



How to start your own business

Expert tips from those who've done it

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So, you want to start your own business?



You're not alone – more than a quarter of people in the UK are believed to want to start a business. More people than ever are starting up. According to the Centre for Entrepreneurs, 663,272 new businesses were registered in the UK in 2018.

Why are so many people starting their own business? Well, largely thanks to technology, it's easier, quicker and cheaper than ever. It's much more common, too, with people from all backgrounds now starting their own businesses.

Some people do it to boost their earnings or gain greater flexibility so they can better balance their work and family commitments. Running your own business can also be much more exciting, fulfilling and rewarding than working for someone else.

UK SMEs in numbers

5.7m

Total number of **private business in the UK** – 1.2m more than there were in 2010

(source: BEIS)

99.3%

Percentage of **private sector businesses** in the UK made up of small businesses (source: BEIS)

663,272

Number of **new businesses registered in the UK** in 2018 – among the highest ever

(source: The Centre for Entrepreneurs)

£2 trillion

Contribution to the **UK national economy** each year by small businesses (source: FSB)

3.4m

Number of **self-employed people** (“sole traders”) in the UK (source: FSB)

48%

Percentage of **UK jobs provided** by small businesses

(source: BEIS)

1.9m

Number of **limited companies** in the UK

(source: FSB)

2.7m

Number of people in the UK who run a **business from their home** and most plan to stay home-based

(source: Forbes).

19%

Percentage of UK SMEs that are **led by women**

(source: BEIS)



Some people base their business on an interest or hobby, while others spot a gap in the market, sometimes by finding a solution to a problem. Although it takes hard work and sacrifice, running your own business can offer much more enjoyment and satisfaction.

But there are risks. Half of all new businesses fail within a few years, often because of poor decisions made when starting up, from which the business never recovers. So, what steps do you need to take if your new business is to get off to the best possible start?

Taken from the Start Up Donut website – leading source of start-up news, advice and free resources – read on to pick up tips on how to start your own business. You'll learn from the most qualified experts of all – people like you who've been there and done it...



1 Decide what type of business

Should you run it on a spare-time, seasonal, part-time or full-time basis? Offline, online or both? Will you sell to consumers or other businesses? Buy an existing business or create your own? With a partner or do it on your own? Carefully consider the implications for you and others before starting your own business.

2 Think of your business idea

Inspiration can come from many places, but online research is a great place to start looking for ideas. What other businesses are out there? Perhaps you've already spotted a gap in the market, or know how to solve a problem or improve an existing product or service.



“Base your business idea on something you love, that way it won't seem like work. And try to find ways to be special. Give people a reason to buy from you rather than someone else”



John Marsden
The Melwood Beer Company





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Do some market research

Find out about your competitors. Online research is a good place to start. What do they sell and how much do they charge? What are their strengths and weaknesses? Think about who is most likely to buy from you and research their wants, needs and buying habits. What don't they like about existing suppliers?

4

Test your business idea

Speak to potential customers - not just friends and family. Ask what they think of your business idea. Crucially, seek their opinions on quality, price and service. What would make them buy from you? Learn from the feedback you receive.



“Never launch a business without researching your market. If you’ve done your homework and are confident you have a unique idea, get it to market quickly”



Adam Ewart
Sendmybag.com





5 Decide what you'll sell and how

Use your market research to improve your offer. If you've found that there isn't much demand for what you were planning to offer, go back to square one and try to find a better idea. Once you know what you will sell, decide how you'll sell it.

6 Do your sums

By now you should know how much potential customers will pay, but will this generate enough profit? Work out your likely start-up costs and consider how you'll cover them. You should only ever buy things for sound business reasons. Borrow and be resourceful to minimise your start-up costs.



“It's better to slightly overestimate your start-up costs. Beware of hidden costs and be sure to work out how much money you'll need to stay afloat for that all-important first year”



Shamin Hoque
Curries Online





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Write your start-up business plan

Writing a start-up business plan means having to clearly explain what your business is, its market, costs, likely sales, goals and strategy for achieving them. You'll need a sound business plan if you plan to borrow. Keep your forecasts and assumptions realistic. Read and update your plan regularly.

8

Set up a base or find premises

If you can operate from home, great – lower costs will mean your business is more likely to survive. Get together everything you need to operate from home. If you need premises, begin searching now. Think carefully about location and space. Seek legal advice before signing a commercial lease.



“The financial information in your business plan is very important. It’s what experienced people concentrate on when they look at a business plan. Your figures must add up”



Chris Wildman

Town End Farm Shop



9 Start looking for staff

If your new business needs to take on staff, finding the right people can take time, but it's crucial to your success. Do you do it yourself to save money or pay a professional to help you recruit? There are rules about recruitment. You should also make sure you understand your obligations under employment law.

10 Find your suppliers

Work out what you need to get up and running and search for suppliers that can offer best value (which doesn't always mean the cheapest price). Explore your options; negotiate firmly and request discounts and credit (although you may not get either at first).



“It may seem difficult to be choosy when you’re recruiting your first staff, but it’s important. Put more effort into your early recruitment than any other issue”



Chris Barling
SellerDeck



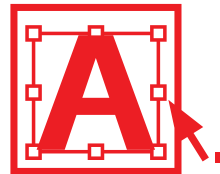


11 Think of a good business name

Although enjoyable, this is one of the most important start-up tasks of all. The right name could make all the difference to your marketing. Pick one that's distinct, memorable, legal, short and easy to say that creates the right perception. Also find out if you can get your preferred website address.

