

Corporatization Plan and Business Strategy

2017

My Company (PTY) Ltd

Four Phase Process

There are four phases to deal with in setting up the business, as follows:-

A. Set up

This is a one-time process made up of two parts. The next two phases cannot be dealt with without completing both parts.

B. Separation

This concerns the separation of the self from the business of the self (so to speak) from a practical and cost point of view. It is initiated by considering the basic business operating structure and applying a cost-up approach as opposed to an income down approach

C. Administration & Operations

This concerns the ongoing process of issues that need dealing with on a daily, weekly, monthly and annual basis. They primarily relate to the actions engaged in to support the business effort and typically may involve such issues as maintaining the schedule, paper traffic and communication between all parties involved, internally and externally

D. Exploitation

This is an ongoing process of issues that relate to deals on all areas where high income opportunities exist, with particular emphasis the Management Agreement, the Artist Agreement, Collective Management Organizations (CMOs e.g. SAMRO, SAMPRO etc), the Publishing Agreement and others - 5 income sources in total.

Set-up Phase - Part 1

- Setup (PTY) Ltd entity.
- Appoint Book-keepers and Auditors
- Do Corporatization plan
- Tax Advice/Assessment
- Company stamp
- Set up company bank account(s)

Set-up Phase - Part 2

There is a second aspect to setting up, more critical, as follows :-

- Individual employment agreement
- Auditors register as tax payer
- Auditors register for SDL, UIF & PAYE
- Owning social media

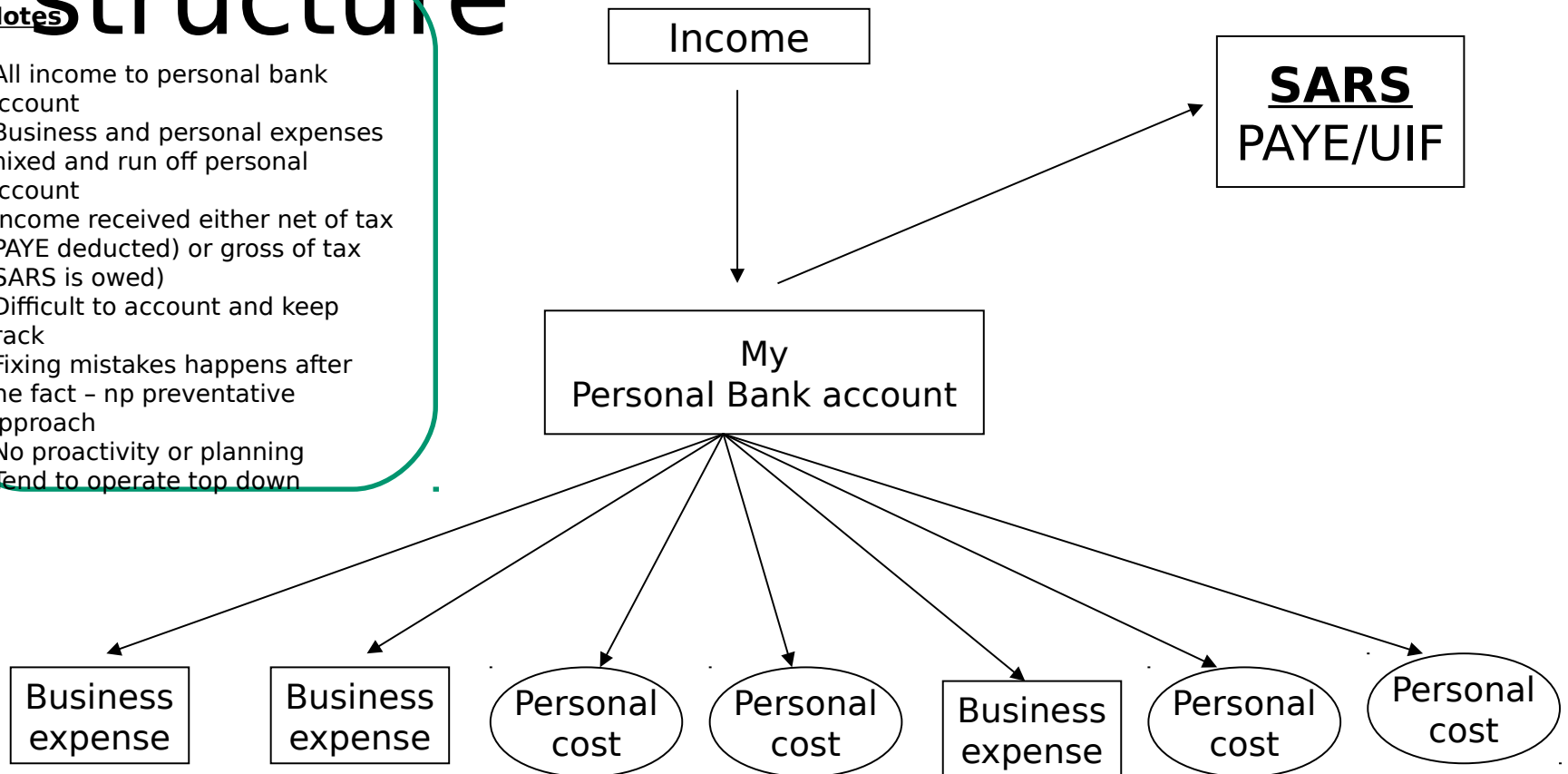
Separation

- The Freelance structure
- Separating the skill and the business
- The Corporatized structure
- The basic business operating structure
- The cost up approach
- Corporatizing – deploying the cost up approach
- Deploying the financial tools
- Identifying the income activities

