

7 essential tips for startups

Covid-19 has kick-started many of us into thinking about setting up our own businesses. Whether you've been retrenched, taken a salary cut, or have simply realised that life's short and it's time to reach for that long-postponed dream, you're likely to be re-assessing your talents and deciding how to leverage them.



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Launching your own business needs careful planning, whether you're taking on a side hustle or setting your sights on being the next Bill Gates or fashion entrepreneur, Tory Burch.

"Small businesses are fragile under normal conditions, with about 70% failing within the first two years of operation, mainly because of cash flow issues," says Sarah Nicholson, commercial manager of JustMoney.

"The pandemic has made matters even more precarious, so it's essential to do your homework and get your personal finances sorted before ordering those new business cards."

Nicholson offers seven tips for startups:

1. **Limit your expenses:** The lockdown has proved that you can work without a fancy office and business lunches. Generate a solid business plan, keep your expenses low and focus on generating revenue.
2. **Maintain productivity:** Aim for a dedicated workspace, however small, and balance work sessions with short breaks. Establish routines and boundaries and limit distractions.
3. **Get help with funding:** Government grants and other forms of funding are available for promising enterprises. Research what options are available, and how to improve your chances of qualifying for funding.
4. **Know your credit score:** Avoid debt wherever possible, but know your credit score should you need to apply for a loan, for example for an essential manufacturing item. Credit providers will check your credit score – which is a profile of your recent credit history and reflects how well you manage your debt.

repayments – to approve or turn down your application. A good credit score means you can borrow a better interest rate, and potentially save thousands of rands in repayments.

5. **Set up savings:** As an entrepreneur, you're responsible for dealing with cash crunches in your work and personal life. Customers don't always pay on time. Aim to have at least three months' worth of living expenses covered so that if there are hiccups in your cash flow, you can survive.
6. **Take care of tax:** Generally speaking, the expenses you incur to generate your income can be deducted from tax, but you need to prove this by keeping records of all income and expenditure. You also need to maintain a travel logbook to justify your vehicle mileage.
7. **Invest for your retirement:** You are responsible for your retirement, so after you have set up your savings account, look at investing for the long term. Find out about retirement annuities, tax-free investments and unit trusts.

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