

Sample Page

When you have completed the “Personal Survival Requirements” sheets, put them to one side, because we will refer to them at a later stage.

Do you know what Status your Business is to be?

As I said earlier, we are embarking on setting up a small business – nowadays commonly called a “micro” business; a one-man band sized set-up.

If we were setting up from scratch say, a factory employing perhaps 6 to 16 people making widgets and selling them on to the retail outlets, then this would be a different ball game. We would probably already have appreciable skills in running a business, would be investing sizeable money, and would probably require legal and accounting help in putting it all together. This is not the road we are going down in this book.

Simply, the status of your proposed business can be 1 of 3 options.

- Sole Trader
- Partnership
- Limited Company

Sole Trader

The vast majority of micro business start-ups are as a “Sole Trader” - meaning you are trading by yourself. There is no formal registration of the company since the company is you. The name under which you trade your business can be either your own name, or you can invent or allocate a name. If you allocate a name, although there is no formal registration of the name, it is usual for a name to be chosen that is not confusing with, or the same as, any other company already trading.

Sample Page

company's image or some other change. Thus you might want to research views and opinions from a variety of potential clients, consider these observations, and maybe implement as appropriate.

By repeating this process from time to time whilst in business you will hopefully keep abreast of any market fluctuation or trends. You also need to identify what it is that your business is aiming for and have this included in your marketing strategy.

Advertising

Advertising is simply a part of marketing, but a very important part.

Have you decided yet how you are going to let all those potential customers of yours know that you are in business? You need to do this. When was the last time you saw an advert in the local paper or shop window like this:-

“Person wanted to repair and paint a small garden gate, ring 07..... for an opportunity”

probably never!

It doesn't work like this. You have to advertise along with all the other ads to attract enquiries. Hopefully in the fullness of time you will be generating enough work from referrals and repeat orders to lessen your advertising. But generally, advertising is an on-going thing.

Shop and Press Advertising.

So, how you advertise your business is vitally important. If you are offering a local service, then local shop advertising (postcard in window) might be the thing. Or you might consider local press advertising. This is obviously more expensive. If you do go for press advertising, I would suggest you very carefully select the best paper to advertise in, and carefully measure the response, – ask the people who ring you up where they saw your ad. in order

Sample Page

only a months notice. It works both ways. But if you are a reasonable tenant you might find that this is a good and cost effective way of starting your business.

Insurance

There are only two insurances in the UK that are mandatory – that you must have by law.

1. Employer's Liability Insurance – if you are employing people on a PAYE (Pay As You Earn) basis
2. Motor Insurance – if you are putting a vehicle on the highway.

Note.

If you are using your own private vehicle for business use you should check with your insurance company that you are suitably covered. It could be that you need to increase your insurance from "Social and Domestic" to also include "Business Use". It's best to speak with your insurance company on this one.

All the other insurances available are discretionary – meaning you don't have to have them if you choose not to.

Some of these other insurances are:

- Cash in Transit – if you are carrying cash
- Goods in Transit – if you are carrying goods
- Product Liability – covers for claims against your products or services
- Professional Indemnity – if you are a consultant
- Premises - the building itself, - probably required if you are leasing

Sample Page

A Business Plan therefore is a written statement of everything about your business. It will explain what your business is about, who you are offering the services of your business to, how you are going to go about your business, what the income of your business is, and also what the expenditures are in you business, and much, much more.

It is like writing a book about your business. Writing about all the comings and goings of your trading over a 12-month period of time. This wouldn't be so bad if you were to write this book 13 months after you started your business, for you would be able to look back on the first 12 months of trading, of running your business, and write about all that has happened; - like a detailed diary of your first year in business.

Unfortunately, it doesn't work like this. You have to write this book before you start.

"But i don't know what is going to happen to my business next week, next month, let alone in 12 months time", I hear you say. And you are right. You don't know. But you can take a very good stab at it; give it your best estimate. After all, you are probably the best person who knows - in some detail - what your proposed business is going to be all about, and surprisingly, and remarkably, you will have a reasonably accurate Business Plan when you have it completed.

It's a little bit like saying that you need a crystal ball. Polish it well, set it down on the table in front of you, and ask it to play you a video of the first 12 months of you business. While the video is playing, your job is to write down everything you see. At the end of the video you will have written down pretty much all of the information for a Business Plan.

Work through the compiling of your Business Plan with me, and at the end I am confident that you will have a reasonably good Business Plan, that will satisfy your bank manager or whoever. You might even surprise yourself about the detail, quality, and accuracy of your Plan.

Costings Forecast & Cash Flow Forecast

Forecast Overview

It is necessary as I said earlier, to write up your Business Plan before you even start your business, and this includes completing the Costings Forecast & Cash Flow Forecast. This forecast is a detailed analysis of all the monies coming into the business and also going out of the business, and the difference between the two is your profit (or loss).

Thus you will have to predict what monies are going to come into the business, and also what monies are going out of the business, for a full 12 months into the future at least.

“Impossible”, I hear you say, “I don’t even know what is going to happen next week, let alone next month or 12 months down the road”.

Absolutely true.

But it’s got to be done. You can do it. But how?

Sample Page

Rent & Rates

This is the rent and rates of your business workshop, shop, market stall or whatever. If you work from home then although you can put as an expense some of your personal or domestic rent and rates (about 20% of the actual amount), it would not normally be a good idea.

Gas & Electric

Same arrangement as rent and rates.

Sample Page

Telephone

If you have a domestic or private landline telephone at home and you use it also for your business, then you need to charge to your business only the business calls you make. You may also charge to your business about 20% of the rental amount.

The logic here is that the HM Revenue & Customs will not accept 100% of your domestic or private telephone rental and calls being charged to your business; they consider that you will be making private calls and thus you cannot charge these to your business.

The same goes with mobile phones. But if you purchase a mobile phone purely for you business, then 100% of the charges for that phone can be put into your business.

There is no reason why you shouldn't have both part of your private landline and your mobile phone as a business expense.

Sample Page

Sample Page

Running your Business

Tax

Whether we like it or not, we have to pay tax on our earnings. You need to register yourself with the HM Revenue & Customs as soon as you start earning money. If you do not register yourself within 3 months of commencement of your business you may be liable to a penalty of £100.00. You should refer to their booklet "Thinking of working for yourself".

Having registered with HM Revenue & Customs, they will then send you a Tax Return to complete and return to them by the end of September if you want them to calculate the amount of tax you owe them. They will advise you how much you need to pay in tax by the deadline of January 31.

Invoices

Billing your clients for jobs done, or services rendered is how you claim your money. This is normally done via an "Invoice". You raise an invoice and present it to your client and hopefully he pays you what was agreed. There are 3 basic ways you can do this: