

The Beginners' Guide to



STARTING A UK BUSINESS



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**STARTING A UK
BUSINESS**

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IT IS ALWAYS CHALLENGING TO SET UP YOUR OWN BUSINESS, BUT IN TODAY'S ECONOMIC CLIMATE, IT CAN BE PARTICULARLY TOUGH.

IN THIS GUIDE YOU WILL FIND ADVICE AND LINKS TO A BROAD RANGE OF USEFUL INFORMATION ON GETTING YOUR NEW BUSINESS UP AND RUNNING.

■ WHAT SHOULD I EXPECT TO GAIN FROM THIS GUIDE?

The Beginners' Guide to Starting a UK Business will help you determine whether you have what it takes to be your own boss. It will also provide you with the basic information you need to get started.

Only you know your ideas and plans. We aim to help you question your own assumptions about how to prioritise your tasks and use your available resources. We will also ensure you get started on the right track with access to helpful information, resources and expert advice.

■ WHAT KIND OF PERSON MAKES A SUCCESSFUL ENTREPRENEUR?

The fact is anyone can become an entrepreneur. Each individual needs to determine the scale and ambition of their proposed business to be sure they have the right skills and resources available for their particular idea.

For example, the business skills, knowledge and

capital required to start a small retail business are very different to those needed to open the first branch of a planned multi branch franchise.

Similarly, buying a franchise from a well-known brand with a proven business model requires a very different approach to starting a completely new business under an unknown brand name.

■ HOW CAN I DETERMINE IF I AM CAPABLE OF STARTING A BUSINESS?

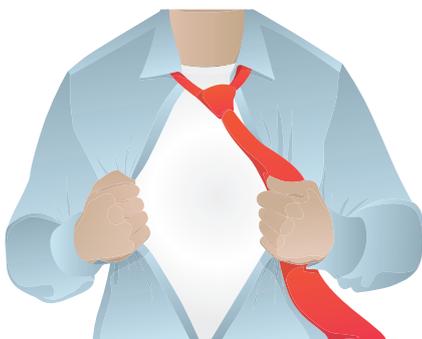
The challenge is not just finding the right business for you, the right location or the finance (although these are all important). The biggest challenge is your own lack of experience.

Ask a seasoned entrepreneur and they will tell you there is so much to learn that most people just don't know where to start.

Many people never make it past the dreaming stage, which is understandable since finding all the right resources and information you need from a standing start can feel like a huge task. Often people worry about the wrong things and can get lost and forget about the bigger picture.

EVERY BUSINESS HAS A DIFFERENT SET OF BOXES TO TICK TO MAKE IT A SUCCESS, BUT YOU CAN SUMMARISE THE MINIMUM REQUIREMENTS NEEDED IN FOUR WORDS:

1. COURAGE

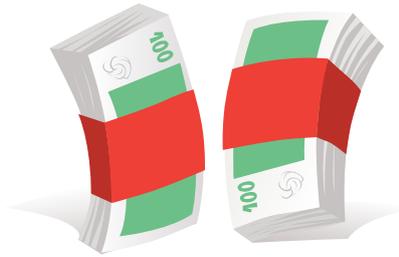


As many as one in three UK businesses fail in the first three years. So it is not easy.

It can be lonely and it can put a severe strain on personal relationships. Even worse, if you get it wrong you can end up financially worse off than you were before you started. However, you can mitigate the risks if you follow a common sense approach and make sure you have all the facts and have answered a few simple questions before committing any resources to a business:

- *Is there a market for my proposed business?*
- *Can I get access to the right resources?*
- *Am I the right person, not just to start the business, but to build it up into a successful enterprise?*

2. CASH



Starting a business without the proper resources is like trying to climb a tree with one arm tied behind your back; hard, often impossible. In today's global economy access to funding is harder than ever before and advice on how to access it varies tremendously. To help you cut through the noise we cover possible routes to raise the funding you need in Chapter 8 of this guide.

3. COMMITMENT



Most people starting a business have skills and experience they can draw on. Typically, most will work full time in their new venture doing what they previously did for an employer for themselves.

It is important to be sure you know what commitment is needed to run a particular type of business - many that look like fun from the outside are very different when you're working at the sharp end.

For example, *if you are starting a small retail shop or restaurant building based on experience you have gained from employment in the sector you will know what to expect - long hours, hard work and a possible seasonal sales cycle - and will plan accordingly.*

If your planned business is outside your sphere of knowledge be sure you do your research very thoroughly. You might even consider work experience in a similar business to be sure you like it.

4. LUCK



The old saying goes '*you make your own luck*', but luck is the indefinable something that can control how things work out or, what opportunities come your way.

Some businesses fail not because the leadership was poor or the product was wrong but simply because they had a run of bad luck.

Hoping for luck to fill in the gaps of your Business Plan is not sensible, but you can make sure you are ready to grab hold of an opportunity when you see one.

Here is a simple example: *If you run an umbrella shop you can't make it rain, but you can make sure your business is properly stocked and ready so that when it rains you are well positioned to reap the rewards.*

Always be ready to exploit an opportunity when it comes your way. Great businesses are always looking for ways to exploit new ideas and are often led by people who think this way. Such insight might come from an unexpected customer enquiry, a new technological development or a change in the market.

■ GET STARTED WITH YOUR BUSINESS

OVER 99 PER CENT OF UK BUSINESSES ARE, AS DEFINED BY THE DEPARTMENT OF INNOVATION AND SKILLS, SMALL BUSINESSES (UNDER 49 EMPLOYEES). SMALL BUSINESSES ARE, THEREFORE, THE MAJOR JOB AND WEALTH CREATORS IN THE UK - RUN BY THE PEOPLE WHOSE PERSONAL 'GET UP AND GO' UNDERPINS OUR ECONOMY.

Starting your own business can be both fun and daunting at the same time. It is always hard work and requires a lot of planning, research and effort.

Remember, the more you can do in advance of starting a business and the more certain you are you have ticked all the right boxes before you start spending money, the better.

Once a business is running you will inevitably have fixed costs, *things you have to pay for regardless of whether you are earning any money or not*. The smaller these are and the longer you can delay incurring them the more of your start-up capital you'll protect.

There are a number of common sense rules to follow before getting started.

- Be sure you understand the commitment and are ready for it.
- Know what resources you need and be certain you know where you can find them.
- Identify your fixed costs and make sure you can cover them. Be realistic in estimating how long this might take. If in doubt add weeks or even months into your planning process so you know what the likely worst case scenario could be.
- Continually question your assumptions, be honest with yourself and be prepared to make adjustments. There is nothing wrong with making changes as you learn. Starting a business is a process and the more flexible you are the more likely you are to see problems coming before they do damage.
- Have a written business plan and update it as you go. Keep earlier versions in a file so you can refer back and track your thinking processes. You'll be surprised

how much of what you think changes.

Don't ignore critical business factors. Unlike being an employee with a pay cheque at the end of the month, failure for a business owner can be a serious threat to your lifestyle and future solvency.

■ WHY START A BUSINESS IN THE UK? WHAT ARE THE BENEFITS?

The UK offers a relatively benign location to start a business, which is one reason so many multinationals choose to invest here.

GEOGRAPHY

The UK has a dense population in a small area with many of the major urban areas close together. Its population is also relatively affluent making it a good place to get business started with access to large numbers of customers. Additionally, easy access to Europe and across the Atlantic to the US and Canada make it an attractive proposition for export markets.



MARKET INFORMATION

The UK is a mature market with a wealth of information available to the aspiring entrepreneur. It is a good location to launch products or develop new concepts.

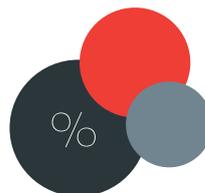
HUMAN RESOURCES

The UK has a well-educated workforce, many with specialist training or degrees and you are likely to find a good pool of skilled labour within easy reach.



COSTS & TAX

UK company set-up and running costs are lower than in some countries and there is relatively little red tape. Anyone who is not disqualified as a director, or bankrupt can set-up a company and open a bank account in less than a day - often with little or no working capital.



More detail on registering a company in the UK, tax and Employment Law can be found in the following chapters.

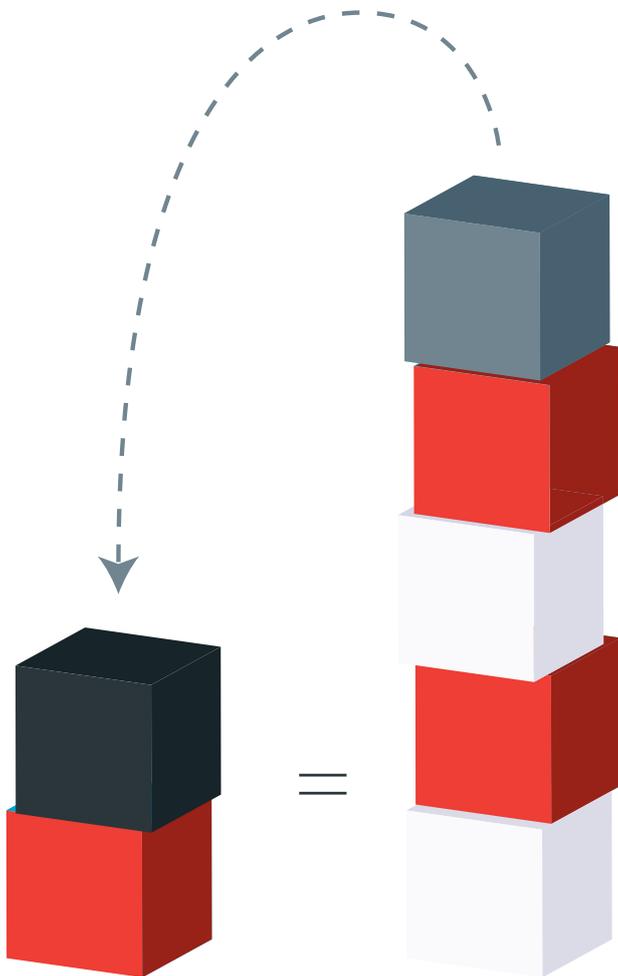
Chapter 1



**RESEARCHING
YOUR BUSINESS
IDEA**

CHAPTER 1

RESEARCHING YOUR BUSINESS IDEA



DETERMINE A POTENTIAL MARKET

Before starting a business you need to know you have a market. This can be as simple as asking around in your local community if you plan a shop, restaurant or other local business.

FURTHER READING:

- How to Know if Your Niche Has Enough Demand to be Profitable *(article)*
- Define a Target Market for Your Business *(article)*
- Determine What Marketing Will Work for Your Target Market *(article)*
- Determine a Business Model for Your Target Market *(tool)*

SIZE UP COMPETITION

This process will be industry-specific. For example, if you are planning on becoming a software developer it is relatively easy to find out about competitors via the Internet, bought-in research, White Papers put out by other companies or attending trade shows. If you are planning to start a high street retailer you can determine who you are competing with through local knowledge or by conducting a simple survey.

FURTHER READING:

Competitor Array Process *(article)*

IDENTIFY THE USEFULNESS AND POSITIONING OF YOUR PRODUCT OR SERVICE

You know you have a great idea and quite possibly your family and friends tell you it is great too. Don't forget though that they are on your side and want you to succeed no matter what. Their opinions might not be entirely realistic or they may hide their true thoughts to avoid hurting your feelings.

Sometimes entrepreneurs get so wrapped up in their 'baby' - their belief that their proposed business is a winner common sense can go out the window. Be realistic, do your research and gather a wide range of external opinions.

FURTHER READING:

Brand and Product Positioning Process *(article)*

FIND YOUR SELLING POINT

What are you offering that differs from the competition? This is your Unique Selling Point (USP). For some businesses the USP is easy to define for example, if you have invented a patented technology that is going to revolutionise the market. But if you are opening a new restaurant in a town with plenty of eateries then you need to define what it is that makes your business different and desirable.

FURTHER READING:

Unique Selling Points *(article)*

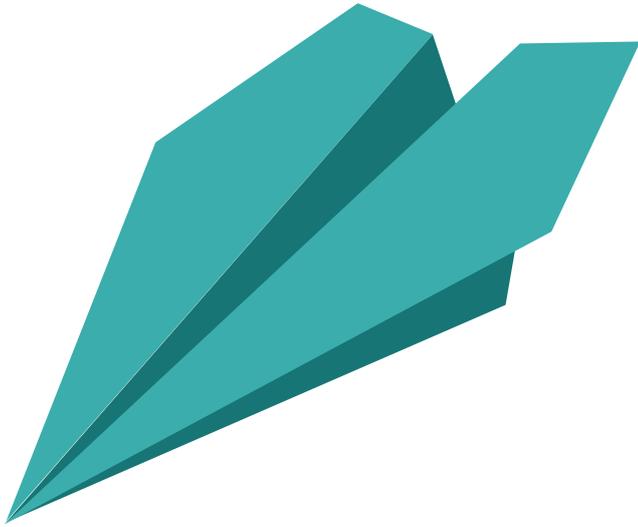
Chapter 2



**CHOOSE A
BUSINESS
STRUCTURE**

CHAPTER 2

CHOOSE A BUSINESS STRUCTURE



THE RIGHT STRUCTURE FOR YOUR BUSINESS DEPENDS ON A NUMBER OF FACTORS: THE TYPE OF BUSINESS YOU ARE PLANNING, HOW YOU SEE IT GROWING, WHAT THE RISKS ARE AND HOW MANY PEOPLE ARE INVOLVED.

Register as a.....

SOLE TRADER

Becoming a sole trader is the simplest form of business set-up requiring very little formal structure. All you need to do is keep records and register as self-employed for tax purposes.

SEE ALSO:
Sole Trader (*article*)

PARTNERSHIP

A formal partnership means you are going into business with another person and creating a separate legal entity that you both own. You will both be liable for its debts.

SEE ALSO:
Partnership (*article*)

LIMITED LIABILITY

A Limited Liability Company (or just Limited Company) is a common structure for running many businesses large and small. This is a legal entity in its own right and may have multiple shareholders. It is required to have at least one Director, a Company Secretary and file annual accounts with Companies House. The word 'limited' refers to the personal liability of the shareholders and directors should the company fail - losses are limited to the amount invested.

The easiest way to establish a Limited Company is to buy a pre-formed so called 'Shelf Company' from a formation agent. You can always adapt a company to your needs including changing its name, Articles of Association (what it is for) and by modifying the Shareholders' Agreement.

SEE ALSO:
Limited Liability (Ltd) (*article*)

LIMITED LIABILITY PARTNERSHIP

A Limited Liability Partnership, or LLP, differs from a Company with directors in that the individual partners are not normally responsible for the actions, misconduct or negligence of each other. Additionally, unlike a limited company, the partnership pays no corporation tax. The individual partners are responsible for paying their own tax on earnings made through the LLP.

SEE ALSO:
Limited Liability Partnership (LLP) (*article*)

Chapter 3



FIND A BUSINESS LOCATION

CHAPTER 3

FIND A BUSINESS LOCATION



IT IS CRUCIAL TO SELECT THE BEST LOCATION FOR YOUR BUSINESS AS IT CAN MAKE THE DIFFERENCE BETWEEN SUCCESS AND FAILURE.

A RETAIL BUSINESS, RESTAURANT OR BAR NEEDS AN EASILY ACCESSIBLE LOCATION WITH A LOT OF PASSING FOOT TRAFFIC, PREFERABLY NEAR TO OTHER RETAILERS.

Office-based or manufacturing businesses are less likely to be location sensitive. A wide variety of options are available including serviced accommodation which you pay for by the month. A typical lease will cover a specified period and you may be asked for a personal guarantee.

For some small start-up businesses (typically tech companies) there may be a suitable business incubator in your area. These offer very flexible and low cost office space. There's also the added advantage of working in close proximity to others who are starting out - which can lead to the sharing of ideas and opportunities.

SEE ALSO:

- [Choose Your Business Premises \(video\)](#)
- [A Place to Call Your Own \(article\)](#)
- [Bizspace Start-up Business Accommodation \(services\)](#)
- [UK Science Park Association](#)
- [National Business Incubator Association](#)

Chapter 4



**REGISTER YOUR
COMPANY NAME**

CHAPTER 4

REGISTER YOUR COMPANY NAME



YOUR COMPANY NAME WILL BECOME YOUR LONG TERM IDENTITY AND THE BRAND YOU ARE INVESTING IN FOR THE FUTURE. IT IS IMPORTANT YOU CONSIDER HOW YOU WILL COMMUNICATE THAT BRAND TO YOUR TARGET CUSTOMERS AND WHAT IT WILL MEAN TO THEM.

For some businesses the name can be far more important than for others. A retailer might want a name that reflects the kind of product they're selling. A technology company's choice of name might be influenced by the domain names available to it, the technology it uses or the customer need it fulfils.

You can search for names at **Companies House** to see if they are available or you can get a **Company Formation Agent** to do it for you. The alternative is to buy a 'shelf' company, one that has been created and left with no activity, from an Agent and ask them to change the name.

Chapter 5



**TAX AND
NATIONAL
INSURANCE**



BUSINESS GOVERNANCE - VAT AND CORPORATION TAX

Different types of business have different duties but all have declarations to make to HMRC.

If you are a sole trader you have a responsibility to declare your income and pay tax. If your turnover exceeds £77,000 per annum then you must also register for VAT.

If you are running a limited company then company account filing requirements are relatively benign. It is important to understand what these are to ensure you meet corporate governance requirements. Most companies will employ a professional accountant to advise them. Your annual audit must be done by an independent professional who will assess your business' tax liability.

Unpaid VAT on invoices billed to customers can hurt any small business' cash flow. If you fail to pay VAT due at the end of each quarter then you could face a fine. Normally **HMRC** will allow a little leeway if this is not a regular occurrence, but it is vital you

communicate with them and explain your situation in a timely fashion.

For a small business the unpaid VAT receipt problem can best be managed if the business qualifies and registers for what is known as cash accounting VAT. Basically, this means only paying out VAT to HMRC when your invoices have been paid and you have collected the cash. This could be the difference between significant overdraft charges and no borrowings at all.

You can find detailed information on cash accounting VAT in the following resources.

SEE ALSO:

- Guidance On Small Company Accounts
- VAT Cash Accounting Basics
- Hm Revenue & Customs (HMRC) (*article*)

BUSINESS GOVERNANCE - NIC AND PAYE

If you are running a company then you should treat it as a separate 'entity' in its own right. Even if you are the only employee at the start you must register the company for (Pay As You Earn) PAYE and pay National Insurance contributions. As the business grows and you take on employees you, as a director, become responsible for ensuring their PAYE and National Insurance Contributions are deducted. You're also responsible for making sure your company makes its Employer's Class 1 National Insurance Contributions (NIC).

REFERENCE:

- Calculating PAYE (*tool*)
- Calculating NIC (*tool*)

Chapter 6



GET LICENSING



■ CHAPTER 6

GET LICENSING

Licences are needed for many businesses. These include software licences, an alcohol licence, Data Protection Licences etc. You should determine what licences you need early on in your set-up process so that you are able to apply in plenty of time.

