



SWAAB

A PRACTICAL GUIDE TO
ENTREPRENEURS

A COURTESY GUIDE PREPARED
BY SWAAB ATTORNEYS

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How Swaab Attorneys can help your business succeed

LEARNING

Successful entrepreneurs are always learning, asking questions and willing to change direction if someone has a better solution. They recognise that they can learn from the experience of others and do not limit themselves in how or where they gather information or advice.

BASIC BUSINESS SKILLS

There is no substitute for learning the basics of business. This includes subjects such as basic marketing, cash management, cost management, performance evaluation, legal obligations and people management. Finance and money management, people management, administrative and operational managerial skills and knowledge should be the backbone of any business venture.

EVALUATE OPPORTUNITIES

Before embarking on a new venture, evaluation models should be used to test the worth of the new venture. Too many people go into business because they have a business idea and are passionate about it but neglect to undertake basic research and consider whether it can create a viable profitable venture. Business failure rates are high for new ventures because the business idea failed to satisfy some basic venture attributes. For a venture to survive and be successful, the product or service requires a compelling need for sufficient numbers of identifiable and reachable customers that are willing and able to pay for it at a price that makes it a worthwhile venture.

You should ensure that you involve your accountant at an early stage in order to help you prepare the relevant financial models.

BUILD A TEAM

The successful entrepreneur learns how to select and motivate the best people. They are willing to involve other people in managing the enterprise. Incentivising staff can be achieved in various ways (see the *Incentivise your team* section below).





COMMUNICATION

Successful entrepreneurs are able to sell the simplicity of the concept and do it quickly. Stakeholders need to understand what you are doing, whether it is to inspire a board to move in any direction, to raise capital, to sell your product or even sell your business.

STRATEGIC RELATIONSHIPS

Emerging businesses do not have the resources to do everything themselves. Working with larger organisations can help them with technology, knowledge and distribution channels to broaden their own capabilities. Networking can bring new clients, but it is also an imperative to assist the entrepreneurs' continual learning.

TECHNOLOGY

The ability to adopt and use technology has a direct effect on the bottom line. Technology is simply about productivity and to compete, entrepreneurs need to have the best technology that they can afford and learn to use it to its maximum advantage.

MANAGE RISK

Successful entrepreneurs project what can go wrong with a venture, mitigate the risk wherever possible and only proceed if the worst-case situation is an acceptable level of risk. Entrepreneurs generally have a greater tolerance for risk than the average person but the risks that they take are usually calculated risks. Every business knows that there are a few critical events that can substantially damage the business and should therefore do some contingency planning to reduce their impact.

You should obtain legal advice and have your lawyers carry out due diligence checks on the business in order to identify and remove as many risks as possible.

INTERNATIONAL PERSPECTIVE

Catering to international markets ensures growth and companies need to be willing to see the global market as a source of revenue. In any market, there is likely to be a limit on the number of potential customers who are willing and able to purchase a specialised product, so it is necessary to look internationally to find the potential market needed to build a substantial venture. Also, by taking an international perspective, the entrepreneur has the greatest chance of either developing the business to the size necessary to take it public or bring it to the notice of a global corporation that wants to exploit the potential.

INCENTIVISE YOUR TEAM

Successful entrepreneurs understand the need to not only share the rewards to encourage motivation, but also to share the equity with those who create wealth for the venture founders. Ultimately the success of the enterprise will depend on the efforts of many people. There are many ways that you can share the rewards, including sharing equity, offering options, distributing profits and providing bonuses and rewards. The key is to ensure that those who help create the wealth feel that their contribution has been recognised. This makes them willing and active supporters in the activities needed to build a great company.

SWAAB EXPERIENCE

Swaab Attorneys have helped many successful businesses grow from start-ups into profitable businesses by providing legal advice and sharing our commercial experience. For example, Swaab have:

- acted on fund raisings to assist entrepreneurs in venture capital¹ and business expansions²
- assisted with negotiations and the documentation of alliances and partnerships
- documented joint ventures, franchises and principal and agency arrangements
- advised on and documented employee agreements (including the appointment of CEOs)
- assisted with rewards to key employees by way of option plans and other bonus and incentive schemes³

¹ See Swaab Practical Guide to Venture Capital Funding

² See Swaab Practical Guide to Raising Money for Companies

³ See Swaab Practical Guide to Private Equity Funding and the Introduction to Management Buyouts



CONTACT US

The corporate team at Swaab Attorneys is committed to working with companies to help them meet their ambitions. If we can help you with any of the issues raised in this Guide, please contact Alistair Jaque. We would be very pleased to discuss any issues with you.



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