure that you restrict your expenses and boost savings which are vital for building cash reserves and investing in the growth of the business. It is also helpful

in prioritising critical projects and identifying ways of completing the task with limited capital.

## 8. Pick A New Hobby

Running a business causes burnout because of the stress and workload. Thus, entrepreneurs must choose a new hobby in 2023 that will help them blow off some steam. Whether you have always wanted to learn painting or snorkelling, it is the right time to start.

Find a leisure activity you passionately enjoy and pursue it with enthusiasm. It is not a problem if you are not good at it in the first place. Take one step at a time and reach your milestone at your own pace. It helps maintain a positive work-life balance and improves your resilience and determination.

## 9. Reduce Wastage

Sustainability should be a priority in 2023 because of the threat posed by global warming. It is the collective responsibility of business owners to become environmentally conscious and work towards reducing their emissions. In addition, they need to go paperless and reduce the waste produced during the production process. If you plan to purchase a business for sale in Melbourne, resolve to create a zero-waste work culture.

The resolution should involve composting waste produced in the office kitchen and using ethically produced raw materials. Also, the business must reuse and repurpose instead of discarding old items to reduce the burden on the landfills. These small steps can bring a big change in the way your business functions and is perceived by the customers.

## 10. Invest in Technology

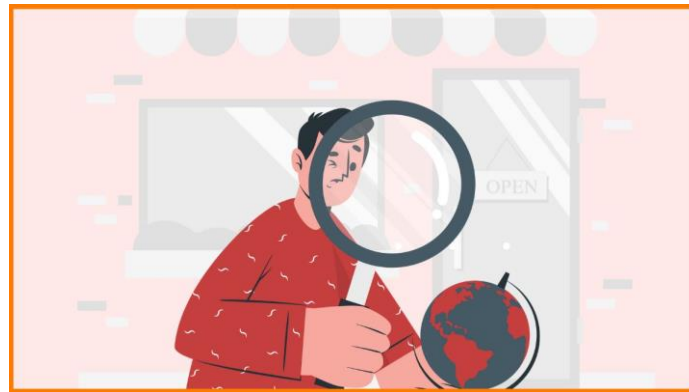
Automation is the new big thing in the industry brought forth by the advent of the latest technology. Businesses are using various software and tools to reduce time spent on laborious tasks and eliminate the risk of errors.

As a result, processes have become highly efficient and productive, and it has become easier to attract the attention of the target audience. Adopting technology helps in communicating effectively with customers and understanding their desires. It is the best way to exceed their expectations and beat the competition.

Businesses are dynamic entities that are quickly affected by the external environment. Thus, the entrepreneur needs to keep pivoting with the industry trends, and the New Year's resolutions can help in this regard.

### III. Tips on Choosing The Right Location for Your Business

Choosing a business location is one of the most important aspects of starting a small business. Especially if you're running a small retail or restaurant operation, finding the right location means everything. It can dictate foot traffic, business atmosphere and long-term success for your small business.



Finding the right location means understanding the right qualities to look for in a potential space. Analyzing your area, reading about potential customer demographics, and considering where competitors are located are all important aspects to finding and choosing the right location.

It's also important to consider your needs as a business owner before deciding on a location. If you're not running a retail or restaurant-type business and therefore won't need to rely on foot traffic, it's important to consider access for other business needs. This can mean supply deliveries, client meetings, and warehouse or major storage space for your business. By analyzing your options and defining your needs, you're well on your way to finding the right business space for you.

#### Why your business's location is important

If you run a business that is outward-facing in any way, which means dealing with clients or customers, you need to thoroughly consider how your location will contribute to your business.

Your location should be inviting and refined, depending on the type of business you're running. It should create a positive association for clients and customers so they think highly of your business.



There are some important steps to take when considering any new business location. There is more to identifying the right location than just finding an available structure for your business to occupy. How you go about choosing your business's location will define your organization.

### Consider these steps first before examining other factors:

**Do your research.** Researching the right business location means understanding local zoning laws, plotting competitors' locations, and maintaining a keen awareness of what properties are available (or may become available soon). You should also research your target market and other benefits or restrictions from local or state entities.

**Consider taxes.** Consider the state and local tax implications of your prospective location. Depending on your business type and location, it may be more lucrative to seek out a location outside a certain zone or municipality to get a tax benefit.

**Ask about government incentives.** There are incentives on both a federal and state level for small businesses in certain industries. By choosing the right location, you may qualify for certain incentives that could apply to your business.

#### Factors to consider as you look for a business location

By analyzing your business, what's available to you in your general area, and what types of features you find important, you can find the right location for your business. Of course, oftentimes the most important factor is affordability. It's critical to assess your options and work with a local bank while you're trying to find the right location for your business.

