

Business Plan for Creative People

It's not actually possible to create a perfect template for a creative person's business plan – a business plan is unique to each creative endeavour, and unique to the person building their business. However, this document can hopefully give you some guidelines and ask some thoughtprovoking questions to get you on the right track.

The narrative is the main section of the template, and contains questions divided into sections.

- Work through the sections in any order you like.
- Once you've finished, you'll have a collection of small stories on various topics.
- Leave out any questions that don't apply directly to you, but don't skip the questions that seem too hard. Those questions can give you the most enlightening answers, and require your attention and thought.
- Once you've finished your small stories, edit them into a smooth-flowing narrative and plan.
- Complete the Summary section last.

The true value of creating a business plan is not in having the finished pile of paper in your hand. The real value lies in the process of thinking about your creative business in a systematic way.

Be as honest and focused as you can, and make sure you:

- Write down your goals and work out how you're going to achieve them;
- Look at your ideas critically;
- Plan your next steps and work to a timeline;
- Research aspects of your business and industry that you don't know about;
- Brainstorm your ideas and research into a practical plan.

It typically takes at least a week to complete a good plan. Most of that time is spent in research and re-thinking your ideas and assumptions. Make time to do the job properly, and don't skip bits. You won't regret the effort, even if it's hard work. And finally, be sure to keep detailed notes on your sources of information and on the assumptions underlying your financial data. Good luck!



Creative Business Plan COVER PAGE

(feel free to put some colour and movement here, make it a bit more exciting!)

Your Name/s
Your Business Name
Company Number
Address
Postcode
Telephone
E-Mail
Website



1. TABLE OF CONTENTS

If you plan to give this finished document to someone else, make sure it flows and makes sense as a narrative. It needs to read like a story - with chapters. Take the time to format it into a proper professional-looking document and complete this table of contents.

If you intend to use it as a private guide, you don't need to go to the same trouble (of course). However, chapters can help you keep your thoughts and ideas organised so you can always find what you're looking for!

2. EXECUTIVE SUMMARY

Write this section last, once you've completed the whole process.

Your summary is likely to be one page for start-up creative businesses, and no more than two pages for a more established business.

Include the key points contained in the finished plan, and that you would cover in a five-minute meeting if you were discussing yourself as a business based on this plan:

- Your Mission – What is your particular goal for your life and your career?
- Product/Service – What specifically is it that you sell? What is your brand? Why do people hire you?
- Support Team – Who are the people in your life who will help you accomplish your vision?
- Marketing – What are your strategies to get yourself into the marketplace?
- Market Analysis – What do you think the future holds for your business and your industry?
- What productions or projects are you right for? Where do you fit?
- Financials – How much income do you need to live? What percentage of your income are you setting aside to fund your creative expenses, living expenses, and savings for the future?

Make it enthusiastic, professional, complete, and concise.



3. GENERAL DESCRIPTION

In this section, you'll need to include and define various aspects of your business offerings, an overview of your industry, the history of your field and any current happenings, your personal goals and objectives, elements that add to your success and the ownership of your business. This section is the backbone of your Business Plan and will set the stage for the information included in the rest of the plan.

Products and Services: What do you offer in your business? This can be short and general, with room for more explanation in the next section.

Mission Statement: Many businesses have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. What drives you? What keeps you motivated? What are you passionate about?

Business Philosophy: What is important to you in business? What are your ethics, values and reasons for being in this profession?

Describe your creative industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your business be poised to take advantage of them?

If you work across multiple industries, you need to answer these questions for all of them. Describe your most important business strengths and core competencies. What factors will make the business succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?
Legal form of ownership: Sole trader, partnership, proprietary limited company, co-operative?

Why have you selected this form?

4. PRODUCTS AND SERVICES

Describe in depth your products or services. What do you offer? You should be able to describe what it is that you are selling, as well as identify what makes your product or service unique. Have a look at this list and see if any of these trigger your ideas for offerings:

- | | | |
|------------------------|-----------------------|--------------------------|
| • Advertising | • Fashion | • Radio |
| • Animation | • Film/Video | • Teaching |
| • Comedy | • Games | • Television |
| • Commercials | • Graphics | • Theatre |
| • Composing | • Improvisation | • Training and Education |
| • Corporate Video | • Interiors/Buildings | • Visual Art |
| • Dance | • Landscape/Gardens | • Voice Work |
| • Design services | • Multimedia | • Web Work |
| • Drama | • Performance | • Writing |
| • Drawing/Illustration | • Photography | |



Some questions about your offerings:

- What are your qualifications in these areas?
- What factors will give you competitive advantages or disadvantages?
- What do your products or services cost? How did you come up with this figure?
- Do you have any plans to raise your fees in the future? What have you based this assumption on?

