

The **24** most important  
things you need to know about...

**Starting and running  
your own business**



# Get more value from **your business idea**

This is a little book of ideas about starting a business. It gives you an overview of what working for yourself involves, and the key issues you need to consider.

Please keep this booklet safe as it is an integral part of the start-up programme of workshops and support, and is a useful reference tool to help you on your journey to starting your own business.

Running to just 12 pages, it doesn't aim to be a textbook. But it's been produced to answer many of the questions you face during the early stages of setting up your business – so you don't have to re-invent the wheel.

And, when you're ready for more specific information on any of the topics covered here, just get in touch.

Call us now on **0845 600 9 006** and talk about your individual needs in complete confidence.

You'll also be surprised at how much resource we can offer you, at low or no cost. And you'll be able to benefit from our unrivalled network of contacts.



“The secret of success in life is to be ready for your opportunity when it comes.”

**Benjamin Disraeli**

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**Call us for free advice on 0845 600 9 006**

# FIRST STEPS AND POSITIVE PLANNING

## 1: Start by focusing on your customers

Before starting up you need to know where you'll find customers, why they'll want to buy from you, and how you can make enough sales and profit to be viable. The most important word is want. You must be sure the desire is there, and is sustainable. Research your market carefully.

## 2: Be realistic

Remember, most of your potential customers are already being supplied by someone else. Unless there is a genuinely unmet need – and businesses are literally crying out for what you plan to provide – you will have to win customers from other businesses, who may already have competitive products or services, and long-standing arrangements. You must be better than them, not just as good!

## 3: Work on your USP

Your Unique Selling Proposition (USP) is what makes what you sell (or the way you sell it) different from anything else on the market. A good USP is one of the main reasons why a customer will choose you. To find your USP, work on completing this thought: 'Customers will buy from me because my product or service is the only one that...'

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"Productivity isn't everything, but in the long run,  
it is almost everything"

**Paul Krugman, economist**

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### **4: Avoid 'me too' – and working for a pittance**

To expand on the last point - if your business doesn't offer anything new or different, you will have to compete on price alone. As a new business without a 'war chest' to finance a price war, you're likely to lose – and put yourself under enormous stress too.

### **5: Get rich in a niche**

Remember 'focusing on the customers'? Tighten that focus onto a small, distinct segment of your overall possible market – a niche – become their specialist provider and the market leader! Hint: if you can't narrow down your market, you probably need to do more work on your USP.

### **6: Choose your sales channels**

Find out where your potential customers make their purchases. Will they come to you, in a shop or factory outlet? Do you need to go to them, personally or by using advertising or direct mail? Should you concentrate on selling in bulk to a large shop, a chain or reseller? Work out where most sales are likely to come from, but do test other channels too.

### **7: What's in a name?**

When you're starting a business, a great business or product name is one that says something about what you do, is quirky and memorable, or is highly relevant to your target market. Check with Companies House, business directories and on the internet to make sure no one else is already using your proposed name.

## STRONG FOUNDATIONS

### 8: Basic advice

Before setting up, you need to know what kind of legal structure you want your business to have. These days, most start-ups are structured as limited companies, but you could choose to be a sole trader, form a partnership or limited liability partnership (LLP). **If you are in any doubt about the various alternatives on offer, consider talking to a Business Link Adviser.** They will give you informed and impartial advice based on years of experience.

### 9: Do you need premises?

Working from home is often a suitable way to start out, particularly if you don't need to have customers or suppliers visiting you regularly. But always check if your mortgage or tenancy agreement and home insurance policy allow you to run the business you are considering. If you do rent premises, don't be tempted to pay for more than you need. Premises costs need to be met every month, and could cause you serious problems during a slow patch.

### 10: What about VAT?

Generally, you must be registered for Value Added Tax if your business sells products or services to a value above the government limit (£64,000 for the 2007/08 tax year). VAT regulations are detailed, complicated and strictly enforced. You'll find more information on the HMRC website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) - but most people find it makes sense to talk to an accountant or bookkeeper. **Call Business Link on 0845 600 9 006 and they can point you in the right direction.**

## 11: Calculate your costs to set your breakeven figure

Costs include:

- Development costs (if applicable)
- Variable costs such as materials, packaging and distribution
- Fixed costs (overheads) such as rent, business rates and salaries.

Add your costs together to get your breakeven figure – then you know how much you need to sell before you can make a profit.

## 12: Save, save and save again

You can start a business on a tight budget, if you're willing to look around and make some compromises. For example, you can start by working from home, using second-hand equipment from local papers, second-hand shops and auctions. You may also be able to borrow money from friends, family and people you know through work; avoiding bank fees and delays. And don't forget to search for the cheapest suppliers, often found online, and always try to negotiate the price down!