From a Free-lance structure

Notes

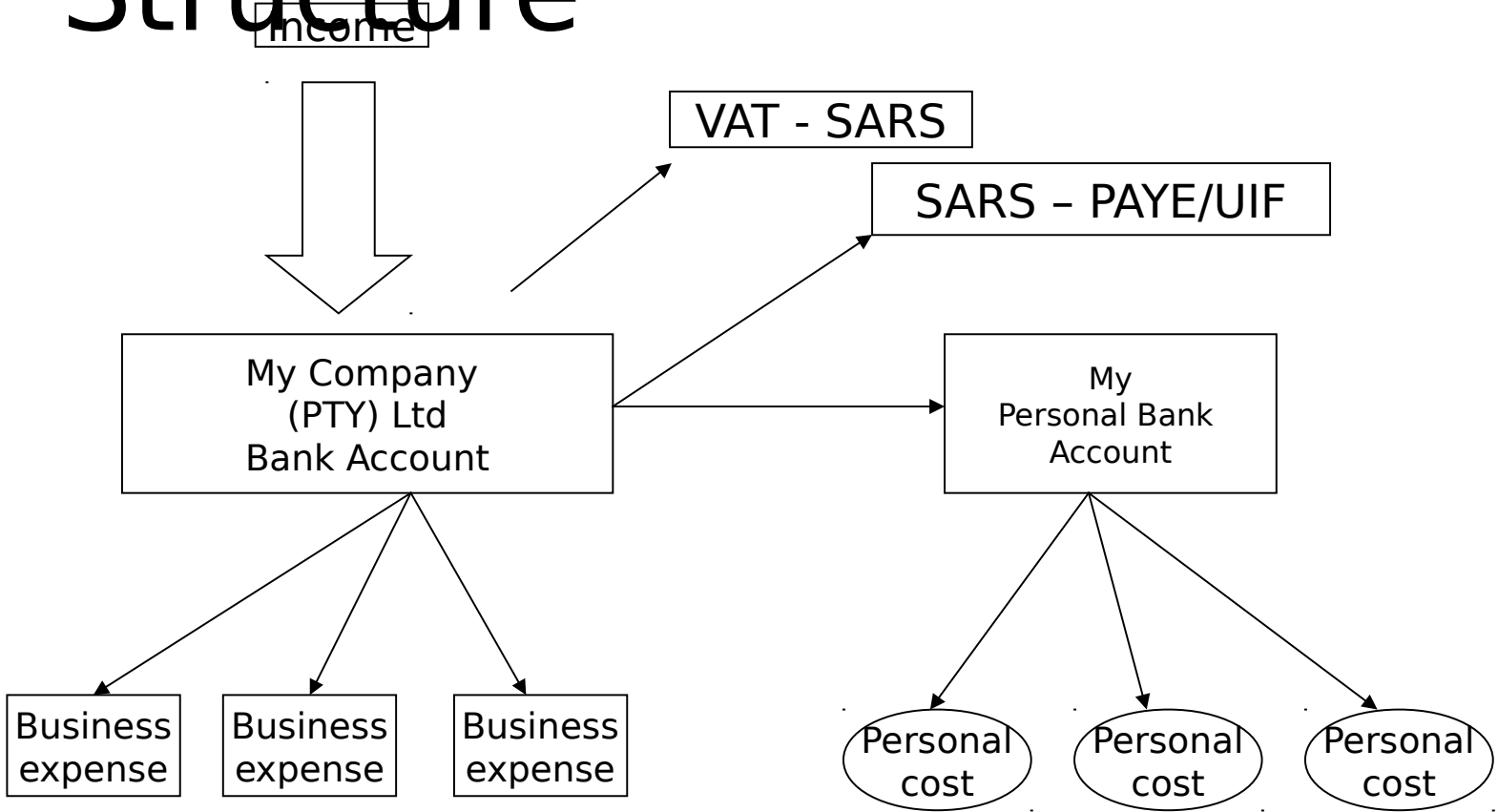
- All income to personal bank account
- Business and personal expenses mixed and run off personal account
- Income received either net of tax (PAYE deducted) or gross of tax (SARS is owed)
- Difficult to account and keep track
- Fixing mistakes happens after the fact - no preventative approach
- No proactivity or planning
- Tend to operate top down



