

Starting a business handbook

 **BARCLAYS** | LifeSkills



Introduction

Whether you're working independently, or as part of a group, the aim of this handbook is to help you understand what's involved in setting up a business and what practical steps you can take to progress your business idea.

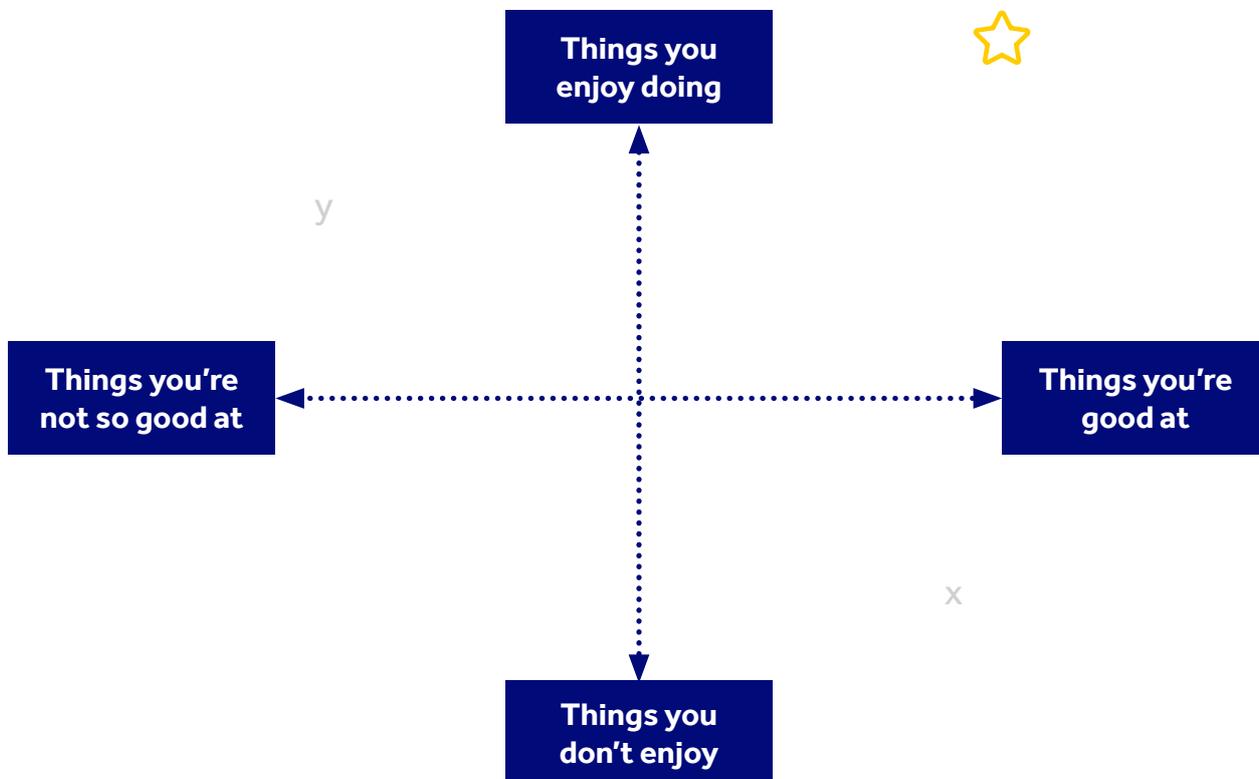
The first part contains activities exploring what you enjoy doing, how this could relate to your future business ideas and your potential development areas in relation to setting up a business.

The second part of the handbook outlines 7 key steps to take when setting up a business, with helpful tips and sources of information. It will encourage you to answer some important questions at each stage, and guide your research needed to develop your business idea.



Doing what you love

Explore what motivates you by filling out each section of the quadrant. For example, if you don't enjoy maths but you're actually really good with numbers you would write maths where the x is or if you love cooking but you're not very good at it then you would put cooking where the y is.



