



How to start a business

Andy Pringle

Today

- The reality of running a business
- The most common pitfalls
- Business planning
- Funding and managing your money
- Finding and keeping new customers
- Legal and tax obligations
- Top tips



Today

- How to use Zoom
- We will send you a copy of the slides
- And the templates mentioned
- Please ask questions!

About IncuHive



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Introduction



Andy Pringle

Andy loves to work with anyone running their own business or who is thinking about doing so.

He has experienced both the highs and lows of enterprise and has spent the past 20 years as an adviser and mentor as well as running his own businesses.

As a result, Andy has learned the key steps that you should take if you want to succeed and the pitfalls that you need to avoid!

Small business statistics

Businesses in the UK:
5,500,000

Small businesses (0 – 49 employees):
5,445,000 - 99.9%

Small businesses with NO employees:
74% of all enterprises – over 400,000!



Why would you want to run your own business?
(Poll)

Running a Business

Pros

- Freedom/independence
- Own boss
- Work/life balance
- Financial reward
- Enjoyment/passion/hobby to a job
- Fits in with current lifestyle and commitments
- Learn new skills
- Build a commercial network
- Do something meaningful
- Set right conditions to get dream job

Cons

- Insecurity
- Responsibility
- Financial risk
- Time consuming/busy
- Running the business,
- not just what you enjoy
- Difficult to leave work 'at work'
- 24/7 commitment
- Irregular income
- Lack of business experience
- Loneliness
- Pressure

Do you have what it takes?

Personality

- Self-motivated and confident
- Determined, robust and resilient
- Open minded
- Prepared to learn, listen and ask for help

Skills and knowledge

- Time management
- Small business management
- Many hats

Personal circumstances

- Financial commitment
- Family commitments and support network



Reality check

364,000 new businesses
started in the UK in 2021

According to SME Loans, 64% of the
British workforce wants to start their own
business, with that figure rising to 83%
for 18-24 year olds.

Reality check

50%

10%

60%

20%

70%

90%

80%

40%

Reality check

Too many – but why?

What are the most
common mistakes?

Common mistakes

1. No market need
2. Lack of research
3. Ineffective marketing
4. Cashflow problems
5. Bad planning

Wrong location, starting for wrong reasons, avoiding the difficult bits, not working hard/smart enough but...

Bad planning accounts for 70% of business failures



Types of plan



No plan



Fag packet



Business plan



Business model canvas

Business plan



Alice: “Would you tell me, please, which way I ought to go from here?”

The Cheshire Cat: “That depends a good deal on where you want to get to.”

Alice: “I don't much care where.”

The Cheshire Cat: “Then it doesn't much matter which way you go.”

Business plan



- The Idea
- The Need
- Uniqueness
- Your Customers
- Your Competition
- Market Research
- Finding Customers
- The Finances
- S.W.O.T.

The need

- What are you selling?
- What price will your product/service sell for?
- Who will buy it? How many? How often?
- Who is your competition?
- Why should they buy from you? (USP?)
- How many customers do you need?
- Does the business make a profit at the end of the year?
- If this enough to sustain you, your family and the business?

Market research



Market research

- ✓ Google
- ✓ Test marketing
- ✓ Local publications/directories
- ✓ Other towns/countries
- ✓ Speak to potential customers
- ✓ Social media
- ✓ Companies House (companycheck.co.uk)



THE CLUES ARE OUR THERE!

Getting started

- Have you got enough money?
- How can you identify your customers
- How will they will know you exist?
- Why should they buy from you?
- And keep buying from you?