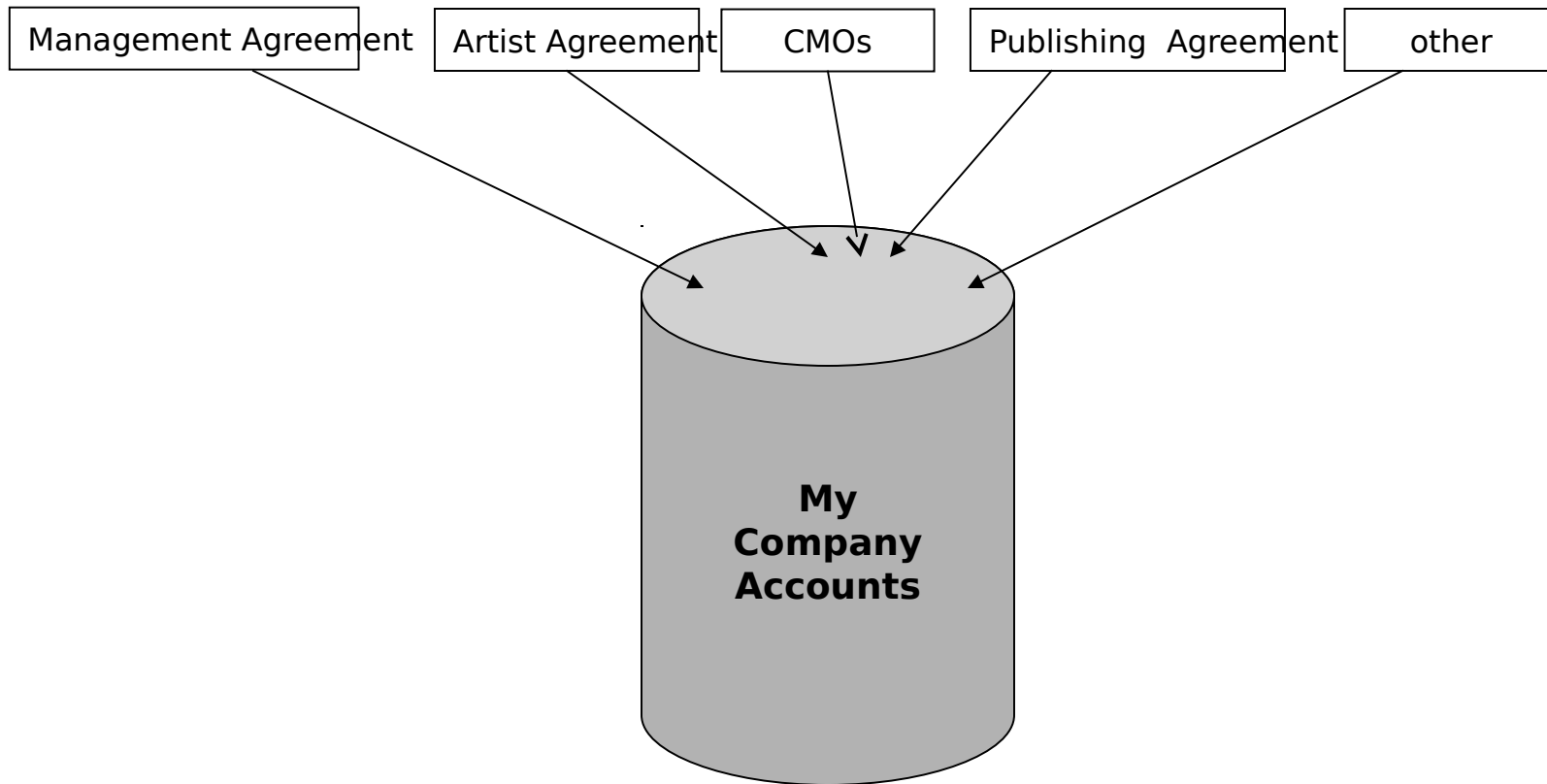
Separating the skill and the business

- Start with “In law a person is defined as a ‘natural person’ and a company is defined as a ‘juristic person’” – the two are separate
- The business pays for business costs from income to the business and the skill pays for personal costs from a salary
- The Skill and the Business are separate and dealt with separately
- Skill takes a salary and benefits from the company and such are a business expense
- Skill ceases using personal monies for business expenses
- The business does not use money for personal expenses of the skill, except to pay a salary and defined benefits
- One of the primary purposes of corporatizing is create top line employment for the skill
- Income earned by the company by deploying the skill does mean that all the monies earned are for personal use, there are business expenses to be paid

To a Corporatized Structure



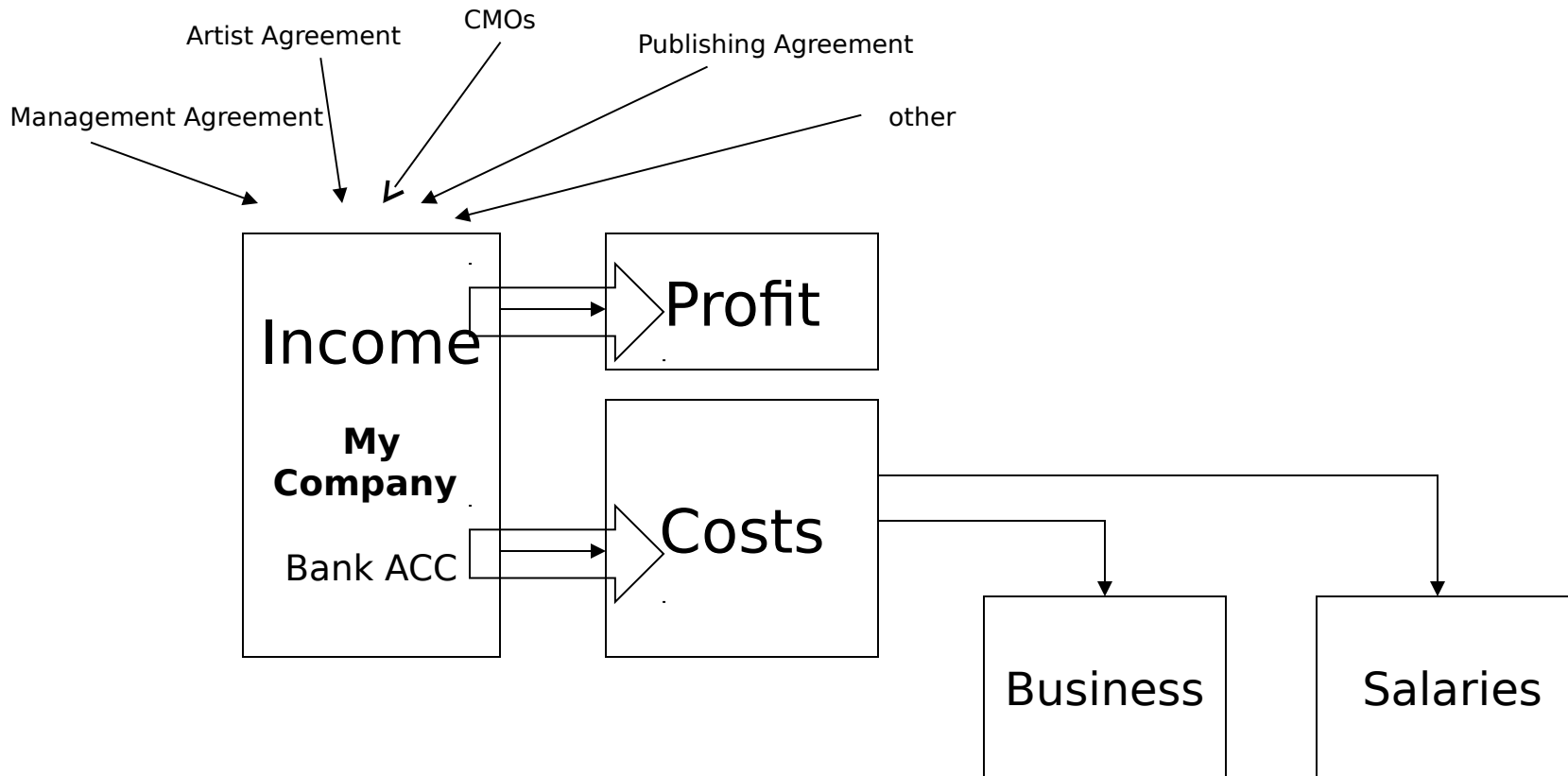
Income Structure rules - All income goes to company



The Income Down approach

- First understand the basic operating structure of a business, it offers it services and/or products to customers, earns income, pays for its expenses and tries to make a profit
- This is referred to as the “income down” approach. It often is associated with the approach that what ever earned is spent, with nothing left.
- The “income down” approach is also akin to a receiving a salary for instance, of a fixed amount. From that amount you must ‘manage’ your expenses and hope there is nothing out of the ordinary happening as far as your expenses are concerned
- To implement Corporatization, the cost up approach is used i.e. reversing the process from an approach from an approach of “how do I spend?” (income down) to “how do I earn?” (costs up)

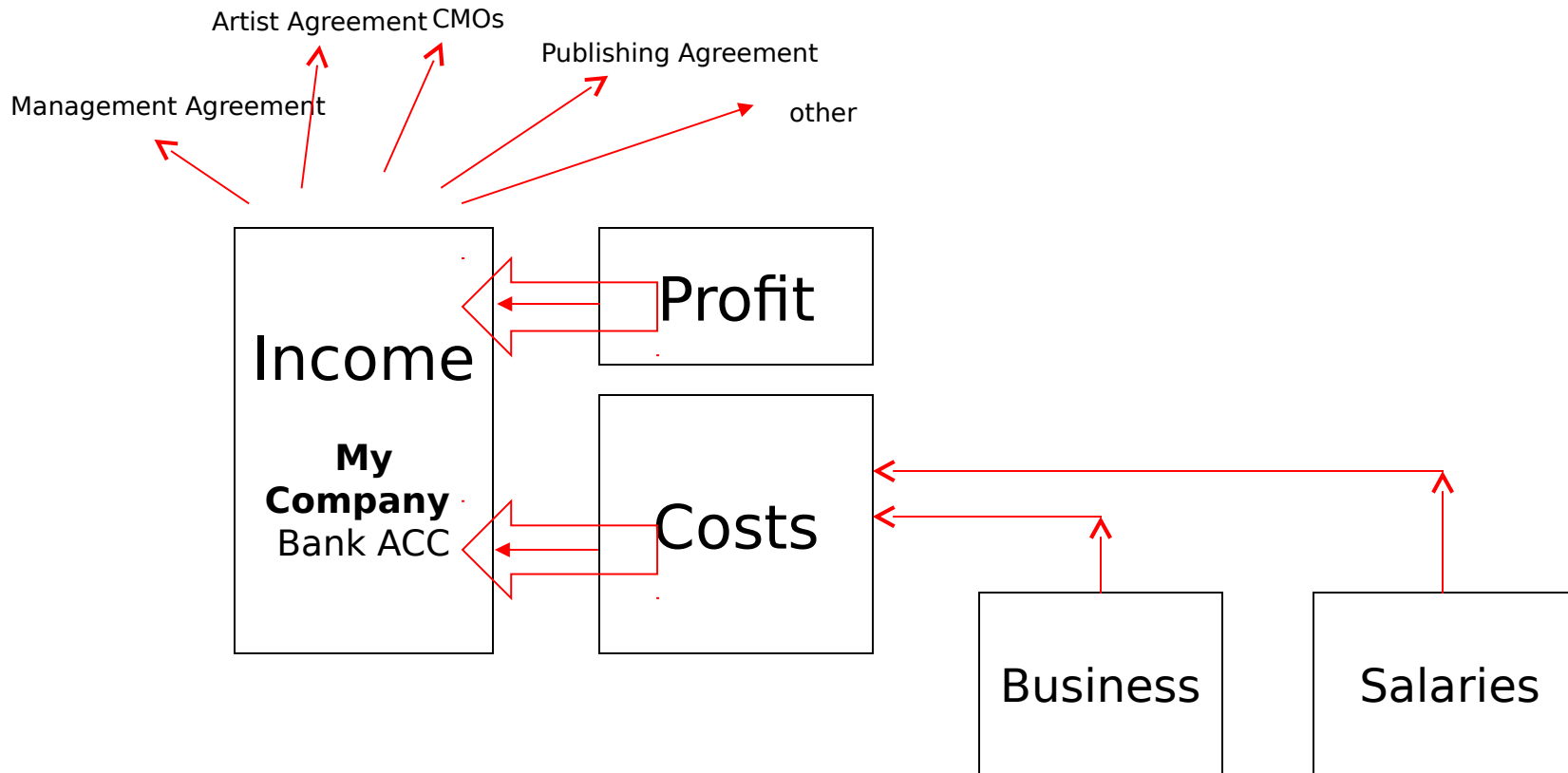
Typical company operating Structure - income down



Migrating

- Tools used for the migration from a freelance structure to an corporatized structure are as follows:-
 - Cost up approach
 - Personal budget
 - Personal and company budget
 - 12 (twelve) month forecast – what you should have in your bank account in 12 (twelve) months
- Employment agreement with the company
- Review asset ownership (car, phone, laptops and other equipment)
- Cease receiving any payment in the personal bank account except from the company
- Relationships with personal bank account redefined and company bank accounts structured

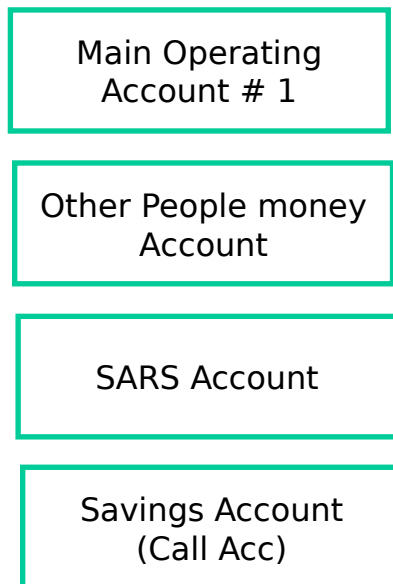
Corporatizing - deploying the cost up approach



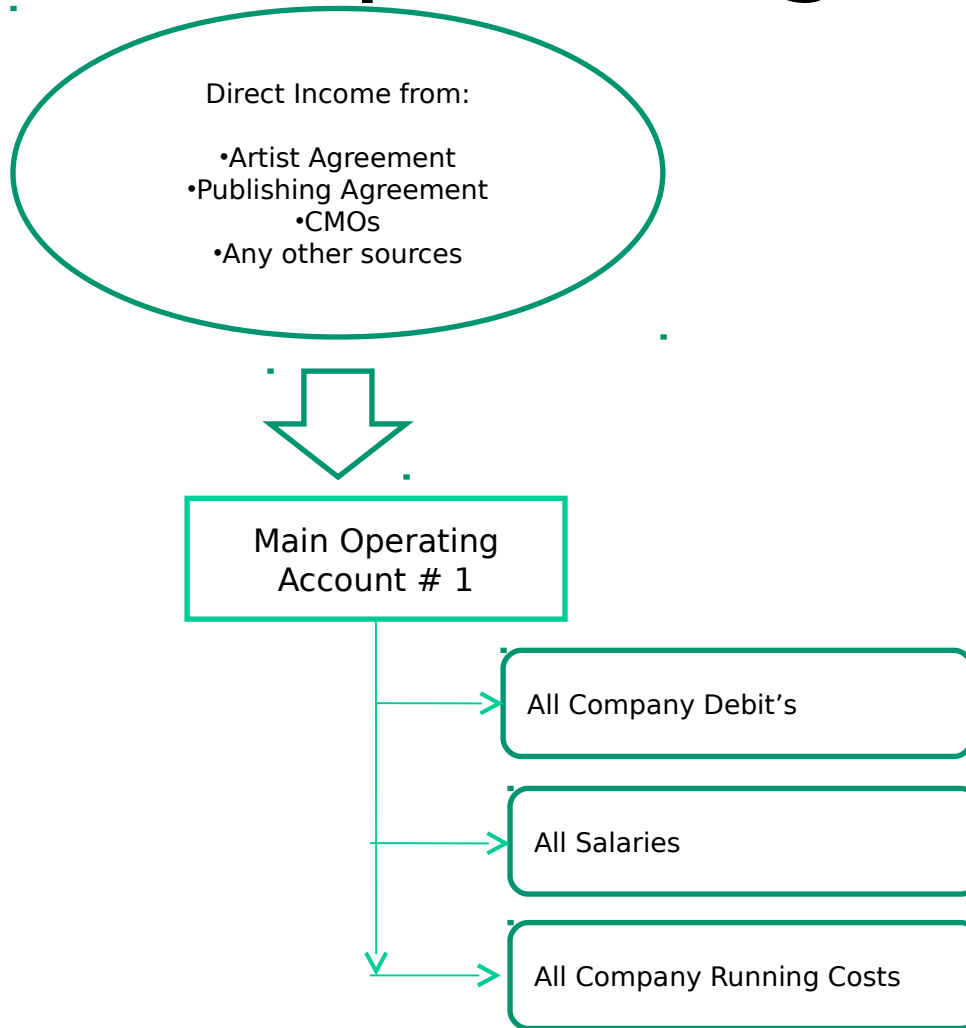
Financial tools and method

- Personal budget (before corporatizing)
- Company budget (after corporatizing)
- Twelve month cash flow forecast
- Submission to auditor
- Set-up accounting/bookkeeping structure, rules, financial reporting and method with auditor
- Implement and see auditor personnel monthly

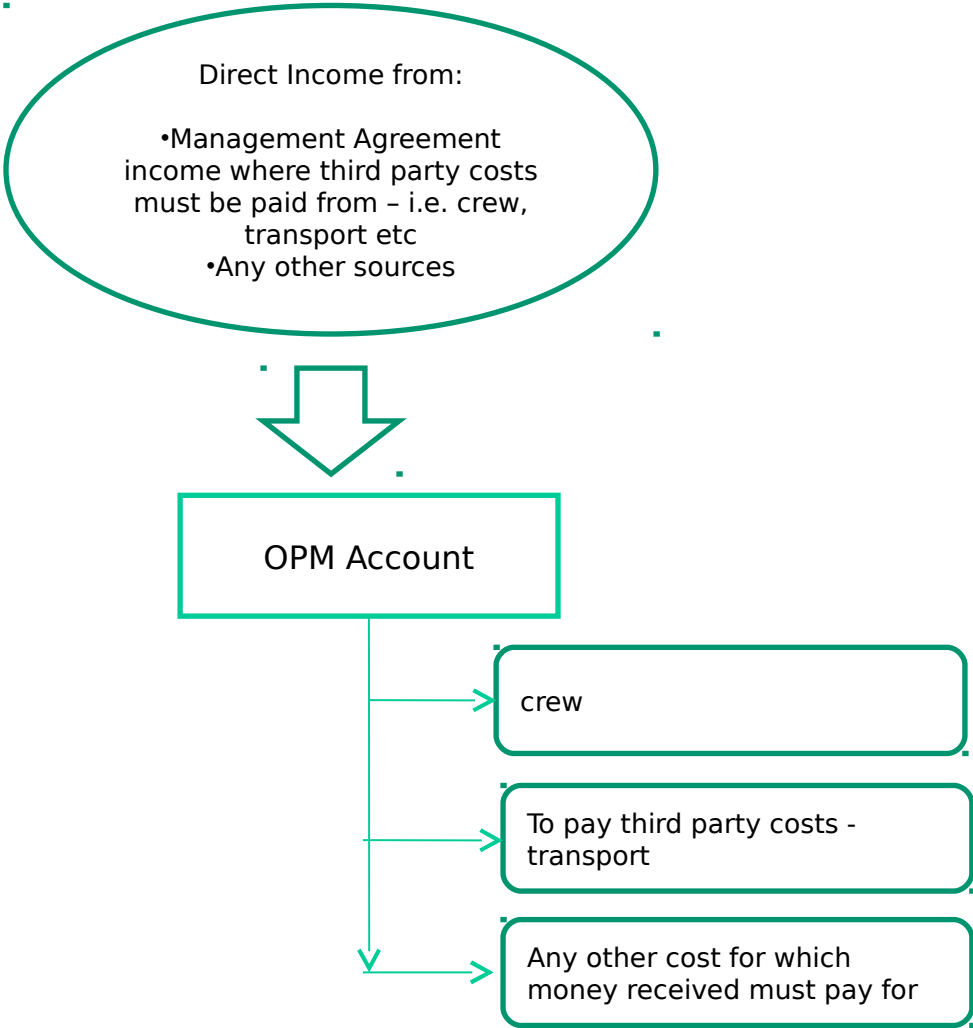
Basic Bank Account Structure for My Company (PTY) Ltd