5. GOALS AND OBJECTIVES

Goals are destinations - where you want your business to be? What kinds of creative work do you want to do, specifically?

Objectives are progress markers along the way to goal achievement.

- For example, a goal might be to be making a living exclusively as an actor in 12 months. Objectives might be monthly income targets and some specific measures of the kinds of jobs that will bring this work your way.

Be specific and work out exactly the projects you want to be involved in and the kind of work you're suited for. What skills will you need to hone? What resources do you have to devote to it?

- Where do you see yourself in 12 months?
- Where do you see yourself in 5 years?
- Where do you see yourself in 10 years?
- How are you going to make these goals happen? What are your objectives for each goal?

Make sure your goals are measurable and timely:

- What precise steps or practical actions are going to help you achieve the goals you have written down?
- What timeline are you working towards? Figure out what to do every day to bring you closer to your goals.
- How will you measure success? How will you know whether or not your plans are working?

Also employ some goal review strategies:

- Look back at the last twelve months – Did you achieve your goals? What worked? What didn't?

Take some time and review all of the goals you've set in the immediate past.

- If you're not sure how to tackle this review, ask yourself - What disappointed me? What surprised me? Where did I do well? Where did I fail?

Ultimately you need to know what success looks like. If it helps, draw a picture or create a mood board or trailer that describes of the 'successful' version of you and your business. Visualising success makes achieving it much more likely.



6. YOUR MISSION STATEMENT

A mission statement might seem a little silly, but it can be a useful tool for helping you to stay on track and understand your own vision and values. It can also provide you with clarity about what you're doing and why, and help fuel your sense of purpose.

There's a big difference between writing a corporate mission statement, and writing a personal and/or creative one. My suggestion is to start with the personal, and work out from there.

The best place to start is with yourself. Brainstorm around some of the following question to get clarity about who you are and what you believe in.

- What are your values? Do you believe in honesty, creativity, wealth, helping others, following your muse, love, danger, self-reliance, justice, community service, efficiency – what?
- What do you do well? Where in your life have you experienced success? If you can't think of anything concrete, what have others praised you for or seen as your successes?
- Who inspires you? Are there any well-known people you look up to? What about friends or family? What qualities do they all have in common?
- What moments in your life (personal/business/creative) have made an impact on you? Why?
- What do you love about your life? When you're happy, what's going on for you? What can you learn from this?
- Where would you like to improve in your life? Again, look at all the elements of your personal, business and creative life. When are you at your best? What about your worst?
- If you didn't have to worry about money any more, and your days were all completely free of other distractions – what would you do with your life?
- Finally – what promises have you made to yourself about the kind of life you want to live?

Now, the tricky part. Try and distill this all in to one sentence. Start with the word "To...". For example –

- "To create beautiful paintings that show to world in a new light and move people."
- "To help families connect and celebrate by taking photographs of their children and special occasions"
- "To create written pieces that tell an engaging story and explain heartfelt ideas."

Make it short – memorable – concrete – inspiring!

Your goal with a mission statement is to answer some of the big 'why' questions – why are you doing this? Why does your business exist? What is your purpose? Why this and not simply a job working for someone else?

If you can explain this to yourself and others, it will positively affect every aspect of your personal, business and creative life – and give you a head start when it comes to your marketing.

In terms of creating a mission statement for your business, two videos can be very helpful –

- How to Write a Mission statement That Doesn't Suck – by the Fast Company
<http://www.youtube.com/watch?v=LJhG3HZ7b4o>
- How to write a Mission Statement – Virtual Strategist
<http://www.youtube.com/watch?v=XtyCt83JLNY#t=147>



7. THE S.W.O.T

A S.W.O.T can help you assess the strengths and opportunities you currently have so you can map the shortest path to your goals. It will also help you understand any obstacles in your path, whether they are outside of you, or internal.