## 13: Get the price right

Start with solid research into what your competitors charge and how much the market will bear. Until you are absolutely sure what your costs will be, don't just match the lowest price. Remember, well-resourced competitors could be running a loss-leading promotion, or fishing to gain sales of a higher priced product or service. And with pricing, 'the solution is evolution'. Be ready to change your price - including putting prices up in busy times. Always negotiate where you can – and start high. Remember, your customer may be more interested in quality and reliability than price.

## BENEFIT FROM BETTER BUSINESS PLANNING

### 14: Write and refine your business plan

Create a business plan that clearly and concisely explains the nature of your business, your market, how you see your business making money, and growing over the next few years. Remember, your business plan is a living, working document. Revise it at least every six months, and whenever there is a significant development.

**A Business Link Adviser can help talk you through the planning process.**

### 15: Forecast your sales

Make sales forecasts every month to cope with fluctuating demand. Carry out some market research to help you forecast sales initially. And always be careful to maintain positive **cashflow** (i.e., you have more money coming into than going out of your business.) The most profitable firm can be forced into liquidation if it doesn't have enough money to meet its bills.

### 16: Get SWOTing

SWOT stands for strengths and weaknesses (of your business), and opportunities and threats (external influences). Your strengths produce opportunities; your weaknesses expose you to threats. Use SWOT in your business plan to show how you will overcome any weaknesses, and make maximum use of your opportunities.

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“Wherever you see a successful business, someone once made a courageous decision.”

**Peter Drucker, business consultant**

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### 17: Finding finance

It can be difficult to raise money from banks or private investors, as these tend to be more interested when you've been trading for a while. However, you may be able to arrange a small overdraft on your business bank account. Most people starting up use their own savings, or turn to friends or family for a loan (in which case, always agree how and when to pay them back). Get a legally binding document signed by all parties. **Check with Business Link whether you qualify for financial help.**

### 18: Do some pre-launch marketing

Identify key potential customers, and let them know about your new business before you launch. You could consider simple advertising, a leaflet drop or mail. And remember to have your company website ready before you launch (see our website guide, details on the back cover). Having work lined up in advance will help get your business off to a flying start.

### 19: Find an accountant

Find an accountant with experience of working with your kind of business who can help you organise your finances so you can keep more of what you earn.

### 20: Find a mentor

Everything becomes easier when you can find a mentor – a successful business person who's already met the challenges you face.

### 21: Connect to the network

Nothing beats **networking** - meeting other business people, and sharing their ideas and experiences. Consider joining your Chamber of Commerce, or your local trade association.

## SMOOTH RUNNING

### 22: Get them excited!

If you can generate news, or work out an excitingly different promotion, you have a good chance of getting PR – **free advertising** – in your local or trade media.

### 23: Be legal, safe and secure

You **must** be aware of your legal requirements as a business. If you have business premises and employees, you probably need to register with your local authority for Health & Safety reasons. For more information about keeping your business on the right side of the law, visit the health, safety and premises page at [www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)

### 24: Give your customers more

Always think about how you can improve your service to your best customers. Ideas include offering VIP fast-tracking of their orders, giving advance notice of any offers coming up – make them feel special. And if they complain, contact them personally to fix the problem. Remember, the customer is always right.

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“I’m absolutely not interested in why it can’t happen.”

**Charles Dunstone, founder of Carphone Warehouse**

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## **A FREE start-up programme to kick-start your business**

Business Link offers an integrated start-up programme for anyone thinking of starting a business. It comprises 5 stages of workshops and support, beginning with Foundations for success:

### **Stage 1: Foundations for success workshop**

The important first stage of the start-up programme, Foundations for success is designed to help you lay strong foundations for your business. Available locally at convenient times of the day and evening, it will give you the essential grounding you need to get started, assist you in preparing an action plan that will take you forward and help you confirm whether starting a business is for you.

Book online at: [www.foundationsforsuccess.co.uk](http://www.foundationsforsuccess.co.uk)

### **Stage 2: Core subject workshops**

Following on from Foundations for success are three core workshops covering: planning and legislation; sales and marketing; and finance. A specialist Social Enterprise workshop follows on from these workshops for those interested in this field.

### **Stage 3: Making it happen workgroup**

Once you have attended all three core workshops, you can apply for the Making it happen workgroup. You drive the agenda by highlighting in advance the remaining issues and barriers to starting up, bringing together all you have learnt so far.

### **Stage 4-5: Adviser support**

In the run up to launch and during the first few months of trading you will receive valuable support from our dedicated advisers, initially on the telephone.

**All workshops are entirely FREE of charge**

**For more information call: 0845 600 9 006**

## Useful contacts and resources

- Practical support for business - [www.businesslink.gov.uk/southeast](http://www.businesslink.gov.uk/southeast)
- Free e-newsletters - call 0845 600 9 006

### No-Nonsense Guide to Starting a Business

For a more detailed guide on getting started, download or order the 'No-Nonsense Guide to Starting a Business' PDF by logging onto [www.businesslink.gov.uk/nng](http://www.businesslink.gov.uk/nng)

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