

Business Legal Lifecycle Annual Report

December 2017

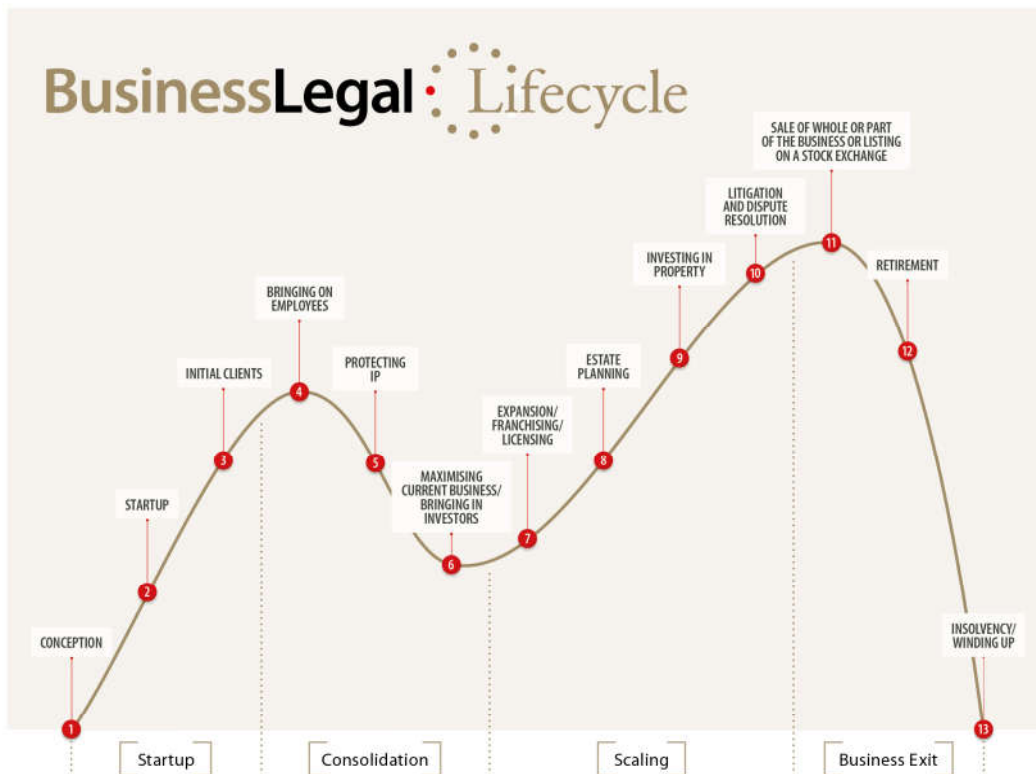


Table of Contents

1.	Summary	3
2.	About Business Legal Lifecycle	4
	2.1 Our Vision for our Business Owners	4
	2.2 Our Purpose	4
	2.3 Our Values	4
3.	Phase 3 Initial Clients	1
4.	Phase 4 – Bringing on Employees	2
5.	Phase 5 – Protecting Intellectual Property	4
6.	Phase 7 – Expansion, Franchising and Licensing	5
7.	Phase 8 – Estate Planning	6
8.	Where to Find Out More Information	7

1. Summary

Thank you for downloading the Business Legal Lifecycle's First Annual Report for the 2017 year. This is our first annual report that will show the information and trends for the small to medium sized business community.

For this report the information and statistics provided are based on the country of Australia. It is our hope that we can expand this report into the United Kingdom and other countries moving into 2018 and beyond.

The purpose of this report is to provide you with information on selected important areas of the law, to show what legal steps and processes small to medium sized businesses are missing and where that can be improved.

Out of all of our findings the most interesting statistic is that **85.71%** of all businesses that completed the Business Legal Lifecycle test **do not have a registered trademark** for their business. This means that 85.71% of businesses don't own their registered trademark and do not have protection of the Trademarks legislation. If a dispute arose those businesses would need to rely on the precedents of common law to protect themselves.

From our analysis of the data we noticed that the average business owner thought that their business was between 1 to 2 phases further through the Business Legal Lifecycle than it was after taking our test. The main reason for this was a failure to understand the importance of key documentation such as standard engagement procedures for Phase 3 Initial Clients as well as jumping straight into Phase 7 (Expansion) without ensuring that their business didn't have systems and procedures in place that are required.