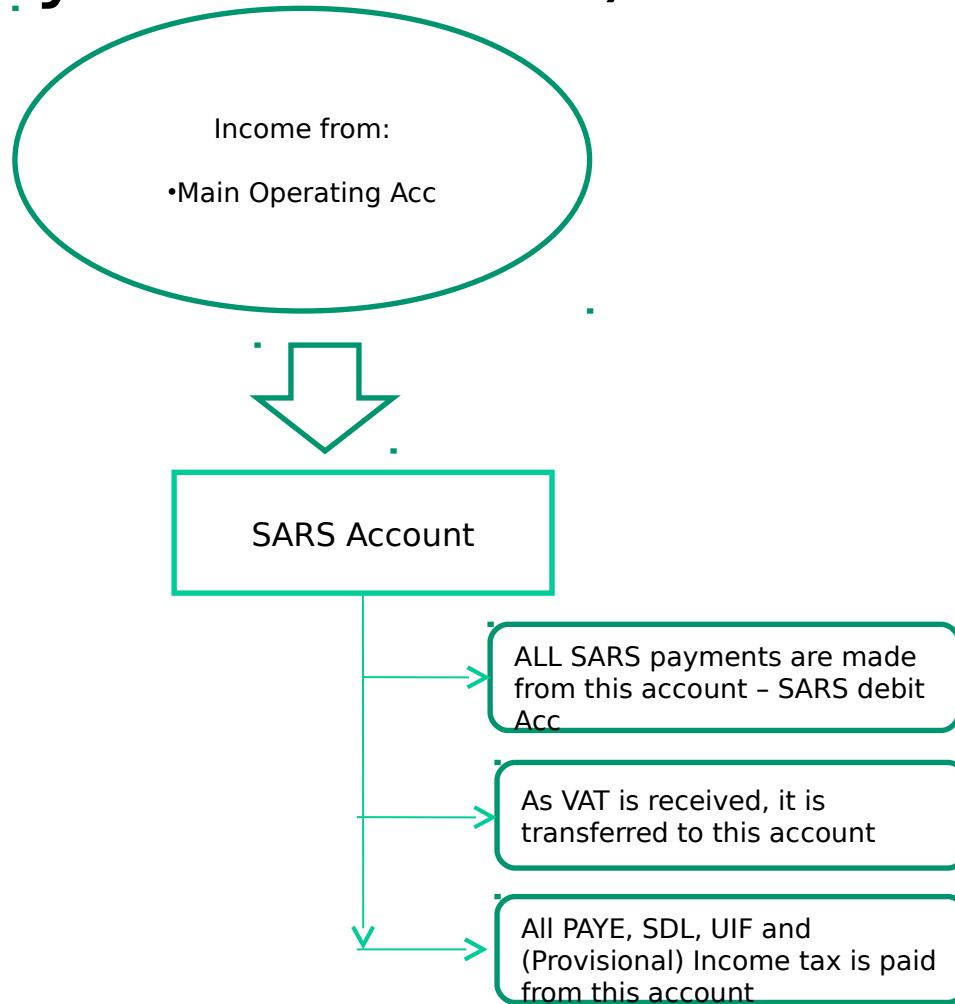
Main Operating Account #1



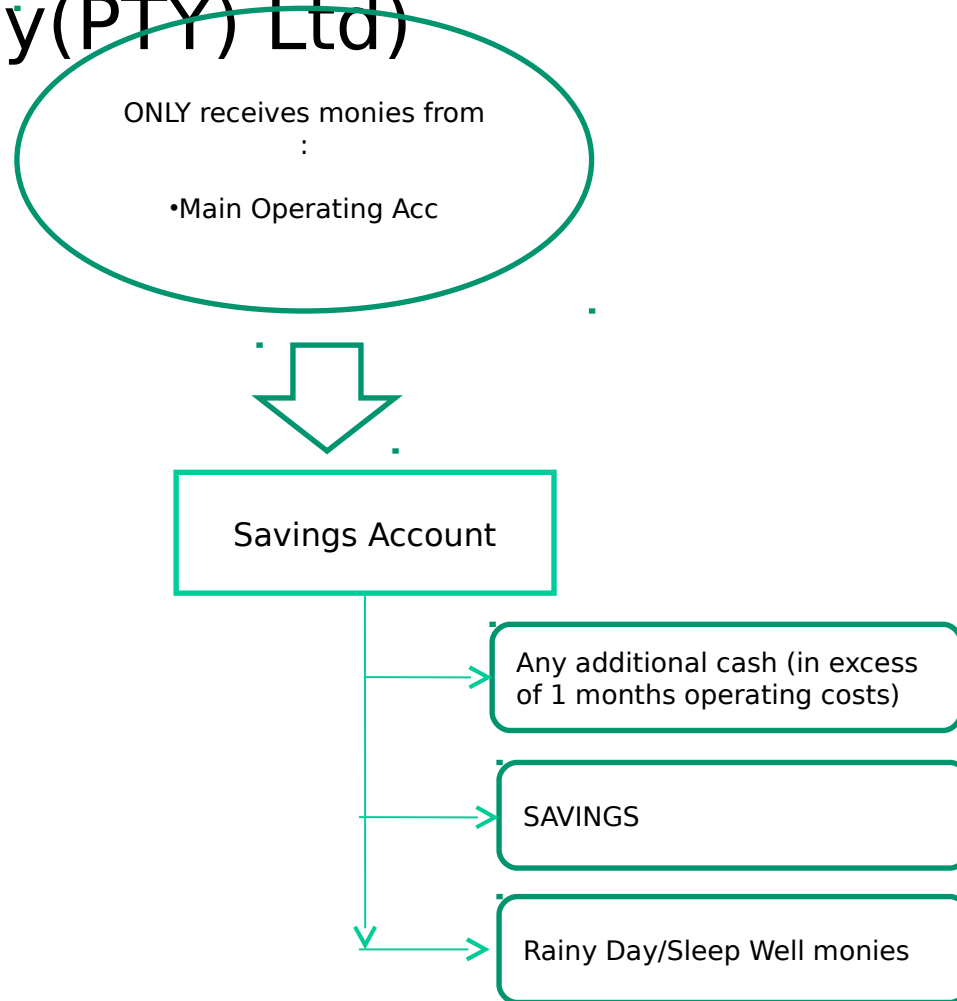
Other People's Money (OPM) Account



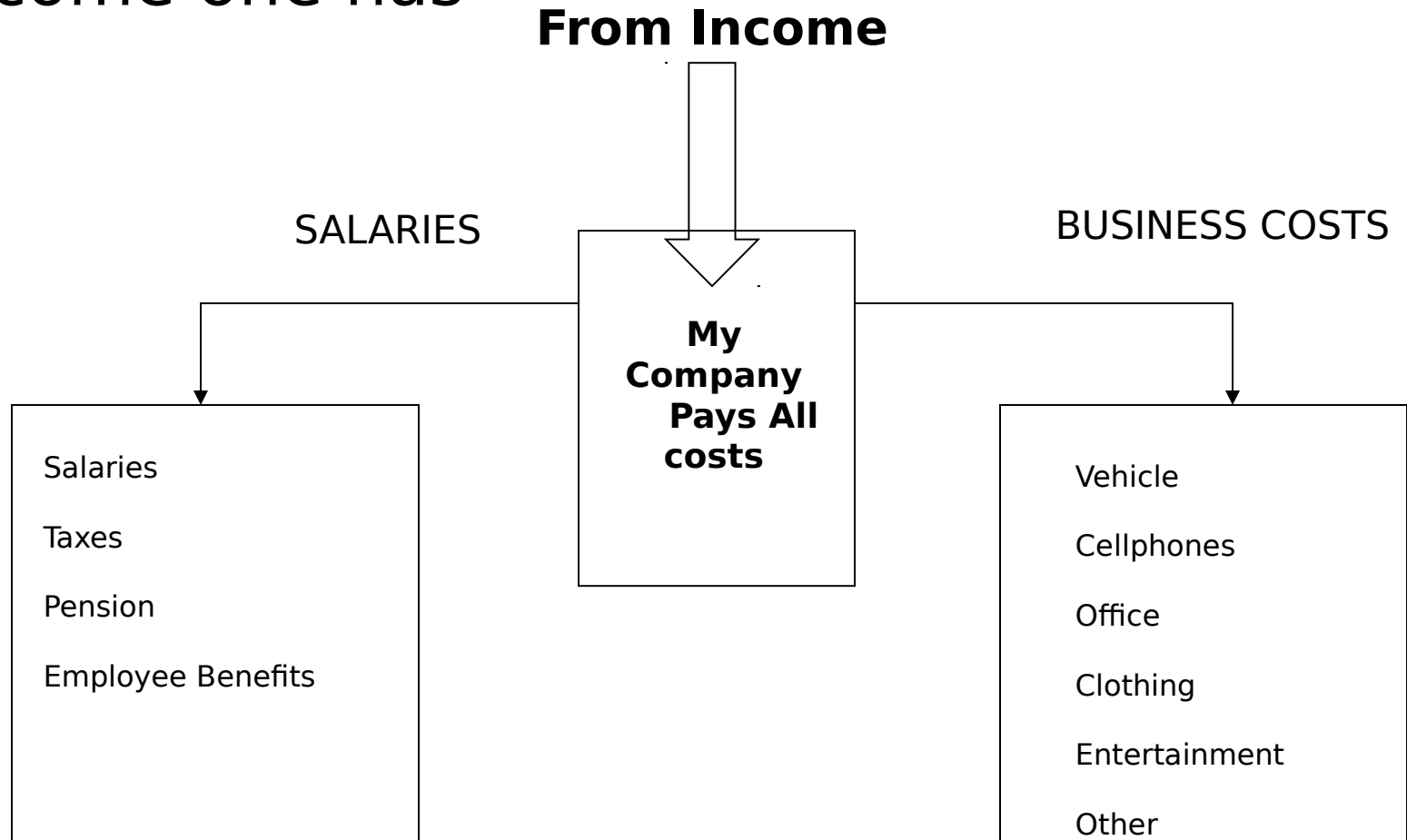
SARS Account (All SARS receipts and payments ONLY)



