

CA115 Digital Innovation Management Enterprise

Week 8

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These notes will be posted to Loop.

Startups #4: Practical Things

Setting Up a Limited Company in Ireland

- The company is registered as a [Limited Partnership](#) with the [Companies Registration Office](#), or CRO.
- This is a relatively straightforward process but it is always best to take guidance from a [solicitor](#) and an accountant; it's more than worth the relatively small expense.
- If investors are involved, you need to have at least a [Heads of Agreement or Heads of Terms](#); this is a short document, signed by everybody involved, outlining the main points of the agreement to work together. This ought to be followed up by a legally binding contract.

Some of the things that you must do form a company include:

- Speak with a solicitor and an accountant.
- Ensure that your tax affairs are in order.
- [Register your company with the CRO](#).
- [Register your company for tax with Revenue](#).
- Open a bank account for the company.

Company Administration

At the very least, you will need to engage the services of:

- A solicitor, for advice and to review contracts.
- An accountant, for financial and administrative filings to the CRO and Revenue, as well as advice.
Filings include:
 - Employee PRSI/PAYE returns - monthly to Revenue.
 - VAT returns - approx. every two months to Revenue.
 - Annual updates to CRO, including financial accounts summary.
- A bank, for financial services and finance.

Contracts

- Contracts set out the terms of an agreement between two or more parties; they are most important when things don't go according to plan.
- Contracts help signatories to avoid disputes by laying out clearly what will happen in different situations.
- Different cultures have different rules and expectations, e.g. the expectations of a parties to a contract in the USA vs. those in Japan or China.
- Always have a lawyer look over any contract.

An interesting example of cultural differences is given by the American Steve Alpert in his book about working at [Studio Ghibli in Japan](#). He writes that in Japan:

"The contract is usually nothing more than a formality. When Japanese companies reach an agreement with each other they don't need to read the contract to understand each other's motivations or the relationship that's been formed or how the business will proceed. The relationship is based more on understanding than on trust. You don't need to trust your partner because you understand perfectly how he will behave".

On American (entertainment) companies, he writes that:

"[E]ach contracting party is trying to get the best possible deal for themselves, and they're willing to do anything and everything to get it. If you don't understand the tricks and the hidden contingencies involved, that's too bad. That's what the expensive lawyers are for, and you are expected to use them, and you had better pick ones with real industry-specific experience".

I know which approach I prefer! Nevertheless, it's important to consult a solicitor before signing a contract.

Where to Seek Help

If you need help, with advice on where to begin with setting up a company or in general about your decisions, there are a few places you can go:

- The first is to get in touch with your [Local Enterprise Office](#). LEOs are very useful and provide a good service to early stage companies, with some funding available. Some funds require you to pay for at least 50% of anything that's funded. Others cover consulting fees etc. It's worth making contact.
- A mentor, someone you trust who has more experience, is a wonderful thing to have and if you're lucky, you'll have one to consult with.
- And when you need to talk, it's important to maintain have friends or family.

Urgent or Important?

- Focus on the important things always.
- This is not always what you are best at doing!

Urgent / Important (#2) <ul style="list-style-type: none">• These are things that must be done immediately.• Customer requests.• Emergencies.• Etc.	Urgent / Not Important (#3) <ul style="list-style-type: none">• These are unimportant things that need to be dealt with quickly• Small requests from colleagues etc.• To-do list items due.
Not Urgent / Important (#1) <ul style="list-style-type: none">• <u>This is where you should be most of the time!</u>• Planning etc.• Working on core tasks, maybe building things or devising strategy	Not Urgent / Not Important (#4) <ul style="list-style-type: none">• <u>These are things that you really ought to avoid as much as possible during productive hours!</u>• Reading newspapers.• Social media.• Non-core tasks that you like doing but are not productive.

Common Reasons for Failure

Running out of money is usually the only endpoint for a company. There are a few roads to this point! These include:

Leadership

- No clear leadership or decision making.
- Not focussing on core tasks.

Cashflow

- Not making sales.
- Spending money unnecessarily.
- Asking too little for the product or service, i.e. underpricing.

Marketing

- Not conducting sufficient market research.
- The wrong product in the wrong market.
- Relying on one or two customers.

Optimism

- Underestimating the complexity of the task.
- Unrealistic goals and timelines.
- Underestimating the initial capital required.

Stubbornness

- Overengineering a simple product
- Not seeking help.

References

- If you can locate it, read *Start Up : an Entrepreneur's Guide to Launching and Managing a New Business* (5th Edition). William J Stolze. 1999. Career Press, NJ.
- Visit the website of the [Local Enterprise Offices](#).
- *Sharing a House With the Never-Ending Man: 15 Years at Studio Ghibli*, Steve Alpert. Stone Bridge, ISBN 978-1611720570