Creating a S.W.O.T analysis of your creative business can be extremely useful as a way of identifying potential difficulties and opportunities for your business, and for yourself.

- Strengths and Weaknesses are internal aspects of you and your business;
- Opportunities and Threats are external aspects of your business;

Use each section to identify problems and solutions in other sections. You can use your strengths to spot related weaknesses (eg "I am well-organised" is a strength, "I am too rigid" is a related weakness), then use that weakness to identify an opportunity, and so on.

- Think laterally when you are doing your SWOT analysis. Don't get caught up in analysis the whys of these, just jot them down as you think of them. Brainstorm!

S - Strengths (internal/personal aspects that give you an advantage)	O - Opportunities (external/public – new services, products or markets for you to consider)
W - Weaknesses (internal/personal aspects that might hinder you or cause problems)	T - Threats (external/public – e.g competition, government regulations, money, tech?)



8. MARKET RESEARCH

In this section you will analyse your creative industry, what's going on as a whole, the current state of the market and what you see for the future, and your place in the overall scheme of things. You'll also be able to figure out where you fit in relation to your competition.

Market research - Why?

No matter how good you are, your creative business cannot succeed without effective marketing – and this means careful research. It's dangerous to assume that you already know about your intended market. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

Market research - How?

There are two kinds of market research: primary and secondary.

Primary research means gathering your own data. For example, how many people are working in your industry in Australia at the moment? What stage are they all at? How much money do they earn? (Hint: Find out more at the ABS website).

Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines and websites. Go online and find out about your competitors, and think about what's happening in your industry in other cities and countries.

Be as specific as possible, and remember that if you're creating a document to show others you need to prove your assertions (whatever they may be) - give statistics, numbers, and sources. Other people reading this will need that information to make an educated decision about you.

This information will also be used later on as the basis for your income/sales projection.

Here are some things to look at:

Economics

- How many other businesses are there like yours in your area? What about the wider market in your state or country (a big question, but worth researching).
- What kind of demand is there for your product or service? How do you know?
- Are there any trends that affect you – is your market growing? Shrinking? Dying out? Just born? What do your clients/customers/audience prefer? What about product development?
- Are there any barriers to you entering or continuing in this market? What are your plans to overcome these barriers?
- What external forces could affect your industry? Technology? Government rules? The wider economy? Shifting tastes? (Have a look back at your S.W.O.T for more ideas).



9. CLIENT / CUSTOMER PROFILES

Being successful in any kind of business is more than just flinging out ideas and hoping they stick. You'll also need a marketing strategy, which means not only knowing who you are and what you're selling, but who will buy from you.

If you can closely define who you are marketing your business to, in terms of clients or customers, your strategies are far more likely to work. You can include audiences in this category as well.

So, who are they, these wonderful people or business who will buy from you? What are their characteristics? Creating a profile for them can help you when it comes to your marketing strategy and thinking about different ways to build your business.

Why is this so important? The information you gather and the picture you create makes it easier to distinguish why people buy from you. If you can clearly identify their needs and wants, you can more effectively meet those needs and talk about the benefits of your business to them.

Try this five-step process to get you started with creating a client or customer profile. Remember, you may have to do this a few different times if you have more than one client group. For example, if you are a scriptwriter your different clients will include agents, directors, producers, advertising agencies, choreographers and more.

Step 1: Describe them

Think about who your ideal clients/customers are and what similarities they have with each other. You could think about:

- Demographics – their age, gender, income, area they live in.
- Psychographics – their personality type, values, family and lifestyle.
- Behaviour – their likes and dislikes, sports, hobbies, and interests.

Step 2: Locate them

Find the places your clients/customers are gathering, whether in a physical location or cyberspace.

- Where do they hang out?
- What do they read? Both online and offline?
- What other media do they consume?
- What do they search for online?

Step 3: Understand Their Purchasing Process

How do your customers or clients buy? Most people buy to fill a need or answer a problem.

- What is the problem or need they are trying to resolve?
- What are the benefits they hope to gain by finding a solution?
- Where do they begin their research?

Step 4: Use what You Already Have

Reach out to current (and preferably ideal) clients/customers to gain additional insight into what made them select your business over others. Conduct interviews, formally or informally, and ask:

- Why did you originally buy from us?
- Why do you continue to buy from us?
- How do you buy from us (if you have more than one sales channel)?
- What do we do that others don't?



Step 5: Create Client Profiles

Use all the information you've gathered to create profiles that describe specific segments of your current clients. Ensure that the profiles are tangible, so that you can envision this person and what would motivate them to find your business.

- Describe your clients in specific written profiles.
- Give them a persona or name, to make identification easier.
- Include images of ideal clients, either real or a hypothetical individual, if it helps you define who they are.

Once you have completed these five simple steps you will have a clearer picture of who your clients are likely to be, and you'll then be able to better identify the strategies that will work for those different client groups. These strategies could include:

- Creating more appealing advertising messages;
- Finding ways to up-sell with your current customers;
- Choosing more appropriate networking events to attend;
- Making alliances with other businesses or providers;
- Making better use of social media channels;
- Developing new products or services to better meet clients' needs.

Creating client or customer profiles will help you redirect your marketing time and budget into strategies that will effectively reach your target market, and hopefully be more successful in helping you build your business.

For more ideas, have a look at the following:

- <http://www.technologystudent.com/despro2/cut3.html>
- <http://business.tutsplus.com/articles/what-is-your-ideal-client-profile--fsw-6652>



10. THE COMPETITION

Who else is out there doing what you do? It may seem like a horrible thing to investigate, but keeping your blinders on when it comes to your competition won't help your business. In fact, it will probably harm your chances of success.

So, start with individuals if it helps. What other people will compete with you? Start by naming five other creative people (your direct competitors) who match you in terms of:

Creativity – Talent – Ability – Training – Experience – Values – Clients

Are they successful? If so, why? And if not, why not?

If it helps, also look at businesses larger (and even smaller) than you to answer the same question.

Use the Competitive Analysis table below to compare yourself with your two most important competitors. In the column labelled Me, state how you honestly think you will stack up in clients' minds. Then check whether you think this factor will be a strength or a weakness for you.

- Try to be very honest here. Be as objective as you can, without being too critical.
- Better yet, get someone else to assess you - this can be a real eye-opener.

In the final column, estimate the importance of each competitive factor to the clients.

1 = critical; 5 = not very important.

FACTOR	Me	Strength	Weakness	CompetitorA	CompetitorB	Importance to Client
Creativity						
Talent						
Ability						
Training						
Experience						
Values						
Kinds of Clients						
Price						
Quality						
Range						
Reliability						
Stability						
Expertise						
Reputation						
Location						
Appearance						
Awards						
Image						

Now, write a short paragraph stating how you compare to each – be honest!



11. SALES STRATEGY

Now that you have systematically analysed your industry, your service, your clients, and the competition, you should have a clear picture of where you fit into the world. You're almost ready to get started on your strategy, but first you have to identify your niche.

In one short paragraph, define your niche or your unique corner of the market.

- What are you going to specialise in?
- Is there a particular service or product you provide?
- Is there a particular kind of client that you work with?
- What's different or unique or special about you and your business?

Strategy

Now outline a marketing strategy that is consistent with your niche. How are you going to sell what you do to the world?

If you have no idea where to start, try these five things:

1. Start networking and meeting people regularly.
2. Build a website or online presence.
3. Build relationships with customers, clients and support organisations.
4. Keep in touch with people you've worked with before.
5. Create work if there is none.

There are more details on money in the next sections, but here you should also consider your promotional budget.

- How much will you spend on your marketing activity?
- How much before start-up? (These numbers will go into your start-up budget.)
- How much will be ongoing? (These numbers will go into your operating plan budget.)

Get the Ball Rolling...

A few ideas to help you think about how you're going to market yourself:

- Do you have a website? The best way to continually market your brand is through a dedicated business website. Part of your brand is your name, and name awareness is a crucial component of building a career and a brand.
- Are you making the most of social media? Do you have a business page on Facebook, a Twitter feed, or a Pinterest page? Is this something your clients would expect, or frown on?
- Research industry-related events, including festivals and conferences that might be interesting to attend. Should you be going? Will your competition be there? Or will you be unique? Could you learn important information while making potentially important connections?
- Are you figuring out ways to network and meet the right people? Have you devised a plan or calendar for these meetings so you can see people regularly and stay in mind?