Another interesting statistic is that only **38.10%** of businesses utilised a trust in some way. This means that their business structure was either a private company, or worse a sole trader operating their business. This means that nearly two thirds of business owners have a business structure that is not set up to utilise the tax regime properly or are exposed as a sole trader in their business. A company was used **61.90%** of the time showing that these are popular vehicles for business owners to run their business.

This report will go through the important areas of the Business Legal Lifecycle and report on the information that is in place to help you to understand what you need in place for your business. If you are a lawyer, accountant, financial planner or other consultant this information will provide you with a guide on what you need to do to market to your clients and help them put the right legal steps in place for their business.

2. About Business Legal Lifecycle

2.1 Our Vision for our Business Owners

We want to provide access to cost effective legal advice for all Small and Medium Sized Business Owners around the world. In doing this we will help those businesses to survive and thrive in the market place so that they can help their families, the staff, their staff's families, their communities and the world at large become more prosperous.

2.2 Our Purpose

The Business Legal Lifecycle is designed to help Business Owners:

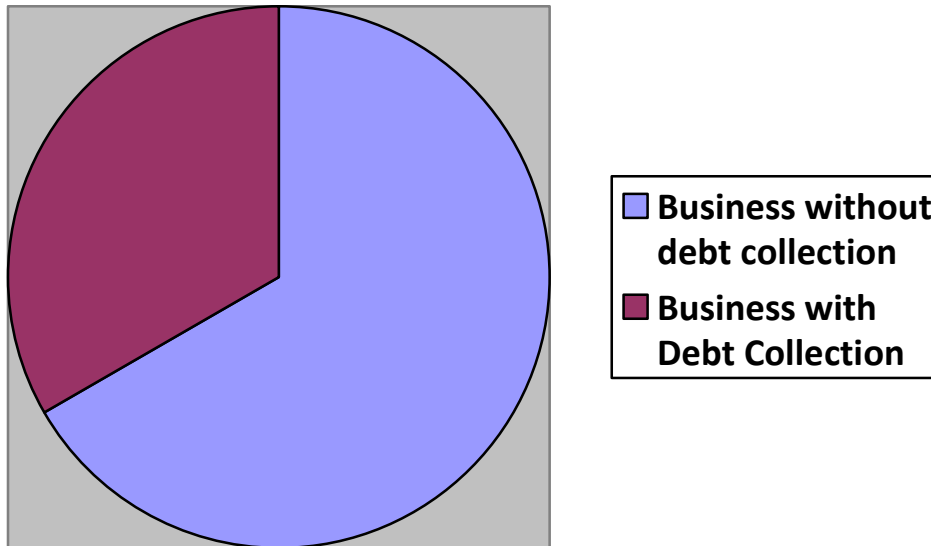
- (a) Understand complex legal concepts in an easy to understand manner;
- (b) Understand where their business is at in its lifecycle, so they know why business owners need to take certain steps for their business; and
- (c) Develop a plan for the future of their business.

2.3 Our Values

- (a) We treat each other, our clients and all people we deal with in a respectful, courteous and friendly manner. We are helpful, approachable and supportive and display loyalty and patience in all we do.
- (b) We are a hardworking, organised team that is motivated and passionate about helping people and the community.
- (c) Our standards are that we act with integrity, set high expectations and provide strong role models in order to get things done in an innovative, confident, positive and fun manner.

3. Phase 3 Initial Clients

Debt Collection Procedures



Two-thirds of all businesses surveyed did not have a debt collection process in place. These are businesses that provide goods and/or services on credit and therefore need a debt collection process in place.

Not having this type of process in place could cause serious detriment to your business. Putting a simple process in place to ensure that you collect your debts in a timely fashion will have a drastic effect on your cash flow position. You should engage with your lawyer to set up a proper process. Once it is in place you should test and measure to make sure that all of the payments are being sort and that you are ensuring that any staff in charge of this process are following it closely.