Funding



Funding

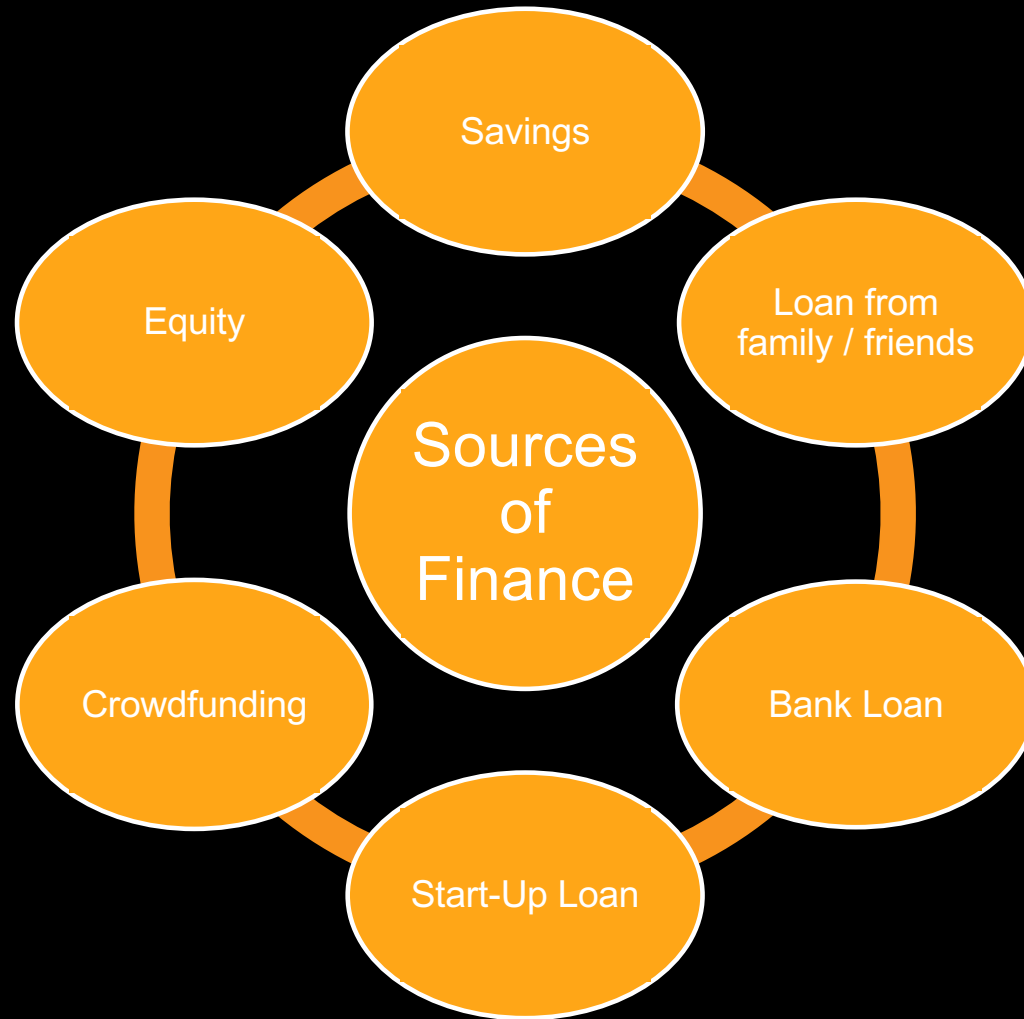
How much money do you REALLY need?

- Start-up costs
- Highs and lows (from cashflow forecasting)
- Which costs are essential?
- How much money do you need & where will it come from?
(*Personal Survival Budget*)
- Contingency

Cashflow forecast



Funding



Customers



Customers



“If you try and catch two rabbits, you will not catch either one”

-Confucious

B2B or B2C?



Business to business



Business to consumer

B2B

- Stage of business?
- Start-up, established, growing?
- Corporate?
- Sector?
- Size?
- Location?
- Number of employees?
- Turnover?



B2C (Customer avatar)

- Age
- Sex
- Nationality
- Marital status
- Income bracket
- Geographic location
- UK/world?
- Where do they go
- Likely touch points
- Radio, TV, newspapers, websites, social media



Now you know who they are.

How are you going to reach them?

And get them to buy from you?

Marketing



Marketing has changed dramatically

Online

website, SEO, digital marketing, social media

Offline

(traditional marketing methods)

Marketing

Online

- Social media organic
- Social Media Ads
- Facebook/Instagram live feeds
- Online forums
- LinkedIn or Facebook Groups
- SEO (search engine optimization)
- PPC (pay per click) - Google +
- Expert speaking (events, podcasts etc.)
- Audio and/or visual marketing (YouTube, radio, TV)
- Influencer marketing, bloggers, brand reps
- Google for business
- Online Directories
- eBooks/downloads/offers

Offline

- Leaflet drops
- Business cards / brochures
- Events, Trade fairs etc.
- Newspaper or magazine adverts
- PR
- Radio adverts or interviews
- Direct marketing (eg. letters)
- Outbound marketing calls
- Networking events & groups
- Signage (bus shelters, digital billboards etc.)
- Signage (side of your building, a frames etc.)
- Branded merchandise

Word of mouth

Stand out from the crowd

- Think clearly about YOUR OFFER
- Do you have a USP?
(Unique selling proposition)
- What makes you different?
- What do you offer that your competition does not?
- What are the BENEFITS of buying from you?



Retaining customers



- Consistency
- Customer feedback
- Loyalty scheme
- Special offers
- Keeping in touch
- Birthdays?
- Not just selling!