SEE ALSO:

- Find Licensing Requirements (*tool*)
- Data Protection Licencing

Chapter 7



CREATE A BUSINESS PLAN

CHAPTER 7

CREATE A BUSINESS PLAN



YOUR BUSINESS PLAN IS A STRATEGIC TOOL TO HELP YOU SET OUT, ADJUST AND RE-ADJUST YOUR EXPECTATIONS AND ACTIONS. CREATING ONE IS THE BEST WAY TO GATHER YOUR THOUGHTS AND TEST YOUR ASSUMPTIONS WITH OTHERS.

It is also a **requirement** if you want to raise finance. Regardless of whether you are going to approach your bank or look for private investment, the first thing you will be asked for is a business plan.

It is a priority to have a short **Executive Summary** (at the beginning of your plan) that summarises the plan in two pages. This is to give potential investors a quick overview of what you are proposing and explain why your business idea is a sound one.

If you are raising funding from private investors then you will need an **Information Memorandum** to introduce the business concept. This is much the same as an Executive Summary but with a bit more

information about what the benefits are for an investor. It will be the first document you provide to potential investors.

A typical business plan will cover three years to show you have ambition and a long term view. The first year should be detailed, accurate and focussed on revenues and cash requirement. Years two and three will inevitably be more speculative - you will use data from year one to adjust your plans - but shouldn't be any less detailed.

Be prepared to continuously revise your business plan as you learn more and your experience grows.

For example, you made the assumption a piece of equipment was going to cost half as much as it actually did, adjust your business plan accordingly. Do not ignore it and hope it will go away, it won't. If you factor in the increased expenditure then you have a chance to rectify it by raising more capital, increasing your borrowing or by belt-tightening elsewhere.

SEE ALSO:

- [A Bank View Of A Business Plan](#)
- [Planning For Entrepreneurs](#)
- [Free Sample Business Plan Templates](#)

ANSWER THE RIGHT QUESTIONS

The most important questions to answer in a business plan are:

- What are you selling;
- What is the available market size;
- Why is your proposition viable;
- Who are your competitors;
- What are your capital requirements;
- How quickly will revenues start to flow?

Anyone looking at your business plan will expect to see this information and more. They will also need to be convinced your predictions are realistic. Even then they are likely to question your assumptions before deciding whether your plans stack up.

A good exercise is to present your plan to someone in business you trust and ask them to question you on it. Make sure they know you don't want them to be kind.

SEE ALSO:

- [Test Your Product or Service Concept \(article\)](#)
- [Identify What Will Give You a Competitive Advantage \(video\)](#)
- [Make a Prototype \(article\)](#)

TEST YOUR BUSINESS CONCEPT AGAINST THE MARKET

A useful way to assess the strength of your business concept and to develop powerful counter-objections is to produce a S.W.O.T analysis.

This simple but effective process helps you produce a picture that clearly shows your business' strengths, weaknesses, opportunities and threats. Every business faces threats so it is important you know what yours are, you can show others you acknowledge them and you are planning accordingly.

SEE ALSO:

- [Planning & Communicating Your Business Concept \(slideshare\)](#)
- [Using Swot In Your Business Planning \(article\)](#)

PROTECTING YOUR IDEAS AND INTELLECTUAL PROPERTY

If your ideas are original and you are worried others might try to steal them it is a good idea to have a simple Non-Disclosure/Confidentiality Agreement. This document is signed by you and any relevant company or individual. It acknowledges that you are disclosing sensitive information that they can neither use nor share with others without your permission.

If you are dealing with larger organisations then it is a good idea to ask them to sign their mutual NDA as this will speed up the process. If you insist on them signing yours they will almost certainly have to submit it to their legal department. This can lead to delays and could cost you money if you have to subsequently consult a lawyer.

SEE ALSO:

[Non-Disclosure Agreement Template](#)

Chapter 8



**SOURCING
MONEY &
FUNDING**

CHAPTER 8

SOURCING MONEY & FUNDING



BY FAR THE BIGGEST CHALLENGE FACED BY MANY START-UP BUSINESSES IS FINANCE. AT THE MOMENT THIS PROBLEM IS FURTHER EXACERBATED BY THE LACK OF BASIC BANK FINANCE, OR AT LEAST THE UNWILLINGNESS BY MANY BANKS TO SUPPORT EVEN STRONG, LOW-RISK PROPOSITIONS.

SELF-FINANCE YOUR BUSINESS

Your ability to self-finance your business will depend on your personal resources and assets e.g. if you own your own home you may be able to take out a mortgage to fund the start-up. Another common source of 'soft' funding is friends and family. Once the business is running there are a number of ways to keep it solvent and avoid having to look externally for finance.

SEE ALSO
Dipping Into Your Pocket *(article)*

FIND OTHER SOURCES OF INCOME - BANKERS, VENTURE CAPITALISTS OR GOVERNMENT

Professional lenders and investors have become very risk averse since the collapse of the banks in 2008.

If your business requires external funding to get started and, later, to grow, then it is important to understand the difference between applying for a loan and applying for an overdraft. If you are seeking private or venture capital funding it is also important to understand what motivates investors.

When approaching potential sources of funding be prepared to present information clearly and concisely.

Investors receive many hundreds of propositions. To have a chance of a hearing you have to stand out from the crowd.

If you are lucky enough to get a hearing then be aware - the investment process can take time. In the case of a professional venture capitalist it can take many months and involve a very detailed due diligence process during which they will test all your business assumptions.

SEE ALSO:
How to Prepare for Investor Presentations
(article)

SELL ASSETS FOR CASH OR USE THEM AS COLLATERAL FOR A LOAN

If you have assets like property or antiques you could sell them to finance your business. Or you can offer a bank a charge over your home as collateral for a loan or overdraft. You must be aware if your business fails the bank then has the right to force you to sell.

GET A LOAN OR GRANT

There are a variety of loans and grants available to small businesses and start-ups.

If you are seeking a loan often a lender will ask for a personal guarantee and this may include securing the loan on your home or other assets. They may also ask for a debenture, an unsecured loan, on the business. This is a legal charge that puts them ahead of all creditors except HMRC in the event of a business failure. It gives them some comfort that they can recoup their money from stock, intellectual property or other business assets.

Another possibility once your business is up and running, is to ask the bank to support an application

for a Government Loan Guarantee. This is quite possibly the best funding a business can get because it is at a fixed interest rate, the bank's risk is secured by the Government and you don't lose equity. Banks can be reluctant to pursue this route because the element of risk outside the Government security they carry.