4. Phase 4 – Bringing on Employees

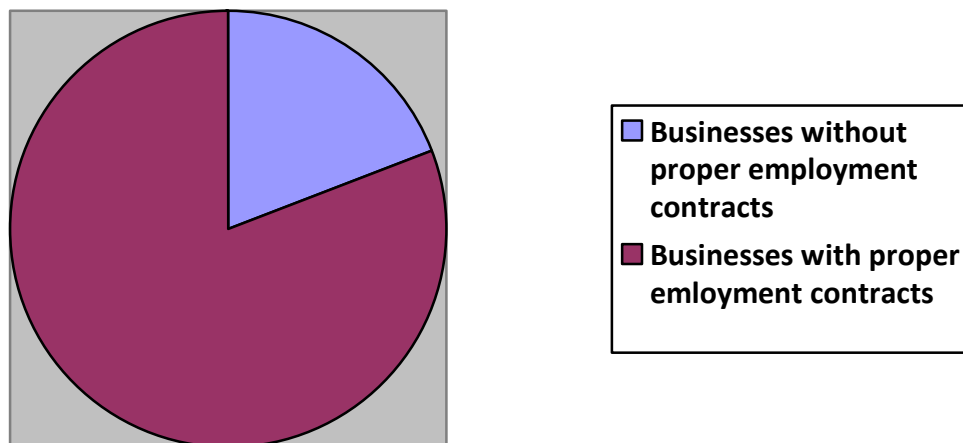
Types of Staff Members

Different businesses have different types of employees. The split of Employees and Contractors is as follows:



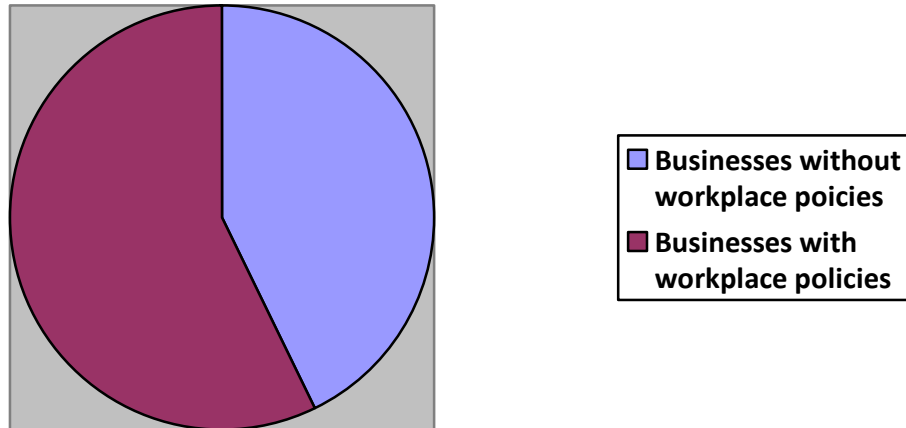
Employment Contracts

The news was better for businesses with employment contracts with less than one-fifth (19.05%) of businesses having employment contracts in place for their staff.



Workplace Policies

The good news continued with the majority of businesses with employment policies in place for their business. **42.86%** of businesses didn't have employment policies that were necessary for their staff.

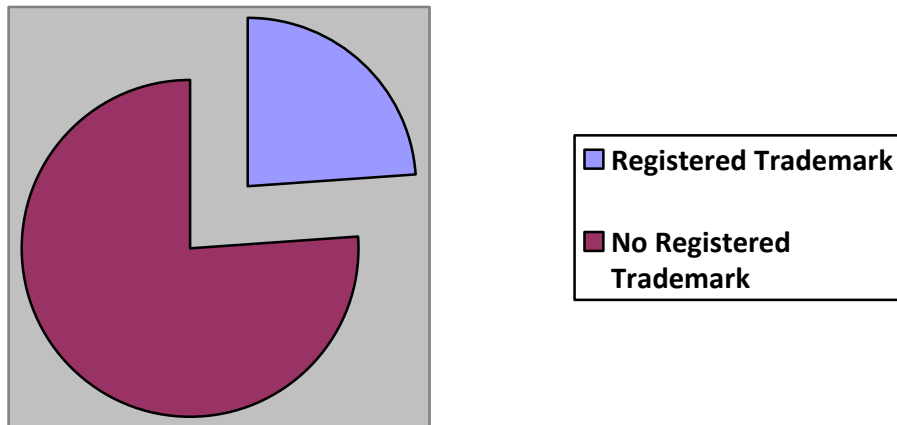


These policies are documents that set the basic rules and expectations that you, as a business owner or manager have for your staff in your business. While a business only has 1 or 2 staff such policies are probably not necessary (depending on the industry, a business in the building industry for example will probably need workplace policies right from the start), however when the business has around 4 or 5 employees workplace policies are advisable. To draft them properly you should consult with your lawyer or employment consultant to make sure that the terms do not breach any law.