- Do you have a preparation checklist for general meetings and networking opportunities?
- Do you have “talking points” that you can use in networking situations? Make sure you’re coming off as a talented, personable, engaging and likable person with something to offer.
- Have you started developing “your story” - your bio, personal pitch and online “about me” statements?
- What is your personal brand? Your image? Your type? Is it working for you? Find out what you can do to make yourself more marketable.
- Are you keeping up to date with your training? When you’re not working or developing your business, think about up-skilling. This will also give you an easy way to meet new people.
- How does your portfolio or showcase material look? Are you finessing it and getting it out into the world?
- Do you have any promotional or printed material you can use, such as a business card or a communication kit?
- How often are you reviewing and assessing all the work opportunities posted on the professional sites you use, like The Loop or LinkedIn? If you determine that you are right for a job, submit yourself for it immediately.
- Do you have a photo? Do you need one? If you do, make sure they are up to date and professional looking. And preferably not too cheesy.
- Are you keeping your CV or résumé up to date? Whenever you have a new item to add to any section of your CV, do it right away. Remember, any change you make to your online CV needs to be made to your hard-copy as well.
- Do you have a mailing list? Collect names and details of people who might like to stay in touch, and when you have something to announce, promote the achievement if you’re able to. Never publicly discuss anything that you have not first asked permission to reveal.



12. THE OPERATIONS PLAN

Lots of creative businesses operate solo, and just join together with others when collaborating on projects or joint ventures. Some of you might also be in partnerships or have more formal company structures.

Whatever way you're running your business, it's important to be able to outline the administrative side of what you do, even if you don't intend to share this plan with anyone else. It helps to be clear in your mind about how you operate, where your office is located, the people who might work for you, your equipment, your expenses, your legal relationships, your network of suppliers, and payment policies. This clarity will improve the way you run your business, and helpfully clear up any cloudiness or confusion you might have about the way things are (or should be) done.

Management – Who's Sailing This Ship?

- Who will manage the business on a day-to-day basis? Is it you?
- Will you need help?
- What experience do you bring to the business?
- Do you have a plan in mind in case you get sick or can't take care of the business for a time?
- How are you going to manage your time?

Location - Where will you be based?

- Will you be running your business from home? Will you have a separate space/room or will you be working in with others?
- If you need space outside the home, where will it be? Is it important that your location be convenient to clients, customers, transport, suppliers?
- What will the costs associated be with either your home office or outside space? Remember to include rent, maintenance, utilities, insurance, and any remodelling costs to make the space suit your needs. These numbers will become part of your financial plan.

People – Will you have helpers?

- Do you need anyone to help you with admin or bookkeeping?
- Do you need help for individual projects?
- Are you going to hire these people as employees? Or will you be using freelancers or subcontractors to help you out?

Remember, there are rules about hiring employees and contractors, and you'll need to think about what you'll pay them, whether or not they need to be insured, and if you have to pay their superannuation.



Equipment – Got stuff?

- What kind of equipment will you need to start and run your business?
- How much will it cost?
- Where will you get it from?
- If it breaks, where will you get it fixed? And how will you replace it?
- Does it need to be insured? How much will that cost, and what does it cover?

Suppliers - Got more stuff?

- What kind of supplies do you need to run your business?
- Do you have regular suppliers?
- Do you need (or can you get) an account with them?
- Are there better/cheaper/more reliable suppliers you could use?
- Who will do the buying? What is your payment plan?

Your Legal Environment – It's the Law!

- Do you need any special licences to conduct your work?
- Are there any special regulations covering your industry or profession?
- What kinds of insurance do you need?
- Do you understand intellectual property and copyright issues that relate to you?
- Do you have a contract template, or a set of terms and conditions?

Support – Who Will Help You?

Make a list of the following helpers, if you have them (or need them):

- Lawyer
- Accountant
- Insurance agent or broker
- Bank
- Consultant or consultants
- Business Mentor or advisor
- Professional mentor

Your Prices – What will you charge?