Savings (Call) Account (Any extra cash is 'parked' here – it is the Savings Account of my(PTY) Ltd)

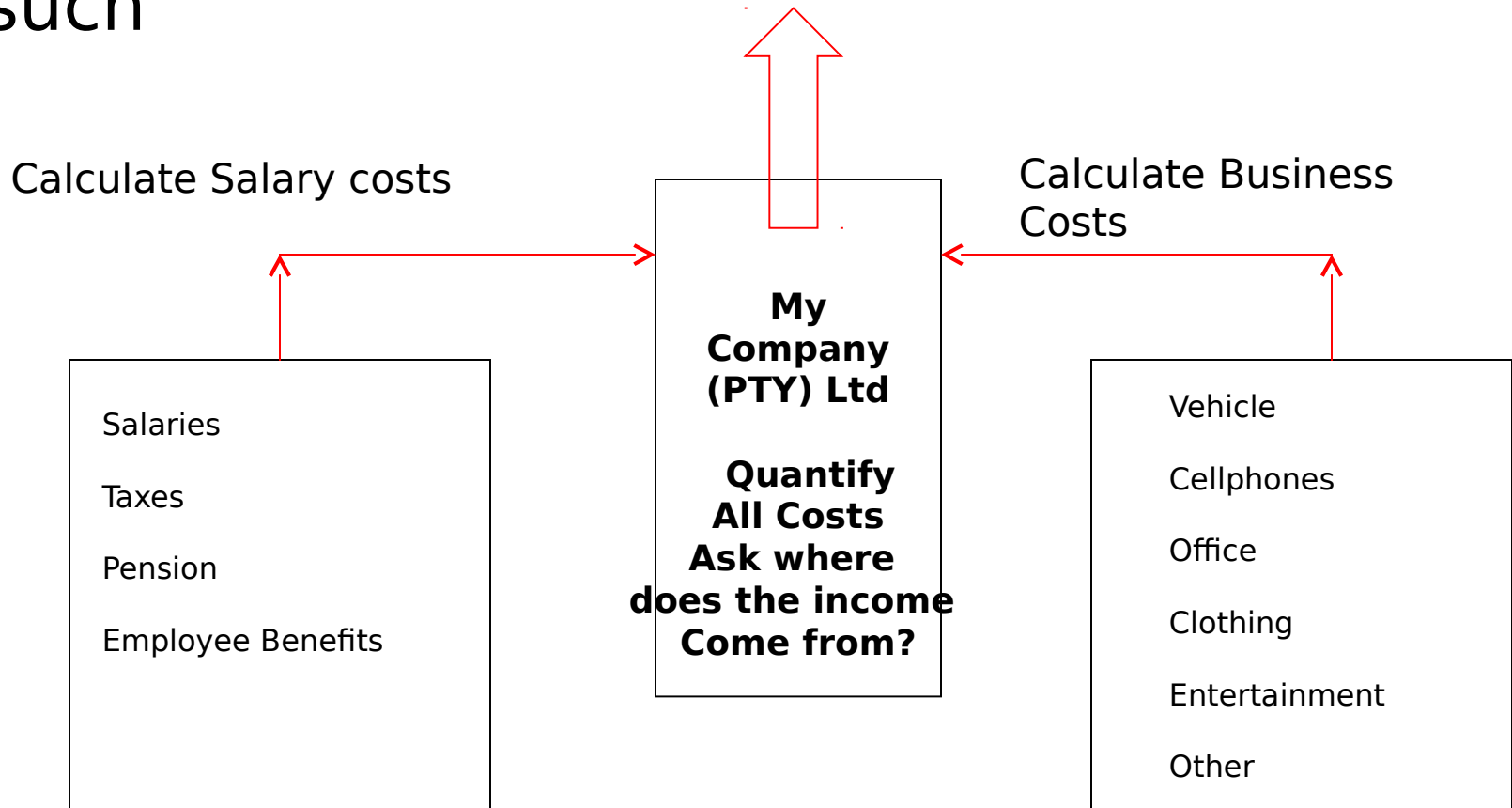


Costs Structure the income down approach - one pays costs with whatever income one has