5. Phase 5 – Protecting Intellectual Property

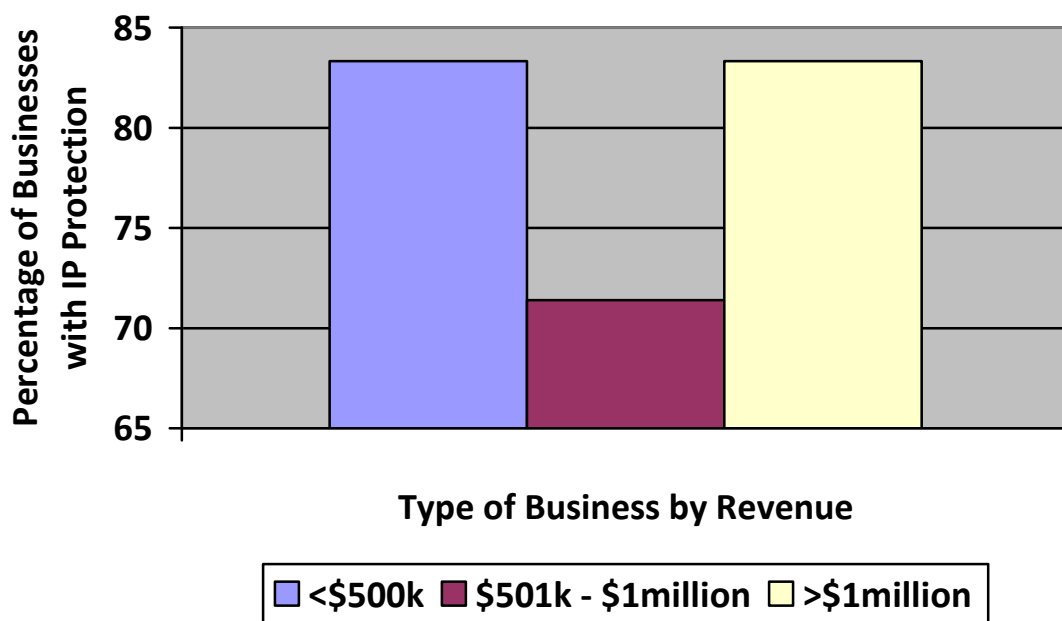
Registered Trademarks

The majority of businesses haven't yet registered a trademark. This is unsurprising given the cost of registration compared to the benefits that registration affords small to medium sized businesses.



Intellectual Property Protection

Here we are talking about the intellectual property for your business. This is the real value of a business and is something that all business owners need to protect. Astonishing the vast majority of all business owners reported that they had no systems (only **19.05%** of businesses had systems in place) or intellectual property protections in place for their business. We have broken this down into the different sized businesses. As you can see there is little correlation between Revenue and Intellectual Protection with most businesses failing to put intellectual property protections in place.

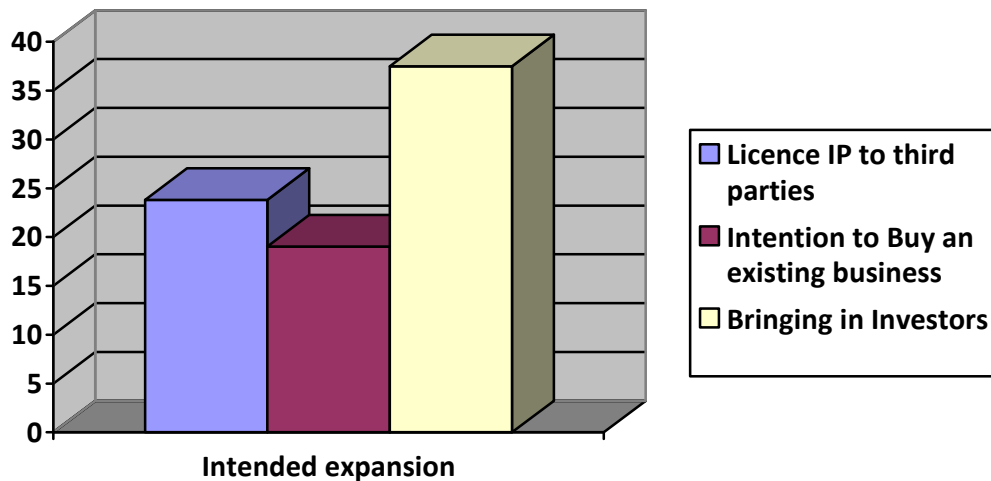


6. Phase 7 – Expansion, Franchising and Licensing

Expansion

Of the businesses surveyed only **1 out of every 3** of those businesses have already done some expansion, whether that be opening new premises, franchising, buying another business or setting up a licence agreement.