There are many grants including UK Government grants, local and regional grants, grants for specific industries or research and EU grants. However, many of these can take a considerable length of time to come through and the process can be arduous.

SEE ALSO:

- [Which Small Business Loan Is Right For You? \(article\)](#)
- [Grants For Starting A Business \(article\)](#)

IDENTIFY FINANCIAL FACTORS

Business financial planning is a vital part of any business start-up. It is important you start preparing a set of predicted figures early in the process. You can use this to justify the business opportunity to external parties and to measure your on-going performance.

Your figures are your measure of the health of your business. Typically businesses have a monthly set of predicted figures. They can measure actual performance against monthly predictions for sales (with and without VAT if you are registered), profit and loss, balance sheet and, most importantly, cash flow.

Many businesses fail not because they are not making sales or profits but because they can't find the cash required to continue trading. Keeping on top of your performance vs predictions will ensure you can foresee problems and take action.

REFERENCE:

[The Importance Of Financial Planning For A Business \(article\)](#)

Chapter 9



DESIGN YOUR WEBSITE

CHAPTER 9

DESIGN YOUR WEBSITE



YOUR ONLINE SHOPFRONT

Your website may be the first interaction a customer has with your business. You want to entice them in, then either visit you for real or make a purchase online.

CREATING YOUR WEB PRESENCE

Before you can start with designing and building a website you need to have a domain. This is simply the address of your website.

The domain name ends in what is known as a top level domain. You will be familiar with some of the choices: .com, .net, .co.uk, .org, .gov or .eu

Unfortunately, you will find that many domain names have already been taken. It is a good idea to have a brainstorming session and be creative about what names might add value to your business. You can then use the domain registration websites to research your choices and see what is available.

For example, if you are setting up a hairdressing business then you'll want to search anything to do with hair – scissors, snips, cut-n-dry. It is quite a good idea to do this before you actually choose your business name and register a company as it may change your thinking about your proposed brand.

If you are planning a UK only focussed website then a domain name ending in .co.uk is normal. If working internationally then .com is preferred and recognised worldwide. There are now a wide variety of top level domains and there may be one you prefer specific to

your business. For example, in the travel industry you can now get a .travel domain.

You can find whether a domain is available through any of the domain registration services like LCN and most will offer you a hosting package and email that match your domain.

YOU CAN FIND A FULL LIST TO EXPLORE HERE:
[List of Internet Top Level Domains](#)

There are many UK based domain hosting companies these are two of the better known ones.

- LCN
- Names.co.uk

GETTING STARTED WITH BUILDING YOUR WEBSITE, WHAT ARE YOUR OPTIONS?

There are three options to consider:

- Have a website professionally designed and built by a web design company or find a freelancer;
- Set-up your domain hosting and email with a service provider and then use web tools to design, build and promote it yourself;
- Use one of the complete domain, design and build online services.

It is quite possible to spend thousands of pounds on a brand design and website. For most start-up businesses this is simply not possible but that doesn't mean you can't create a great website that does exactly what your fledgling business needs for a small fraction of the cost.

SEE ALSO:
[Excellent Corporate Website Designs \(article\)](#)

USING PROFESSIONALS

There are a lot of companies worldwide now offering web design and build services. You can easily find them by using one of the services that enables you to publish your project, set a budget and compare proposals like [Peopleperhour.com](#) or [Elance.com](#).

Alternatively, if you prefer to brief a supplier face to face, you can find a web design company by looking on [Yell.com](#) or Google.

To save money you could employ a web design

student. There are a number of good places to look, like **Gumtree**, or you could even contact a local design college.

Whichever option you choose it is best you discuss what you need in detail, provide a written brief and agree a price before you start. It is quite normal to agree milestones and part payments for a project.

DESIGN AND BUILD YOURSELF

If you choose to build your own website from scratch then there are various web-building software tools available. Some are quite expensive and not necessarily easy for an amateur to use.

It is worth reading the reviews of other users then judge for yourself whether you have the knowledge, time and other resources to self-build.

SEE ALSO:

Website Design Tools - Fireworks, Komodo Edit, Coda, Adobe CSS

CREATE AN EFFECTIVE WEBSITE THE EASY WAY

There are also online services offering complete domain registration, hosting email and a basic design-from-template service enabling even complete novices to build a site on a budget.

Some hosting services like **1&1** offer a complete DIY website building solution with templates already designed. It is up to you to choose the colours and layouts, inbuilt navigation and set up the search engine optimisation tools.

Usually these services also include an e-commerce capability for setting up a simple online shop. They make it very simple with some offering templates specifically geared to certain types of business. They will suggest headlines, copy and pictures you can change or add to.

If you are on a tight budget then the complete solution can help you get you up and running very quickly with minimal effort and expenditure. Even if you have no knowledge of building websites using one of these services for your first site will save a great deal of money.

SEE ALSO:

Website Building Tools - Yola, Jimdo, Google Sites, Wix, Intuit Websites, 1&1

A FEW TIPS TO HELP YOU MAKE A GREAT WEBSITE.

No matter what route you choose to create your site there are some rules to follow to ensure a good experience for your visitors.

HAVE EASY NAVIGATION

Make it obvious where to find information, how to make a purchase and how to contact you. Simple headings that everyone will understand are best, like Home for the homepage.

LAYOUT INFORMATION CLEARLY

Don't hide information from your visitors or they will soon lose patience and leave. Provide clear product or service descriptions and pricing. It is a good idea to have a Q & A or FAQ section. Add to this regularly if you find numerous people are asking the same questions.

Remember you are competing against others on the Internet and, depending on what services or products you are offering, potential customers may have a number of choices. They are always only one click away from leaving you and going somewhere else. Draw attention to your USP.

INCLUDE TESTIMONIALS

It is a good idea to ask for and include testimonials. Nothing will make someone feel confident about buying from you more than reading about someone else's good experience.

PROVIDE A CLEAR CALL TO ACTION

Once your customers have read about your products and services you want them to do something – buy, visit your shop, ask your company for a quote or register for future offers. Make it clear what you want them to do before they leave your website and make it obvious how they do it.

If you want someone to buy online then there are various marketing devices to build sales and encourage customers to return and buy again. For example, a built-in discount for first time buyers involving an email to thank them for their order and to tell them you will give them a discount when they buy again.

Typically e-commerce sites use 'add to basket' and 'checkout' options which encourage you to add items as you browse. Be sure these options are clearly visible everywhere on your website at all times.

