

Setting Up & Business Admin (2)

Welcome to the second installment of our [Business Blog](#) series! This week we delve deeper into how to actually set up your business as a legal entity, and we also cover all the administrative things you need to keep in the back of your mind if you are wanting to start your own brand or business.

Admin isn't the most exciting part of having a business but it is integral to successfully running any operation, so make sure you stay on top of it. If you are just starting out, your admin may not be too much, but when your business starts growing so will the admin, so we suggest starting out with good admin practices so that when things get bigger you won't be overwhelmed.

As always, we are not providing professional advice; these are just some pointers which may or may not apply to you. Please consult with a professional if necessary.

Carrying on from last week's ['Where Do I Begin?'](#), the next thing to do is to decide if you are going to sell your products formally or informally. If you are content selling at markets for example, and aren't really looking to scale up or formalise your business or brand then you may not need to worry about too many of the following pointers. However if you would like to formalise your brand and business now or in the future, then start prepping by taking note of the following.

The Legal Side

To operate formally (as opposed to informally) there are certain legalities involved. Firstly you will need to research and choose your type of operation structure: sole proprietorship, partnership or private company.

If you have any business partners, shareholders or other stakeholders, make sure you set up a legal document outlining the particulars. Chat to a lawyer or professional advisor about this.

Register Your Business With The CIPC

The Companies and Intellectual Properties Commission(CIPC) is a function of the Department of Trade and Industry, and allows you to register your business and brand name as a legal entity. This is relatively inexpensive to do; you can register a Pty Ltd. (ie. a private company) from just R125. Registering your company makes you legitimate, and if you register a company name, no one can steal that name. A registered business will more easily be able to secure loans and funding. A registered business also signals to customers that you are serious, trustworthy and a professional.

Here is the link to the CIPC, which is a great resource: <http://www.cipc.co.za/za/>

Familiarise yourself with the legal requirements for starting a business – Google SA business law, and if you are planning on exporting to a different country, you will need to know their legal requirements as well.

Tax Info

If you are formally trading and have registered a company, then it is a requirement to also be tax compliant. You will need to register with SARS for income tax, VAT and possibly various other things.

Register with SARS – be tax compliant!

The SARS website is very helpful: <https://www.sars.gov.za/businesses-and-employers/small-businesses/>

VAT

Most start up businesses won't need to pay VAT as there is a turnover threshold that needs to be crossed first, but you could look into registering for VAT anyway as there may be tax benefits. Consult with a tax adviser to see what you need to do.

Are You An Employer?

If you are employing other people you will also need to register with the Department of Labour, register for PAYE tax with SARS, and register UIF, among other things.

You may choose to outsource various roles such as bookkeeping/accounting, social media, website development etc, rather than having in-house staff.

The Financial Side

Decide whether you are going to open a business banking account, or use your personal banking (if trading on an informal level).

A business bank account is a SARS requirement for a registered company so make sure you open one once you are registered with the CIPC and SARS.

Business funding: there are various government, sector and industry funding schemes for qualifying small businesses and sectors (eg. women in business). It may be beneficial to Google these and apply for funding to give your business a helping hand.

Decide if you need business and/or liability insurance – it may be a good idea to give yourself cover should anything unfortunate happen.

Record Keeping

Once you have committed to your business, it is important to keep records of transactions, supplier orders, invoices etc. You will need these financial records for bookkeeping and tax.

If you use a delivery service such as a courier it is also worth keeping signed waybills and collection slips for proof. You never know if you may need these if a delivery goes wrong!

IP

Are you working with a contract manufacturer or manufacturing products yourself? If working with a manufacturer, be sure to discuss intellectual property (IP) for your product formulations, if applicable.

Consumer Stuff

Knowing the Consumer Protection Act (CPA) is important for when you begin to sell your products. It helps protect both the buyer and the seller during and after transactions.

If you keep any consumer information in your records you also need to comply with the POPI Act.

Website & Contacts

If you have a website for your business (always a good idea so people can find you), have you secured your domain name and is your website functional?

Make sure you have stable internet!

Set up a working email so customers can contact you.

You should also have a telephone number or business phone number.

Day to Day Admin Tasks

Here are some tips on common admin tasks:

- Once your business is up and running, check banking statements daily to keep track of payments that are coming in and going out.
- Keep financial records of all transactions, as well as records of invoices and payments.
- Keep track of any supplier invoices to make timely payments.
- Reconcile banking statements at the end of the month.
- Manage your stock levels/inventory to make sure you have enough products to keep up with demand.
- Periodically review any policies you have and shop around for cheaper options. If you have insurance, ask for a policy review before renewing your contract - you may be able to get a better price! The same goes for any other contracts you have such as cellphones, data/internet, banking options, any apps you have on your online store, etc etc. Be savvy.

We hope you are feeling a little more equipped to take the leap into starting your own business!

Next: [3. Beauty Care Production: The Definitive Guide](#)