

Starting a business checklist

Sharp
Tudhope

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Starting a business can seem overwhelming. It can also be tempting to jump in and get going, working out the details as you go. While any approach can provide short-term success, we recommend spending time early to set the legal foundation for long-term success.

Here are some questions to ask and issues to consider when considering starting a business.

1. START FRESH OR ACQUIRE?

You may be planning to start your new business from scratch, but consider whether anyone else in your area is doing something similar to what you want to do? If done right, buying an existing business can give you a head start.

2. DO YOU HAVE THE RIGHT PEOPLE?

A successful business requires good people. If you don't have all the resources necessary for your business, where will you find these? Whether it is co-founders, business partners, or key staff, you need to identify the people you need and how they will be involved. As well as those people who will work with and alongside you daily in the business, think about your professional advisors. Choosing lawyers, accountants and others who work well together and can help you throughout your business life and advise on the variety of issues you may face is invaluable.

3. WHAT STRUCTURE?

You can operate a business from many legal structures – sole trader, partnership, company and others. A company will generally be the best vehicle for your business and allow you to separate your personal and business assets. Your lawyer and/or accountant can help you identify and put in place the right legal structure for your business.

4. WHO WILL FUND YOUR BUSINESS?

Will you provide the funds your business needs to start up? Or, do you need to speak to a Bank or find other investors? Whatever the answer, you should think about whether your business is funded by debt or equity (or both and in what proportion) and the terms of that funding.

5. HOW WILL YOU GOVERN YOUR BUSINESS?

If you are going into business with others, it is smart to have a foundation document that sets out your mutual expectations for each other, what you will each contribute, and what the business will do. This could be a shareholders' agreement (in the case of a company) or a partnership agreement (in the case of a partnership).

Putting this document in place at the outset helps ensure alignment and more often than not will save you a lot of money in the long term as it sets out a road-map to help you navigate in the future.

If you will be the sole owner, think about the terms on which your key employees will work – will they be employees or contractors? – and put in place your employment contracts and policies.

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6. DO YOU HAVE INTELLECTUAL PROPERTY THAT NEEDS PROTECTING?

Think about your branding and whether you are planning to use any novel or valuable IP in your business. You might require trade mark protection or even the registration of patents or registered designs. A company name is not the same as a trademark.

7. IS YOUR BUSINESS REGULATED?

Are you selling consumer goods? If so, do you understand New Zealand's consumer law? Will you be employing migrant workers? If so, do you understand New Zealand's immigration laws? Is your business a regulated business? Do you need licenses, permits, or qualifications to do what you want to do?

If you're not sure, speak to us and we can help you.

8. ON WHAT TERMS WILL YOU DEAL WITH YOUR CLIENTS/CUSTOMERS AND SUPPLIERS?

Whether you are planning to sell goods or services, chances are you will need terms of sale, terms of trade, or terms of engagement for use with your clients/customers and suppliers.

We can prepare these documents for you.