Now think about where you would put these statements on the quadrant by writing on the corresponding numbers:

1. Thinking of new ideas e.g. coming up with an idea for a surprise birthday party for your friend
2. Thinking ahead and making plans e.g. organising plans with your friends at the weekend
3. Taking the lead and meeting deadlines e.g. ensuring everyone in your band turns up for practice and is ready for your next gig
4. Meeting new people and encouraging others to follow your lead e.g. persuading your football team to follow your strategy at the next match
5. Solving problems e.g. you miss the last bus and you work out how to get you and your friends home
6. Communicating with people e.g. you are able to give presentations

Creating a business idea

You could focus on areas you enjoy and that best use your skills for a business idea – these will be things you have written near where the star is placed.

Your opinions can change during your lifetime. For example, if you love something but are not very good at it, you could practice it until it becomes a strength, or you may start to like something more as your skills in that area grow. Things that you're currently not so good at can be your development areas – you might want to think about how you could move these across from the left to the right boxes.

7 steps to starting a business

These steps will help you consider the things required to set up a new business. The next activity will help you to work out how much you have already done on each of these steps and how close you are to setting up your business.

Step 1 Idea/research



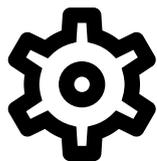
This step is about finding an idea and researching the market. It is important to explore who else is doing something similar and how the industry is currently performing to help you decide whether to go ahead. Key considerations include what's your Unique Selling Point (USP), will you need to protect your idea and have you got a good company name that will appeal to customers now and in the future.

Step 2 Risk



This step is about considering the level of risk involved in setting up the business. It is important to assess what the level of risk is, how you could reduce the risks and whether you can manage if the risk doesn't pay off. Key considerations include understanding your skills and strengths to be able to make the business work and the experiences of other businesses in your industry – is there a high failure rate for start-ups in that area?

Step 3 Setting up



This step is about how you will set up and structure your business. It is important to think about what type of business will suit your idea (sole trader, franchise etc) and who you will need involve to make the business a success. Key considerations include whether you will need to employ other people permanently or use freelancers and what qualifications or experience they will need to contribute to your business.

Step 4 Business planning/finances



This step is about how you will fund your business to start up and how you will manage your finances once you are running. It is important to put together your financial forecast to analyse the profitability of your business. Key considerations include finding an investment source, when you need to register your company and researching what could affect your future finances, e.g. the reliability of your suppliers, the wider economy, international regulations.

Step 5 Legal



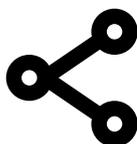
This step is about researching all the legal obligations you will have as a business owner. It is important to find out which regulations apply to your business type and what contracts you need to have in place to operate legally. Key considerations include how you will adhere to general employment laws, Health & Safety regulations, what your tax obligations are and whether there are different laws you have to be aware of if you are operating overseas.

Step 6 Marketing



This step is about knowing who your customers are, how you can reach them and what your competitors are doing. It is important to identify your audience and create a marketing plan that helps you stand out from the crowd and includes planning, promotion and analysis of the results. Key considerations include identifying your key message and choosing the best channels for your audience such as social media, flyers or promotional events.

Step 7 Pitching, funding and networking



This step is about having the communication skills to get your business off the ground. It is important to be able to take advantage of all opportunities that arise to share your idea. Key considerations include having an overview/mission statement for the business available to share with new people you meet and having the confidence to approach potential new funders, suppliers and customers by email, phone and in person.

How enterprising are you?

Answer the questions below as honestly as you can by ticking the box that best matches your current situation. This will give you a good sense of how prepared you are and highlight the areas to progress.