If you want people to visit your shop or restaurant then make an offer. This could be a discount coupon to download, print or to send to their smartphone. There are many ways to add value to a visit and encourage interactions.

INCORPORATE SEO BASICS

Search engine optimisation is a big subject. In essence, it means taking steps to ensure that your website appears higher in search engine results pages than your competitors when people search for the relevant products and services. This can be done in a variety of ways - there are professionals entirely dedicated to this form of marketing - but plenty of basic tools and tips are available for the novice.

SEE ALSO:

- SEO Tools - Google Keyword Tool, Google Insights, SEOMoz
- Web Analytics Tools - Mixpanel, Kissmetrics, Omniture, Webtrends, Google Analytics

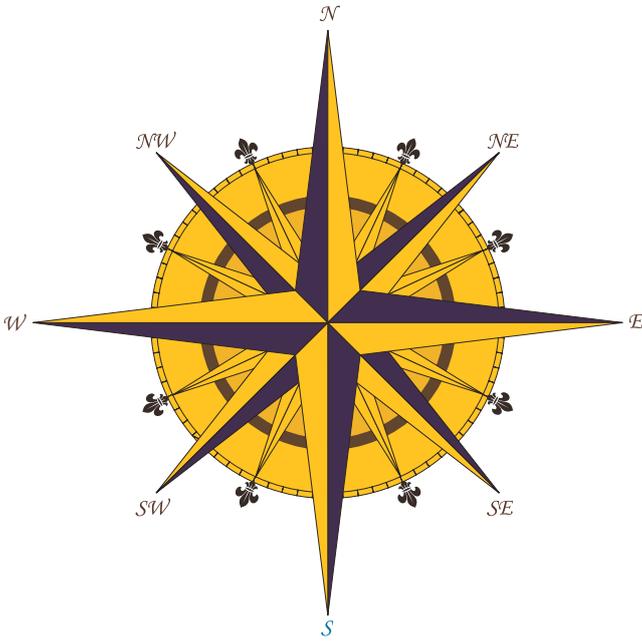
Chapter 10



**NETWORKING &
MAKING QUALITY
BUSINESS CONTACTS**

CHAPTER 10

NETWORKING & MAKING QUALITY BUSINESS CONTACTS



WE LIVE IN A NETWORKED WORLD, NO MATTER WHAT YOUR BUSINESS IS, MEETING PEOPLE IN PERSON OR ONLINE WILL OFTEN PROVE INVALUABLE.

IF YOU WANT TO BUY A SERVICE FOR YOUR BUSINESS OR FIND A SUPPLIER THEN THERE IS NOTHING BETTER THAN RECOMMENDATION.

Meeting people often leads to connections that can help generate business. Even if the people you meet are not potential customers themselves they may well know potential customers.

The simple act of having a good conversation means you have made a connection with someone who will likely talk to others about you.

ASK YOURSELF...

- WHO ARE MY BEST PROSPECTS?
- WHERE CAN I MEET THEM?

VISIT TRADE SHOWS TO MATCH FIND SUPPLIERS

Trade shows are great places to survey the market, make contacts and find new ideas. If you are looking for suppliers then you can meet with a number all in one place, review what they are offering and talk to representatives.

As an exhibitor, trade shows can be good places to get your business noticed. However, if you have a limited marketing budget they can represent a major investment with a lot of hidden costs. These might include access to electricity, broadband and hiring basic furniture. Even for a small stand and there is no guarantee that you will cover your costs.

A good idea is to visit selected trade shows and then decide which are most likely to help drive your business forward in the future. You can then draw up a schedule and choose which shows you will visit and which you plan to exhibit at. If you contact the exhibition company early on and express interest they sometimes offer early bird deals or, if you hold out on making a commitment, will come back with a deal for you. Remember they are in business too, so negotiate!

SEE ALSO:

- Trade Show Dos and Don'ts (*article*)
- Business Networking at Trade Shows (*article*)

READ TRADE MAGAZINES

Trade magazine are a great source of industry gossip, ideas and information that will help keep you up to date with the latest thinking. If your business has a trade magazine then make a point of reading it regularly.

DISCOVER TRADE ORGANISATIONS OR INDUSTRY ASSOCIATIONS

Trade associations are designed to promote good practice in their industries. If there is one for your business then consider joining. You may well find it a great source of information and help.

SEE ALSO:

- Trade Associations & Regulatory Bodies UK (*directory*)
- List of Professional Associations in the UK (*directory*)
- Finding Suppliers/Wholesalers in the UK (*links*)

FIND A MENTOR

If you are raising finance for your business from investors then they have a vested interest in helping you to make it a success. Even if they are not taking an active role they will often be happy to provide a sympathetic ear or to act as a sounding board for ideas. It is someone to talk to who understands what you are trying to achieve. As a bonus, if your investor is a mentor, then they will help identify problems and understand opportunities as they arise. This has the added benefit that if you ever need further funding they will more likely be aware of it and supportive.

If you don't have an investor then try to find someone who will take on a mentoring role. That might be someone you know who is successful in business or someone you find through mentoring services. A popular one is [Mentorsme](#), which is supported by Small Firms Enterprise Development Initiative (SFEDI).

SEE ALSO:

- [How to Find a Reliable Mentor to Help Build Your Business](#) (*article*)
- [Mentorsme.co.uk](#)
- [Business Networking Meetups](#) (*community*)
- [Group of Business Starters in London](#) (*community*)

Chapter 11



**BUILD A
MARKETING
STRATEGY**

CHAPTER 11

BUILD A MARKETING STRATEGY



CREATE YOUR BUSINESS IDENTITY

SEE ALSO:
Establish Your Business Identity (*article*)

DEVISE YOUR MARKETING STRATEGY

As with any plan you need to have a strategy to get from A to B. Having created your business plan you should have a good idea in broad terms about where you are going and how you are going to get there. Now is the time to further flesh this out by honing your marketing strategy.

SEE ALSO:
Marketing Strategy (*article*)

CREATE MEASURABLE STEPS

Planning and budgeting are a natural follow-on from your original business plan. If you set milestones and targets at the outset then you what you are aiming to

achieve and can measure against them.

SEE ALSO:
Setting Milestones (*article*)

LOOK AT EXTERNAL FACTORS: NEW MARKETS, NEW PRODUCTS, NEW TRENDS

Success and failure can be a fickle thing. In a global market, new developments, ideas and opportunities can emerge almost overnight. It is important to be flexible, keep up with what the competition is doing and what is influencing the market. You have to be prepared to make course adjustments to your business. The great thing about being a start-up is you have a level of agility that larger organisations don't. Remaining vigilant can help you react to changes and accelerate the success of your new business.