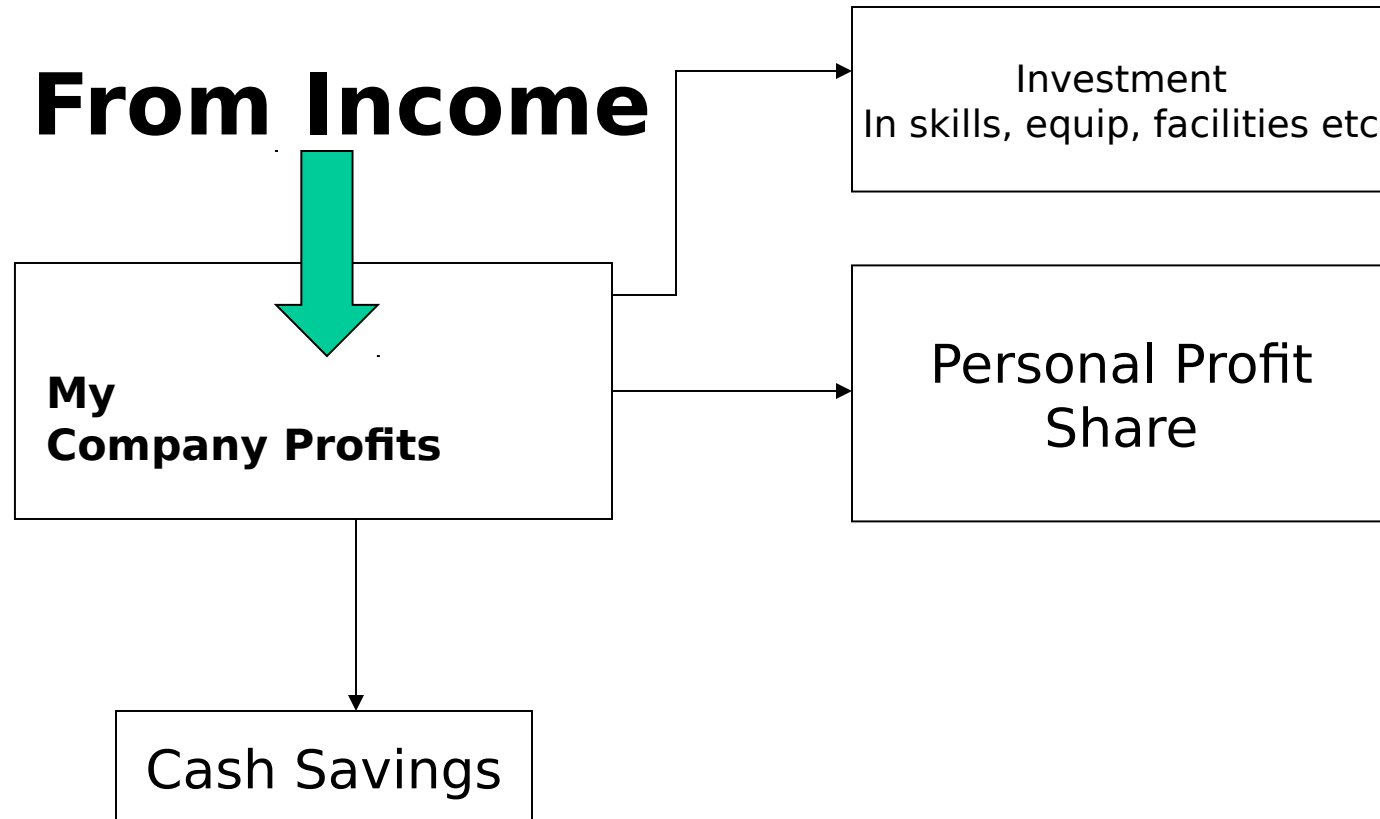


Corporatizing- the cost up approach to the Costs Structure - work out costs and then see where to find the money to pay for such

To Income



Profit Structure



Administration & Operations

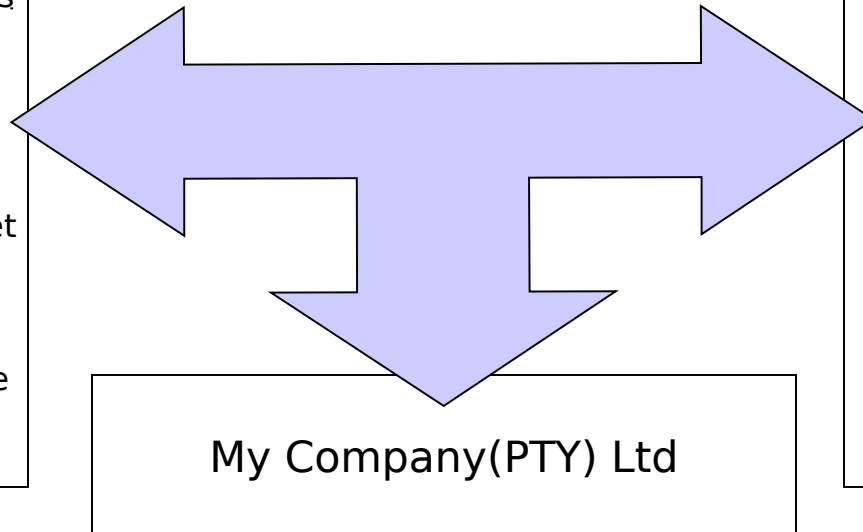
For the business to run effectively and be in a position so that an implementation strategy to meet and beat the financial needs can be identified and implemented, there are tasks that occur on an ongoing basis and there are tasks that occur in response to demand for services. Each of the bullet points below is a question asked with the aim of seeking efficiency:-

ADMINISTRATION for e.g.

- * Taking Messages
- * Correspondence
- * Issuing invoices
- * Answering phones
- * Issuing biogs etc on demand
- * Chasing invoices
- * Social Media
- * Filing
- * Working to budget
- * Employee filings
- * Employee issues
- * Photocopying & dealing with office
- * Receptionist
- * Bank deposits

OPERATIONS for e.g.

- * Set appointments
- * Maintain calendar
- * Deal with inquiries
- * Liaise with Mabala
- * Liaise w/operations manager
- * Co-ordinate transport
- * Schedule shows
- * Co-ordinate promo and publicity
- * Liaise & co-ordinate crew



Practical administration and operation- 3 Phases

- Phase 1
 - Run operations from My Company (PTY) Ltd website using booking forms for all enquiries.
 - Direct social media business enquires to website
 - Use support from My Company (PTY) Ltd Life to issue paperwork
 - Build company cash
- Phase 2
 - Add an employee - a personal assistant whose task it is to manage schedules and issue paperwork
 - Employee to work for My Company (PTY) Ltd using a My Company email address
 - Build company cash
- Phase 3
 - Consider physical premises and overhead costs....lease etc

Practical administration and operations - Marketing - The internet and social media

- There are two critical aspects to be set up to address the company's marketing function in the digital world:
 - Website - this is for the corporate customer , i.e. the corporate face of the business and it is where booking forms, blogs, updates etc are located....to be found 24/7 by any person looking for My Company's world-wide for business purposes
 - Social Media - this is for My Company's end-user customer for direct communication about anything and everything except direct business - customer feedback and interaction - tell the customer where to buy

Implementation Strategy to meet and beat the financial needs

This concerns the ongoing process of meeting the need of issues that relate to deals on all activities and areas where income opportunities actually exist, with particular emphasis on the three activities or five as the case may be. The term exploitation is the term most often used in respect of 'sell', negotiate, deal, license and market the services and products of the business, in the name of the business. The income of the business can be determined as originating from three sources and the strategy for exploitation (dealt with later) is driven by these five sources. As follows:-

1. Management Agreement
2. Artist Agreement
3. CMOs
4. Publishing Agreement
5. other

The challenge is to create consistent and meaningful streams of income from each source, in the right mix, in order that the business may become profitable and valuable.

Strategy: Management Agreement

Strategy: Artist Agreement

Strategy: CMOs

Strategy: Publishing Agreement

Strategy: Other