



START !

**PREREQUISITES FOR STARTING
A BUSINESS**

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1. UNDERSTANDING GOVERNMENT REGULATIONS

- **The Nigerian Government established the Corporate Affairs Commission through the Companies and Allied Matters Act, in 1990 to regulate the formation and management of companies in Nigeria. They are saddled with the responsibility of registering and regulating businesses in Nigeria**

1. UNDERSTANDING GOVERNMENT REGULATIONS

Why you need to register your business

- You can open an account in your company name
- You get a better reputation with customers
- You get a certificate of incorporation
- You get legal liability protection
- There is business continuity

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4 types of businesses:

- 1. Sole proprietorship:** Simplest form of business, has unlimited liability, ease of making decisions, no continuity, common for traders and artisans
- 2. Partnerships:** two or more partners, limited liability, difficulty in taking decisions
- 3. Private Limited Liability:** enjoys limited liability (usually ends with Ltd or Inc) seen by the government as a different entity from the owner(s), can be sold or transferred, expensive to set up (lawyer fees etc)

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4 types of businesses:

4. Public Limited Liability Company (PLC) - very similar with the above asides that publicly owned and their shares are traded on stock exchange and can be bought and sold by anyone

- It becomes easier to get loans
- There is continuity: in the case of death or permanent disability your business can continue
- Hire employees at little or no cost: eg Sure-p or N-power
- Ease of travelling to other countries

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Quick steps to registering a company

- Pay N500 Check for availability of proposed company name (you have 3 options) and reserve a new Name (nobody can ever take this name forever except you declare bankruptcy)
- Complete pre-registration form – CAC1.1 using the CAC online registration portal
- Pay filing and Stamp duty fees

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Quick steps to registering a company – Cont'd

- Prepare the signed scan copy of your pre-registration documents and upload to the CAC website (you can do all these through an agent if you don't have the time or don't like stress)
- Submit the original of these documents to the CAC office you had selected in exchange for your certificate and the Certified True copies of the documents.



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2. HOW TO SELECT A LOCATION FOR YOUR BUSINESS

- **Firstly, what's a business?**

It is an organized effort of an enterprise to supply customers with goods and services for a profit

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Key words:

- **Organized effort - takes an organized conscious effort**
- **Supply goods/services – You only supply what is needed, except you're a skilled marketer**
- **Customers - The customer doesn't distract you, he's why you're running the business. He's key**
- **Profit – comes last, but is not the drive, but is the end to the means**

A bright sunburst graphic with rays of light emanating from the top left corner, set against a dark background.

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2. HOW TO SELECT A LOCATION FOR YOUR BUSINESS – Cont'd

- An ideal business location is a place where a business should be established for maximum effectiveness, maximum social gain, largest market share and that also offers the lowest cost of production, lowest risks, and lowest cost of delivery of goods or service to customers

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Choosing a location –

- **Check natural and climatic conditions**
- **Proximity to raw materials**
- **Access to market – its better to live within the vicinity of densely populated areas if they are consumer products**
- **Availability of infrastructural facilities: road, power, airports public utilities, GSM network etc**

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Choosing a location – Cont'd

- **Availability of skilled and unskilled labour**
- **Others including Safety and security, government influences eg free tax zones, subsidies, cheap overhead facilities like electricity, banks transport etc**
- **Other issues like cost of location, Proximity to your residence etc**

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3.) ASSESSING YOUR ABILITIES

- Before starting up a new business or rebranding an old one you need to do a proper SWOT analysis. A SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of
- the location of your business is a very important task to be undertaken when starting a business. A business has 2 environments: Internal and External Environments

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ASSESSING YOUR ABILITIES –Cont'd

THE INTERNAL ENVIRONMENT: Which is everything within your control like:

- **Capital/finance**
- **Workers**
- **The product or service you are rendering etc.**

Here you have either Strengths or Weaknesses.

THE EXTERNAL ENVIRONMENT includes everything outside your control –

- **The community**
- **Your competitors**
- **Government and Government policies**
- **Transportation and distribution networks etc.**

This is a means of identifying your opportunities and threats.



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ASSESSING YOUR ABILITIES –Cont'd

SWOT ANALYSIS

S-Strengths (What are your internal advantages)

W-Weaknesses (Where is your competition better than you)

O-Opportunities (What are the positives in your external environment working for you)

T-Threats (What are the prevailing negative externalities)



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4.) CHECKING VIABILITY AND SECURING COMPETITIVE ADVANTAGE

- Based on the SWOT analysis that's been done you can now see where your strengths lie, you build on your strengths and improve on your weaknesses. For instance:
 - What level of the market share is available?
 - How does my price compare with the market?
 - What are the competition available?
 - What is it that I can do better than the competition?
 - What is it that I cannot do better than the competition?



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5.) SAFEGUARDING YOUR BUSINESS ASSETS E.G COPYRIGHT, PATENTS ETC

- What is a patent?

A patent is a form of intellectual property. It is government authority or license conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.

Why patent? To exclude others from making or using an invention or making money from it. You can get royalties till you die and transfer it to your children's children

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5.) SAFEGUARDING YOUR BUSINESS ASSETS –Cont'd

How to get patents

- Understand your invention: what makes it novel, is it patent worthy? Does it have applications in other fields
- Research your inventions: A PATENT REQUIRES ABOSILUTE NOVELTY!!! If a reasonably skilled person could make the invention from information already available to the public, what then would be the gain of giving the inventor exclusive rights? Read brochures, relevant publications, sales brochure

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5.) SAFEGUARDING YOUR BUSINESS

ASSETS –Cont'd

- Determine the patent category – is it a utility patent, plant patent, design patent etc
- Note that Nigeria, unlike the UK, US, Kenya and South Africa does not grant any patents in respects of pants and animal varieties or any biological process
- Visit <https://nlipw.com/electronic-filing-of-trademarks-and-patents-in-nigeria/>
- Draft your patent application and wait for a formal response
- Please use a lawyer or firm that **SPECIALIZES** in patency



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6.) PREPARING YOUR EXIT STRATEGY

PRODUCT LIFE CYCLE

Every product has 5 stages

- Development stage: Popularly known as the valley of death - you spend without getting any returns, gather funds, get setbacks and push backs, high risks. Mostly funded by the entrepreneur
- Introduction into the market stage – Entering the market, tasting the waters, reaching out for potential customers. This is where intellectual property is obtained (patents and copyrights). Further expansion funding can be gotten from investors or foundations like the TEF or Aspire For Excellence Foundation programme



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6.) PREPARING YOUR EXIT STRATEGY –Cont'd

PRODUCT LIFE CYCLE

- Growth stage = product or service has been accepted, market share has started increasing, production costs are reducing
- Maturity stage: here sales will have obtained a peak, competition increases. That secret you know, everybody has known it, prices tend to decline to stay competitive. Production costs tend to decline because of improved efficiency. Additional funding is needed except for horizontal or vertical product extensions i.e. creating a similar line of product



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6.) PREPARING YOUR EXIT STRATEGY –Cont'd

- Decline stage: here there is decreasing revenue, very high completion, changing customer needs - businesses can either discontinue the product, sell the franchise, or better by adding new features

You need to adequately prepare your exit plan to avoid legal issues or going bankrupt or into debts



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INNATE PREREQUISITES FOR STARTING A BUSINESS

- Capacity: you need to have built this
- Drive: The inner engine that moves you that nobody sees
- Product
- Perseverance and focus
- Big Dreams
- Ability to invest, wisely (the 80/20 rule of wealthy people)



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Closing Remarks

Proverbs 24:27

“Put your outdoor work in order and get your fields ready, after that, build your house”

THE END!