CREATE A SOCIAL MEDIA MARKETING PLAN

Facebook, **Twitter** and other social media can help give your business a voice, promote your brand, enable customer feedback and drive referrals. It is also worth considering creating your own business blog which you can do for free (on **WordPress**, for example).

SEE ALSO:

- Creating a Social Media Marketing Plan (*slideshow*)
- Social Media Tools - Radian6, Twitter, Tweetdeck, Hootsuite, Facebook, LinkedIn, FourSquare, Groupon, Sharesquare
- Wordpress (*tool*) is another commonly used service for running a blog

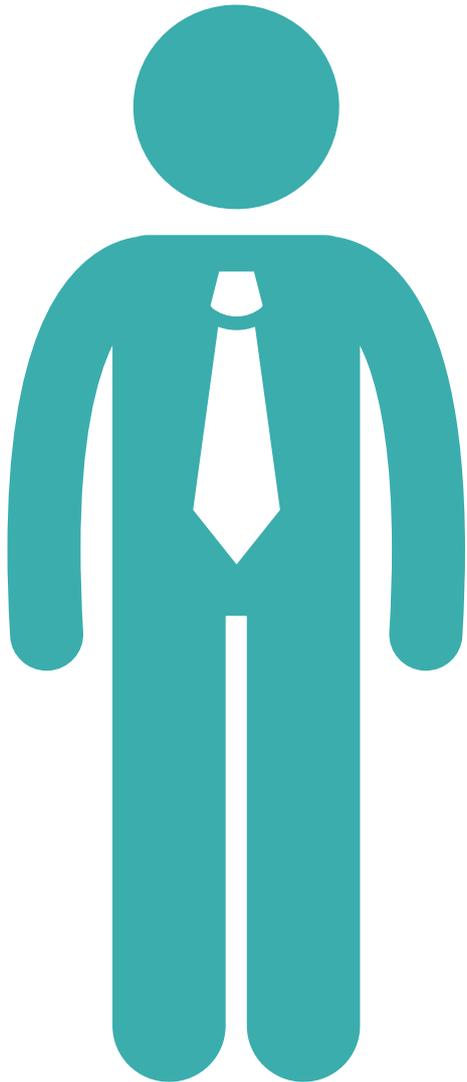
Chapter 12



HIRE EMPLOYEES

CHAPTER 12

HIRE EMPLOYEES



PEOPLE ARE THE MOST IMPORTANT, AND OFTEN THE MOST EXPENSIVE, INVESTMENT MADE BY MANY BUSINESSES. MAKING MISTAKES ABOUT WHO YOU HIRE, WHAT YOU OFFER AND HOW YOU MANAGE THEM CAN COST YOUR DEARLY IF YOU GET IT WRONG.

Many businesses now use more contract staff and don't take on permanent employees. This gives them much more flexibility to expand or contract their business according to demand - especially if the

business is seasonal. To mitigate risk you may plan to take people on short term contracts and assess their potential before offering a permanent position.

You could also consider outsourcing. Many accountants will now take on running all services for their clients. This can include running the sales and purchase ledgers, credit control and managing the payroll. The big advantage of this outsourced route is it gives you a fixed price to manage all the financial control aspects of your business, allowing you to focus your efforts elsewhere. If you are not happy with the service you can always change suppliers.

RECRUITING & HIRING EMPLOYEES

Finding and hiring the right people for your business can be time consuming. If you can afford it then a recruitment agency can be a good solution. Alternatively, there are a variety of channels for advertising positions from jobs boards to business networking sites like [LinkedIn](#).

SEE ALSO:

- [Recruiting & Hiring Employees \(article\)](#)
- [Websites for Advertising Positions - Gumtree, Monster Jobs, Total Jobs, The Guardian Jobs](#)

REGULATIONS

As your business grows you will need to consider employment law. Disputes can cost a business dearly and an employer can find their business is held responsible even when the dispute is not specifically related to work (for example, in an allegation of sexual harassment).

SEE ALSO:

- [Hiring Staff UK \(article\)](#)

TAKING ON NEW EMPLOYEES

When you first start to employ people you will need to make a number of checks including their entitlement to work in the UK and whether you need to register and set-up a PAYE scheme.

SEE ALSO:

- [HM Revenue & Customs Taking on a New Employee \(article\)](#)

WRITTEN STATEMENT OF EMPLOYMENT PARTICULARS

These are documents that give any employee working for a company for more than one month a clear view of the company they work for. They set out the conditions of employment, how much and when they will be paid, notice period, hours of work, holiday entitlement etc.

SEE ALSO:

Written Statement of Employment Particulars *(article)*

WORKING TAX CREDITS

Low-paid and part-time employees may well qualify for and claim working tax credits. These credits balance their income in line with the needs of running a family or achieving basic decent living levels. As an employer you have a duty to avoid causing delays in processing such claims.

SEE ALSO:

Working Tax Credit *(article)*

INTERVIEWING

When you are interviewing people it is important to remember it is a two way process: you are assessing them as a potential employee but they are also assessing you and your business as a potential employer.

To get the best from interviews and recruit the best people it is important to be clear what you are expecting from them and what you are offering in return. The key to successful interviewing is preparation. Ensure you have time set aside to prepare for and conduct interviews properly.

SEE ALSO:

Interviewing *(article)*

BUILDING AND MANAGING A TEAM

A business is only as good as the people who work for it. Their happiness, motivation and ability to work as a team will be apparent throughout - from production line to interaction with customers. One of the most satisfying achievements for an entrepreneur is to build great team. Your business matters to you and is at the centre of your life. It is a great feeling when you realise that others have taken your dream to their hearts as well.

SEE ALSO:

Building & Managing a Team *(article)*

Chapter 13



**GET
CUSTOMERS
& SALES**

CHAPTER 13

GET CUSTOMERS & SALES



WITHOUT SALES THERE ISN'T REVENUE AND; WITHOUT REVENUE VERY QUICKLY THERE IS NO BUSINESS.

CUSTOMERS AND TRAFFIC VERSUS REVENUES AND PROFIT

Some companies, often known as burn rate companies, don't expect to make sales or even create revenue for some time after start-up (or perhaps ever).