“How to win friends
& influence people”

Legal and tax obligations



Legal and tax obligations

- ✓ Business status
- ✓ Taxes
- ✓ Record keeping
- ✓ Business banking
- ✓ Insurance

Legal status

- Sole Trader?
- Limited Company?
- Partnership?
- Other?



Sole trader

- Easy and simple to set up
- Register with HMRC when you begin trading
- You are responsible for your tax and NI
- No audited accounts
- You are the business, total liability
- You can form a Limited Company later
- Harder raising money, no shares to sell



Sole trader

- You must advise HMRC when you start trading as a sole trader
- The very latest you can **register** with HMRC is by 5 October after the end of the tax year for which you need to file a tax return.
- You will be issued with a Unique Taxpayer Reference Number (UTR)
- You must submit annual self-assessment tax returns for each financial year (from April 6th to April 5th the following year)
- The deadline for online filing is January of the following year BUT prepare your end of year accounts MUCH EARLIER!!
- Tax and NI (class 2 and class 4) are payable in the following January (you may also have to pay money on account for the following year)

Partnership



- Two or more sole traders working together
- Partnership agreement
- Jointly and severally liable for all debts

Limited company

- Limits liabilities to the company
- Separate legal entity
- Protects owners and directors
- Register with Companies House
- Information in the public domain
- Shares, pension, dividends
- Credibility, tax advantages,
- You probably need an accountant



Legal status - other



- LLP (Limited Liability Partnership)
- CIC (Community Interest Company)
- Charity

Tax



Don't forget the taxman!

Record keeping

There is no right or wrong way to maintain your accounting records and the method you chose will ultimately be determined by the complexity of your business.

The most common methods of record keeping are:

- Manual, handwritten records
- Computerised records kept in spreadsheet packages such as Excel.
- Specialist accounting software such as Sage, Quickbooks or Xero (low cost, cloud based solutions) for small businesses/sole traders
- Apps can help with mileage logs, copies of receipts etc

Keeping on top of your books



Bookkeeping problems and muddles are very common among small businesses

- Make a plan and take control
- Start putting receipts and all paperwork in a safe, organised place
- Always record your sales and expenditure
- Keep tweaking your cash flow forecast and enter ACTUAL data on a regular basis

Business banking

There is no legal requirement to set up a separate bank account as a sole trader BUT it assists with record keeping and financial management

- Talk to your bank
- Can be a simple current account with a different name
- Check charges and terms
- Plan your transaction methods and your payment terms
- Online/ecommerce, credit/debit card, Paypal, mobile, cash, cheques
- Consider a separate account to put aside an amount for tax and NI (based on your forecasts)

Other considerations



Other considerations

- The Consumer Rights Act 2015
- Health & Safety
- Food Hygiene/Safety
- Local Council permission
- Copyright/patents etc
- Distance Selling Regulations
- General Data Protection Regulation (GDPR)

Examples of sources of legal templates and other information

<https://simply-docs.co.uk/Home>

<https://www.lawbite.co.uk/legal-and-business-documents>

[Federation of Small Businesses \(fsb.co.uk\)](https://www.fsb.co.uk)

FSB Membership Discount Available



fsb
Experts in Business

Support ✓
Advice ✓
Protection ✓

- All from one place ✓
- 24/7 support ✓
- From just £3/week ✓

- + Networking Events
- + Payroll/Pension Service
- + Skills Hub
- + Free business banking
- + Regular news and updates

Other considerations

What types of insurance do you require?

Talk to your local commercial insurance broker

- Public Liability
- Professional Indemnity
- Employers Liability
- Contract dispute
- Income protection and Critical Illness
- Life Cover
- Stock/business asset cover
- Advising your mortgage company/landlord

inform home buildings/contents and car insurers



Top tips

1. Take advice



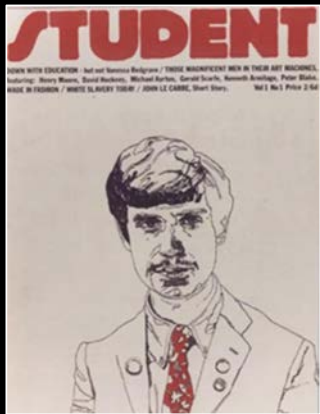
2. Make a plan but...

- Be adaptable
- Try new things
- Make mistakes
- Learn your limits

Bounce back



3. Bounce back



4. Enjoy the journey!



5. Who Dares Wins



5. Who Dares Wins



Parting thought

DREAMS CAN COME TRUE!

If you are prepared to work hard/smart enough

Any questions?