12 Create your own brand

Much more than a name, logo, typeface or colours (although these are all important), branding is the perception people will have of your business. Learn lessons from successful brands you admire, but realise that having a distinctive, engaging brand will set you apart and help you to attract customers. Protect your brand fiercely and apply it consistently.



“Come up with a few potential business names and ask lots of people which one they prefer. Say your shortlisted name repeatedly and imagine using it to introduce your business. Visualise it everywhere it will appear”



Jennie Avramovic
Clevercow





13 Register your new business

You must register online with HMRC for Self Assessment to pay sole trader tax or – to remove personal liability for business debts – you can create a limited company via Companies House. Other options include business partnership, limited liability partnership or social enterprise if you want your business to tackle a social problem or benefit your local community.

14 Create a website and social media presence

Even if you don't sell online, having a website can help you to attract customers. Doing it yourself will be cheaper, but paying a professional should guarantee better results, if you can afford it. Also establish your business presence on Facebook, Twitter and other social media platforms.



“Rather than setting up a limited company, I became a sole trader because it's easier, cheaper and there's less admin to do, plus, my personal financial liability is limited”



Andy Oakley
AO Pro Finish Plastering





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Tell potential customers that you exist

Start publicising your new business before launch. Don't waste money on advertising. Explore no-cost and low-cost options first. Simple word of mouth could generate sales. Put up cards and posters and distribute some leaflets. Hold a launch event and do your own PR. Make the most of social media.

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Get your business finances sorted

Open a business bank account and find out what start-up support is available from your bank. Set up a reliable, convenient bookkeeping system so you can maintain accurate, up-to-date financial records. Consider hiring a good accountant to advise you and help with your tax obligations.



“Decide which customers to target, how you’re going to reach them and how much money and effort you can commit. Reaching a smaller number of the right customers is better than a far greater number of the wrong customers”



Ross Campbell
The Exercise Club

What else can you learn?

Specialising is better than generalising...

"Trying to be all things to all men can mean you end up appealing to no one."

**Nick Cooper of
Big Tall Order**

Proper planning pays off...

"Make sure you plan your start-up journey. If you miss a stage or go about things in the wrong order it could cost you dearly."

Naomi Kibble of Rocktails

Market research is essential...

"Look for firm evidence of demand and find out whether people will pay your asking prices."

**Henry Virgin of
Green Boar Organic Tea**

Don't overstretch yourself...

"We've invested in new equipment when we could afford to, guided by our sales and cash flow."

Jon Mowat of Hurricane Media

Talk is cheap...

"Sometimes people tell me they had the same idea. Maybe, but they didn't do anything about it. It takes hard work and commitment."

Matt Horan of Rollasole

You don't have to be unique...

"It's not always about creating a brand new concept. Often it's simply a matter of improving what already exists."

**Nick Telson of
Designmynight.com**

Being resourceful reduces costs...

"I redecorated our premises and we made our own seating. We bought all our furniture, pans and crockery cheaply online and from second-hand shops."
Djamel Ait Idir of Algerian café-restaurant Khamsa

Safeguarding your creativity is crucial...

"Seek professional legal advice about protecting your intellectual property. Leave nothing to chance, but be aware that protecting your IP can be costly."
Helen Daniels of Flatmate Duster™

Mistakes offer opportunities to learn...

"Making mistakes and picking yourself up is all part of the journey. The confidence we now feel is a result of the mistakes we've made."
Pat Hammett of Drummond + Hammett

You've got to be special...

"If we hadn't differentiated ourselves, we'd be 'just another sandwich shop'. Being different – if you get it right – has appeal."
Griff Holland of Friska

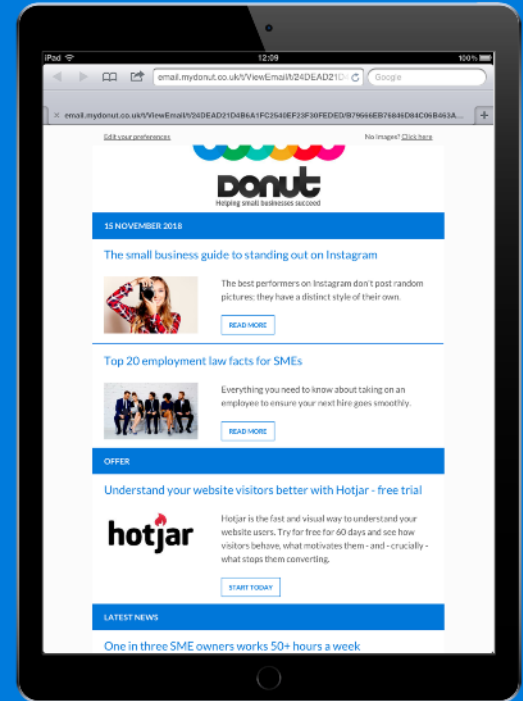
You've got to stay positive...

"Don't be discouraged by negative people – often they've never run their own business. But that doesn't mean ignore valid criticism."
Rob Forkan of Gandys

Focus on your margins ...

"Aim to make a profit from day one. If you're not making a profit, you're not running a successful business."
Ling Valentine of LINGsCARS

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