Typically these are technology-based internet companies like Skype and Facebook. Some start-ups never expect to earn money but are designed to create enormous traffic, build a significant user base and be bought-out by a much bigger company. Pinterest, bought by Facebook for one billion dollars, is an extreme example of getting it right! If you are planning a burn rate business then you will almost certainly need external funding. Your business plan will need to convince investors that your planned product or service has a clear strategy to achieve a high value exit.

BACK IN THE REAL WORLD - BUSINESSES THAT MAKE PROFITS

If your planned business is a more standard business model then sales will be your lifeblood. You will have a variety of marketing tools to choose from to achieve your target. The ones that are right for you depend largely on the type of your business, its predicted growth rate, target customers and your budget.

ADVERTISE

Advertising varies considerably in cost and complexity. If you are launching a major project then you may well use TV, radio, posters or the national press. Online, pay-per-click advertising, banner advertising and display advertising are a few of the options. For smaller businesses there is local press, local radio and leaflets.

GET REFERRALS

Referral sales are often the best sales - not only because it often means a customer approaches you but because, handled well, they are quite likely to become a regular. Referrals come from many sources including business networking, satisfied customers and from your business partners.

TEAM UP WITH A HOST-BENEFICIARY ARRANGEMENT

In a 'host/beneficiary relationship' Company A (the host) agrees to let Company B (the beneficiary) deliver a sales message to Company A's customers. This is normally done for a percentage of the sales revenue but it could be done simply to add value to their customers. This can be a great way to access a previously untapped pool of customers and boost sales revenues.

In order to create such a relationship you will need to identify possible partners, work out why they should be interested and then make an approach.

SEE ALSO:

- [Creating Host Beneficiary Relationships \(article\)](#)
- [Host Beneficiary Strategy \(article\)](#)

CREATE STRATEGIC ALLIANCES

A strategic alliance can differ from a host-beneficiary relationship. For example, if you run a technology company then putting your technology together with another company's may create a new product offering. Similarly, a business with similar market profile but non competing products in a different country may be an excellent partner. Such a partnership offers both parties access to a new market without all the expense of setting up in a foreign country.

Another simple local example could be the creation of an alliance between a bed and breakfast business that doesn't serve an evening meal and a local restaurant that doesn't offer accommodation. In all these examples both parties benefit by giving and receiving the opportunity to drive new sales and incremental revenues.

SELLING TECHNIQUES

Every business has a number of sales channels open to it. Depending on the type of business and its budget, different channels are more or less relevant.

• SALES & CRM TOOLS

There are a number of online tools to enable your business to keep track of its prospective customers. They are an excellent way of coordinating working together in a team and for a sales manager to keep control. They help manage the pipeline and predict and review performance.

SEE ALSO:

Sales & CRM Tools - Saleslogix, Zoho, Highrise, Sugar CRM, Salesforce

• DIRECT SELLING

Direct sales can take a number of forms - from door to door sales to pre-arranged appointment. Often direct sales are done on a commission-only basis, but this will depend on the nature of your business. Typical direct sales businesses include those dealing direct with householders. For example: double glazing, solar heating and broadband.

• SELLING WHOLESALE

If you are producing products then you may be seeking to wholesale them to retailers and drive revenues through their established channels. In some cases you may be establishing a business that is entirely wholesale focused. Your business is bringing together multiple products, probably from multiple producers, and then supplying them to retailers. They will be seeking to make a profit so need a margin on your prices - often as high as 100 per cent - so the price in their store may be double yours (plus VAT).

Your business USP may be any one of a number of factors: goods from a specific country of origin, a unique licencing agreement with producers, offering high volume for lower prices than the competition, or a particular expertise that you have that adds value to the products you offer.

• TELESALES

There are two forms of telesales

A. INBOUND

This is where a phone is manned, possibly 24 hours a day but more likely during the peak times for sales from say 8.00am till 8.00pm, to receive calls from potential customers.

The inbound sales telephone number and service or product is publicised, typically on a website or advertisement, often with an offer of a discount or other proposition. Customers phone in and, because you are making a good offer, a sale is often concluded there and then. Insurance is one example but others include local services like home oil deliveries. Small businesses where inbound calling is an important channel would be a pizza delivery parlour or florist.

B. OUTBOUND OR COLD CALLING

If you are running a business to business sales team then calling a company is quite normal. This might be to make appointments for salespeople or to gather information (for example, to make contact with the purchasing manager). Some companies have strict policies about giving out information and it has become harder to make a connection.

If you are a flower importer wanting to talk to florists, for example, this is unlikely to present problems. However, larger companies will often have a procurement policy and you will almost certainly have to go through the process of becoming a recognised supplier.

Cold calling is a close relative to door-to-door direct sales and is also often used to make appointments for a field sales team. Other companies such as PPI claims and timeshare companies often use cold calling and high pressure sales techniques i.e. they don't take no for an answer.

In recent years the practice of cold calling consumers at home has received a very bad name. This is due to the high volume of SPAM calls being made to homeowners, particularly from abroad. There are strict rules governing cold calling in the UK and you can be prosecuted for breaching them.

SEE ALSO:

- How To Make Cold Calling Successful (*article*)
- What Is The Law On Cold Calling? (*article*)

B2B SALES

Some companies and products are specifically aiming some or all of their sales effort at the business market. This is called business to business sales. In most cases this requires a different approach to selling to consumers.

B2B sales is a big area but the golden rule is to ensure you identify the business' decision maker. If you are not sure ask. You can waste an awful lot of time and money by talking to the wrong person. If they can't sign an order, or at least make a recommendation to the person who signs a purchase order, you are wasting your time.

SEE ALSO:

- [Identify The Key Decision Maker \(article\)](#)
- [Who's In Charge Here? \(article\)](#)

CUSTOMER SERVICE TIPS

The best customer is a returning customer. Many small businesses like butchers, bakers or pubs have a very loyal customer base but every business should aim to make every customer a happy customer. One of the best opportunities to make an impression is when resolving a problem or issue. It is a fact that customers who have had a problem or complaint dealt with promptly, and resolved fairly and politely, often become advocates for that business. They recommend the business to friends or tell them how good the business was at solving their problem. Failing to have a clear customer service structure with guidelines for resolving problems can have a major effect - both on customer perceptions and staff morale alike.

SEE ALSO:

- [How To Improve Customer Service \(article\)](#)
- [6 Ways To Solve Customers' Problems \(article\)](#)

■ THE END

CONGRATULATIONS - YOU MADE IT THROUGH THE BEGINNERS' GUIDE TO STARTING A UK BUSINESS.

NOW GET OUT THERE AND MAKE THINGS HAPPEN!

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