- How much are you going to charge for your goods and/or services?
- How have you arrived at this figure?
- What is the standard cost for this in the current market?
- Is your product/service cheaper or more expensive? Why?
- How will your clients or customers pay you? Cash, direct deposit, on invoice, PayPal, credit card
- How are you going to organise and stay on top of these payments?



13. EXPENSES

It's time to talk about money. You are going to need to take control of your finances, both your personal and business finances, if you want your creative business to work. It might be a dreadful thought for some, but ignoring your financial responsibilities is a very good way to go out of business.

So, how much money do you need to get started? You'll need to get a bird-eye view of your expenses so you can take charge and plan your business. If you know what things are going to cost, then you can plan accordingly and prioritise how you're going to spend money and where best to invest in your creative business.

Your Money

Start with your personal financial statements. As you (not the business), what are your:

- Assets and investments;
- Debts and liabilities;
- How much are you worth if you add up all your assets and then subtract all your debts? (This is known as your personal net worth. A bank might need to know – and you most definitely do!).

Start-Up Costs

Next, what are your start-up expenses for the business?

- You will need to buy things even before you even begin operating your business. You might have bought them already.
- It's important to estimate these expenses accurately and then figure out how you're going to buy what you need.
- This figure is known as your start-up capital.

This involves some research, and the more thorough your efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, though, new businesses and creative endeavours have a funny way of costing more than you think they will. There are two ways to make allowances for surprise expenses:

- The first is to add a little "padding" to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. If you ever need to show these figures to someone else (like a bank) then their lack of accuracy might look bad for you.
- The second approach is to add a separate line item, called contingency, to account for the unforeseeable. If you're not sure how much to allow, generally a contingency of 10%-20% on top of your estimates should be enough (even if you have no prior experience in running a business).

Remember, if you think you'll be showing this plan to others in order to get a loan or raise finance, you'll need to be able to explain your research and show how you arrived at your estimates of expenses.

- You'll need to show quotes, give sources, explain how you calculated amounts, and understand the terms of any proposed loans, overdrafts or credit cards.



Ongoing Costs

You will have ongoing expenses as well as start-up expenses. You'll need to know what these are for your finance plan and cashflow projections (next section), and you'll also need to get an idea of what items would be considered a tax deduction.

Your expenses/deductions might include:

- Agents fees – any commission paid to agents or managers. This also includes other agency payments incurred on your behalf e.g. couriers, postage, web site etc. You cannot claim a deduction for up-front or joining fees.
- Bank fees - that relate to the account where you directly deposit salary, wages, allowances or other payments for your creative work.
- Capital allowances - You can claim a deduction for the decline in value of equipment used for work, as long as that item cost more than \$6,500. If the item costs less than that, you can claim the whole cost outright.
- Clothing and costumes – Actors can claim a deduction for the cost of conventional clothing bought or hired as a costume for a role. You can also claim a deduction for the cost of buying or hiring costumes. Dancers can claim a deduction for the cost of special tights or shoes. Other creatives might be able to claim the cost of clothing that is branded, or protective.
- Coaching and classes – if classes are taken to maintain existing specific skills to obtain work, or to acquire specific skills for use in a particular part of your work or a project.
- Cost of creating marketing materials, including a show reel, business cards or website.
- Home office or studio - You can claim a deduction for the running expenses associated with a private office or studio that you use for income-production activities – e.g. additional lighting, heating and cooling costs incurred by a performing artist rehearsing in a studio at home.
- Insurance of equipment - You can claim a deduction for the cost of insuring the equipment you use to the extent that you use it for work.
- Interest costs - You can claim the cost of interest on money borrowed to purchase work related equipment. If the equipment was also used for private purposes, you cannot claim a deduction for that part of the interest.
- Mailing expenses and other general admin or office expenses, including supplies.
- Photographs - You can claim a deduction for the cost of maintaining a photographic portfolio for publicity purposes.



- Professional library - A deduction is allowable for depreciation of a professional library that includes books, tapes, compact discs, records and videos, to the extent of its work-related use.

The content of the reference material must be directly relevant to your work.

- Repairs - You can claim a deduction for the cost of repairing tools and equipment used for work. If the equipment were also used for private purpose, you cannot claim a deduction for that part of the repair cost.

- Research expenses – this could include the cost of researching a role or character that you have been employed to play, or researching for a client, or as part of background for a new creative work, or any income-earning activities of your business.