Beyond affordability and lease terms, however, there are other factors and questions to assess in finding the right business location.

### How important is the location to your business?

This may seem like an obvious question, but consider how location will impact your business. A retail store's location varies widely compared to a central office's headquarters. Consider your customers and clients, as well as your employees, when deciding the impact location can have on your business. You want to choose a location that makes the most sense for everyone.



### Will your business receive ongoing shipments of goods?

If you're working in the industrial sector, or you're running a business that receives large supplies of goods, pick a location with warehouse storage space and easy delivery options for clients and customers. A business that specializes in shipping and holding goods needs certain structural amenities, like loading docks.

### Will you conduct meetings at your business site?

Again, consider how your clients and customers will see your location. If you meet with customers and clients regularly, you need an accessible location. It also needs to have reception areas, waiting rooms and conference rooms so you can meet with multiple clients and customers throughout the day.

### Will you, your customers or employees need dedicated parking?

Consider the size of your company when choosing a business location. Your employees will likely have to drive to your location. If that's the case, is parking available? Similarly, if you're meeting regularly with clients and customers, you need convenient parking options for them. Sometimes the most important aspect of a business location is the parking options that exist around it.

### Who will see and interact with your location?

Consider who will come to your business on a regular basis. You need to tailor a location that meets both their needs and your needs as a business owner.

## How to choose the right business location

Besides the factors listed above, when it comes time to choose where your business will be based, there are some important steps to take to make the right decision.

You want to analyze all of your options and consider the perspectives of as many people associated with your business as possible. Choosing the right business location means doing as much research as possible.

Consider these factors, too, as you hunt for the best location for your business:

**Demographics:** Consider your target audience and where they're located. Research different demographic aspects about your local area, particularly around where your desired location is. If you're a business that relies on foot traffic, you want to position your business as close to where your target audience is clustered as possible. By knowing this information, you can also build more facts about disposable income in your area and how high the demand for your product or service could be.



**Competition:** Consider where your competitors are. You don't want to move in directly next door or across the street from a business rival. By knowing where your competitors are, you can find a business location that allows you to establish your own base. It can also allow you to better gauge demand for your product or service compared to other companies.

**Building structure:** Of course, finding the right business location is not just about the property, but about what's on the property. Find a location with a building both you and your employees like. Consider its perspective from a potential client or customer. You need a location with a structure that makes the most sense for your business and your clients or customers.

**Zoning:** Research zoning maps for your local town or city. This allows you to gauge what business activities are allowed, according to your local area. If you're a retail store or restaurant, considering the proximity to commercial zoning can be essential. Nearby residential zoning means you could have direct access to foot traffic in your area.

**Other nearby businesses:** Similar to considering where your competition is based, consider what other businesses are nearby your potential location. This is important, because those businesses could attract customers that are in your target demographic. Make a balanced, conscious decision when considering your neighbors. You want to collaborate with other businesses to create a prosperous economic environment. You shouldn't have to settle for adversarial business relationships.

**Foot traffic:** Good foot traffic can be the crown jewel for certain small businesses. When searching for the right location, if it's in a highly foot-trafficked area, visit the location several times throughout the day so you can see how crowds ebb and flow. Do your best to gauge how your business could benefit from the level of foot traffic in the designated area of the potential location.

## IV. Strategies for Increasing the Profitability of a Business

Business managers commonly seek ways to increase the profitability of the businesses in which they work. Profitability is one of the most important metrics of business success and determines whether a business is likely to grow. Learning about various strategies for increasing profitability can help you implement specific strategies within your teams to increase revenue and decrease expenses. In this article, we discuss why profitability is important and how to increase profitability using 17 strategies.



What is profitability?

Profitability is the ability of a business to produce more revenue than expenses. Companies typically produce revenue through the sale of products or services to consumers and generate expenses by paying their employees and producing their products or services.

You can categorize business expenses as direct costs, which are the costs of paying employees directly involved in the production of a product or service, and indirect costs, which are also known as overhead. Overhead may include depreciation, property taxes, indirect materials costs and wages for employees that aren't directly involved in the production processes.

A profit margin is the amount of money that a business makes from the sale of a product or service. To arrive at a profit margin for a unit of a product or service, you subtract the indirect costs and direct costs from the price that customers pay for the product or service. For example, if it costs you \$1.00 to produce a pizza, including all direct and indirect costs, and you sell it to customers for \$5.00, your profit margin is \$4.00 for each pizza.

## Why is increasing profitability important?

Increasing profitability is important for many businesses, as profit generation allows businesses to continue to grow and compete within their industries. Increasing profitability can also help businesses secure funding from financial institutions, investors and shareholders. If a business currently doesn't produce profit, increasing profitability may allow for the eventual generation of profit, which ultimately allows the business to continue to function.