However interesting the vast majority of over **90%** do plan to expand in the future. The way that they plan on doing that is interesting, with the following categories favoured by business owners:



Franchise

Only **9.52%** of the businesses surveyed showed that they had any intention of franchising their business.

7. Phase 8 – Estate Planning

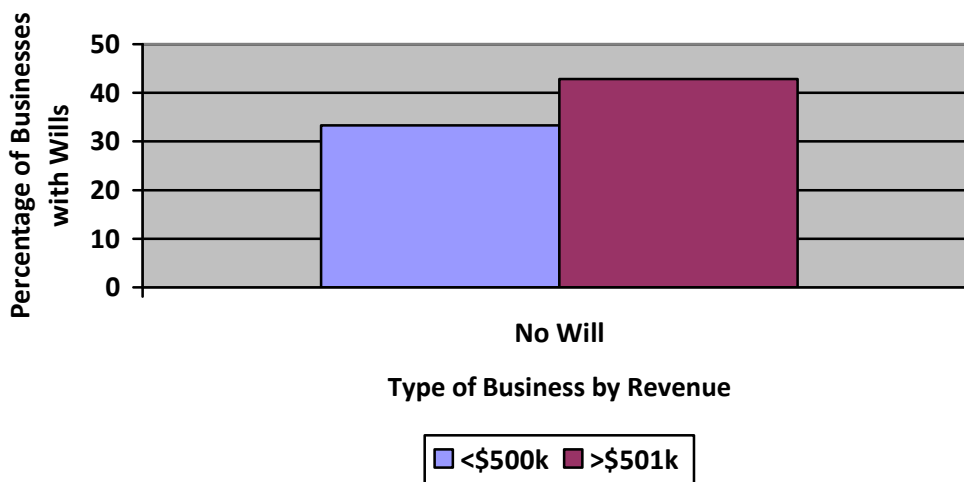
The statistics surrounding the estate planning of the business owners who had taken the Business Legal Lifecycle test was fascinating.

Succession Planning

23.81% of businesses have a succession plan in place. This is better with professional businesses with only **40%** of accountants and **37.50%** of financial planners having succession planning in place.

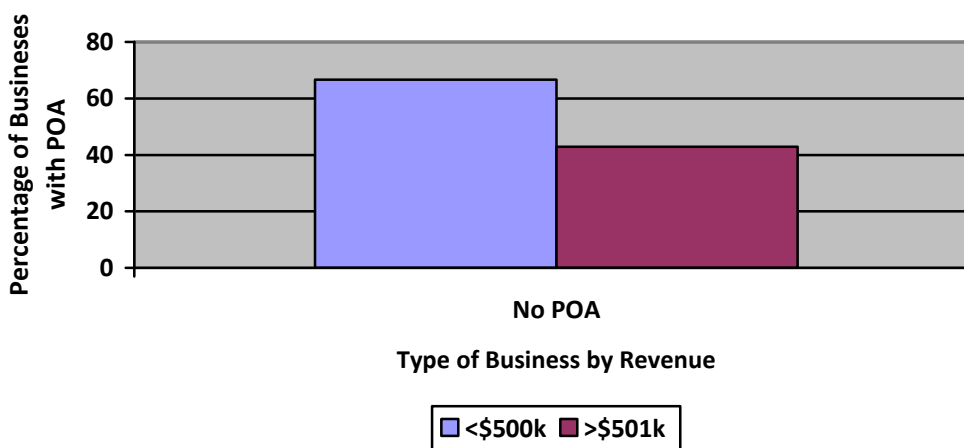
Wills

Of the business owners who completed the test most did have a will in place. A will is a written document that sets out the intentions of what happens with your assets when you die and is crucial to overcome the rules (which are often misunderstood) if you don't have a will.



Power of Attorney

Small business owners didn't have a power of attorney in place so that their affairs could be managed if they were unavailable or disabled. The split is below.



8. Where to Find Out More Information

To find out more information please contact us on:

Email: lifecycle@jeremystreten.com

Visit our Website: www.businesslegallifecycle.com.au

Call us on: 1300 000 LAW (529)