- Seminars, conferences and training courses. You can claim a deduction for the cost of attending seminars, conferences and training courses that are sufficiently connected to your work activities.

- Sunscreen, sun hat and sunglasses. If you are required to substantially work outdoors in the direct sun, you may claim these protective items.

- Tax return preparation fee - Fees charged by a registered tax agent for the preparation of income tax returns are deductible.

- Technical or professional publications - You can claim a deduction for the cost of journals, periodicals and magazines that have content specifically related to your creative income.

- Telephone bills, including the cost of a mobile, answering service or Skype.

- Television set, DVD or Blu-Ray player, and perhaps even the cost of a subscription service.

- Travel and car expenses - You can claim a deduction for the cost of using your car for work related travel in certain circumstances, including traveling from one place of work to another, carrying heavy equipment, your home is a place of work and you start your work at home and travel to a workplace to continue the work.

- Union and professional association fees - You can claim a deduction for these fees. If the amount you paid was shown on your payment summary, you can use it to prove your claim.



14. PROJECTED FINANCIALS

A traditional financial plan for business consists of the following:

- A 12-month profit and loss projection;
- A cash-flow projection;
- A projected balance sheet;
- A break-even calculation.

All of these documents together make up a reasonable estimate of your business' financial future, and can be used (with evidence) to support your business' financial claims if you need to raise capital, get a loan or a grant, attract investors, or talk to the ATO about your business.

However, even if you're not thinking about doing any of those things, you still need to be able to think through the money side of your business and understand what's happening with the finances. The more you improve your insight about the inner financial workings of your business or creative life, the more likely you'll be to make it work – and last.

12-Month Profit and Loss Projection

A 12-month profit and loss projection is like the heart of a finance plan. This is where you put it all together in numbers (cash coming in and out of the business, plus assets and debts) and get an idea of how you might be able to make money, make a profit, and be more financially successful.

Your profit and loss projections will come from looking forward –

- What is a reasonable expectation for your business in terms of income?
- How much will the business cost to run over the next 12 months?
- How many of those costs are fixed (occurring all the time) and variable (occurring every now and then, or depending on projects)?
- Do you have any existing assets (like a rental property, or a previous project from which you receive royalties) that will contribute to income?
- Do you have any existing debts (like a mortgage or credit card) that will contribute to expenses?

Keep careful notes on your research and assumptions, so that you can explain them later if you need to. You'll also need to be able to find those notes later when it comes time to revise your plan in the future.

Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Lots of businesses fail because they just can't pay their bills, or they're not prepared for the tax liabilities. Every part of your business plan is important, but none of it means a thing if you run out of cash. Start by working out how much money you need before start-up, for preliminary expenses, operating expenses, and reserves.

Next, look at your bank account. There's no trick here – it's again about looking into the future and seeing what money needs to be spent (and when), and what money is coming in (and when).



Always look at when you actually expect to receive income, or when you will actually have to spend money for expenses.

Explain your major assumptions, especially those that make the cash flow differ from the Profit and Loss Projection. Example, if you do a job in month one, when do you actually get paid? When you buy materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

- Also make sure you plan effectively for any tax compliance, and debt payments.

Opening Day Balance Sheet

You may not think of this as necessary, but some day you might need one. A balance sheet is one of the fundamental financial reports that any business needs for reporting to outsiders about the financial state of the business. It shows what items of value are held by the business (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is owners' equity.

Use a start-up expenses and capitalisation spreadsheet as a guide to preparing a balance sheet as of opening day. You can then detail (if you need to) how you calculated the account balances on your opening day balance sheet.

Break-Even Calculation

You may not need this, but understanding how to create a break-even calculation is still important. The break-even point is the point at which total revenue (money coming in) equals total costs or expenses. At this point there is no profit or loss - in other words, you 'break even'.

It's possible to make a lot of money (or so it seems), but still run at a loss. Knowing where you break-even is helpful in deciding what to charge, figuring out if you're paying too much for things, or even working out if a project or marketing strategy has been financially successful.

There are a number of ways you can calculate your break-even point, which are based on how much it costs to provide your services, the cost of goods sold, your gross profit margin and more. If this is too hard, ask your accountant to work it out for you, or use an online interactive calculator to help you work it out.