## How to increase profitability

Depending on the type of business and the industry, some strategies for increasing profitability may be more effective than others. Here is a list of 17 strategies that may help you increase the profitability of businesses that you manage:

## 1. Facilitate team contributions

One of the first strategies to help in increasing profitability is to meet with members of your team to establish common goals related to increasing profits. If team members are all aware of the goals of the organization, it can help them make decisions that assist in the completion of those goals and motivate them to increase their productivity. For example, you may hold a company-wide meeting where you discuss the goal of increasing profit margins by 10% within the next year.

## 2. Conduct market research

Conducting market research can help you identify target audiences and understand their motivations to purchase your product or services. Conducting this research can help you determine the amount customers may spend on your products or services and help you market them better to consumers. For instance, if customers will spend \$10 more on your products, you may increase the price to match that amount.

## 3. Analyze financial statements

Financial statements provide quantitative data on revenue and expenses that you can analyze to determine which processes you may adjust to increase profitability. Balance sheets, income statements and cash flow statements are all useful to analyze when seeking to increase profitability. For instance, you may determine expenses in one area are increasing as the business grows, allowing your team to focus on that area when making adjustments to improve profitability.



## 4. Eliminate nonessential processes

Eliminating nonessential processes can help increase the efficiency of a business's supply chain, decreasing its expenses. Nonessential processes may be tasks that your team may not need to complete in order to provide a high-quality product or service to customers. For example, if products go through a quality check before shipments and transportation processes ensure the safe arrival of those products to

stores, they may not need to go through a second quality check upon arrival at the stores.

## 5. Decrease waste

Businesses can decrease instances of waste using several strategies, such as identifying and resolving processes that result in defects, decreasing overproduction, limiting downtime, increasing transportation efficiency, limiting excess inventory and limiting excess processing.

All these strategies can increase the number of finished products or services that make it to customers and produce revenue for your organization. For instance, you may use software that tracks the expected demand for products within certain regions so you can produce the exact amount needed and transport them to the right regions.

## 6. Reorganize physical spaces

Many organizations analyze the way their employees move throughout their workspaces to determine where inefficiencies most often occur. Reorganizing the physical spaces in which team members work can help limit unneeded movements and allow for more efficient production processes. For example, you may place the break room closer to the manufacturing floor to help limit the time team members need to walk while working. Minor changes to physical spaces can make a large difference over a longer period of time.



## 7. Create budgets

Developing budgets can help set strict limits on the amount that a business can spend on certain areas, decreasing the overall expenses of the business. Creating salary caps, limiting one-off costs and decreasing administrative costs are all ways to decrease expenses using budgets. For instance, your team may create a salary cap for executives of \$300,000 to decrease the expenses the business incurs by paying employee wages.

## 8. Conduct extensive training

Employee training, especially for new hires, can help businesses improve their profit margins by increasing revenue and decreasing unneeded expenses. Training employees on practices that ensure the safety of all team members, strategies for increasing the amount that customers buy and strategies for reducing waste can all help improve profitability. For instance, you may hold a weekly safety meeting where you discuss the most common types of injuries that occur within the organization to help limit instances of those types of injuries.

## 9. Develop vendor relationships

Vendors provide businesses with many raw materials that help them create their products or services. Reducing the costs of these items through established relationships can help reduce the overall expenses of the organization and improve profitability. For example, you may establish a loyal relationship with a vendor, agreeing to purchase their goods for at least the next 10 years in exchange for a lower price on those goods.

## 10. Develop marketing and branding

A strong brand can allow an organization to demand higher prices for its products or services. Consumers may associate a brand with a specific level of quality that may motivate them to purchase products or services from an organization, even if it costs more. For example, organizations may market their products luxury goods in order to justify a higher price.

## CONCLUSION

Learning how to start a business is no small task, but it's necessary if you want to successfully get your venture off the ground. To help, I've put together a complete guide that walks you through the steps of starting a business.

## REFERENCES

By kathy Haan | How To Start A Business In 11 Steps (2023 Guide) | Forbes, Retrieved 13 December 2022 from <https://www.forbes.com/advisor/business/how-to-start-a-business/>

By Liam Walker | 10 Business New Year's Resolutions for 2023 | Business 2 Sell, Retrieved 3 January 2023 <https://www.business2sell.com.au/blogs/evaluation/business-new-years-resolutions-for>

By Matt D'Angelo | Tips on Choosing The Right Location for Your Business | Business News Daily, Retrieved 13 January 2023 from <https://www.businessnewsdaily.com/15760-choosing-business-location.htm>

17 Strategies for Increasing the Profitability of a Business | Indeed, Retrieved 4 August 2021 from <https://www.indeed.com/career-advice/career-development/increase-profitability>