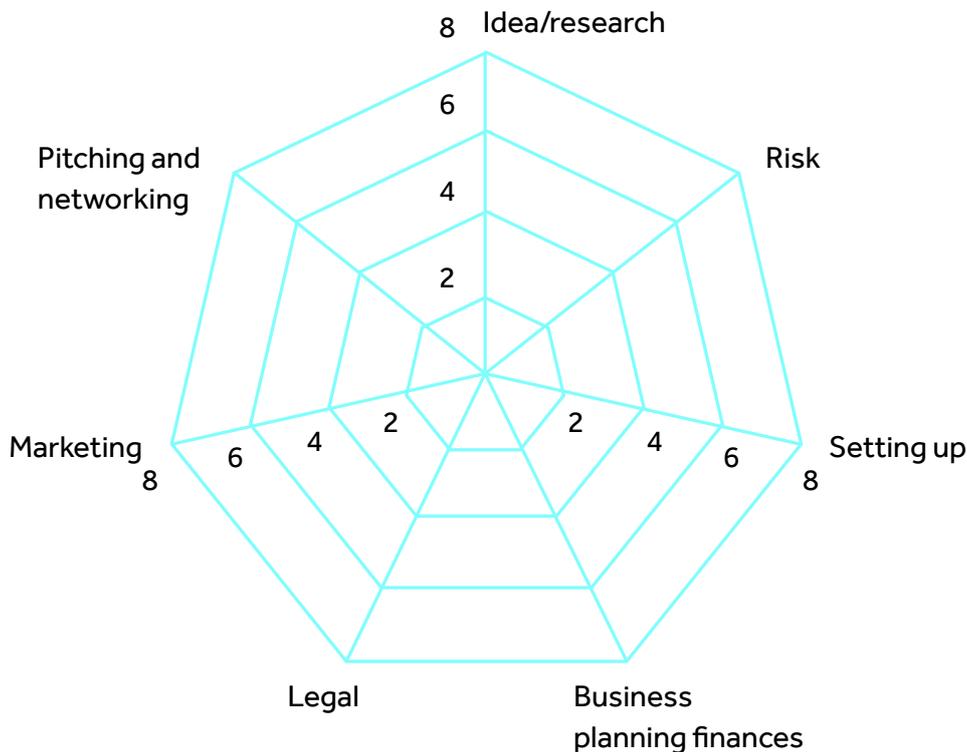
Step	Not yet	Getting there	Yes
1. Idea/research			
I have a business idea			
I feel confident researching the market			
I feel confident my idea is unique			
I have a business name that will appeal to my customers			
2. Risk			
I have the skills needed to run the business or know where to get to support			
I have researched the success rate of businesses in my industry			
I know where to get advice about managing my business finances			
I have a plan for what I will do if this doesn't work out			
3. Setting up			
I know what type of business I will set up (e.g. sole trader, franchise etc)			
I know where I will set up my business (e.g. from home, rent an office etc)			
I know whether I will run the business on my own or employ other people			
I have researched the equipment and suppliers I will need to use			
4. Business planning/finances			
I know how to set up a profit and loss forecast			
I have researched different sources of funding (e.g. bank loan, crowdfunding)			
I know how much it will cost to set up my business			
I feel confident working with numbers and tracking my finances			
5. Legal			
I have checked my business and product names are legally allowed to be used			
I have researched the legal requirements for my business type (e.g. insurance, health & safety)			
I know where to find out more about tax and the economy			
I feel confident writing formal documents and checking contracts			
6. Marketing			
I know who my target audience are			
I have researched the best ways to reach my audience (e.g. flyers, social media etc)			
I have researched my competitors and know what makes my business unique			
I have put together a marketing plan			

Step	Not yet	Getting there	Yes
7. Pitching and networking			
I feel confident talking to new people			
I feel confident presenting my ideas clearly			
I have researched what support is available in my industry for new businesses			
I feel confident writing formally about my business (e.g. for bids)			

For every place you have ticked 'not yet' score yourself 0, for 'getting there' score yourself '1' and for 'yes' score yourself '2'

Now total up your score for each section			
1. Idea/research	/8	5. Legal	/8
2. Risk	/8	6. Marketing	/8
3. Setting up	/8	7. Pitching, funding and networking	/8
4. Business planning/finances	/8		

Plot your scores for each area onto this diagram, and then join them up::



If this is the first time you have thought about setting up a business don't worry if you have lots in the 'not yet' column. The next section in this handbook will help you develop your idea/s and these areas. It may be helpful to revisit this exercise to reflect on your progression.

Step 1: Idea/research

Begin with an idea and research the market to decide whether it could be successful as a business. Consider whether it is commercially viable – will people want to buy your product? Next you will need to determine how to safeguard your idea and brand by having the right intellectual property protection, so it can't be copied.

Questions to consider

1. Why would people want to buy my product or service?
2. Who are my customers/target audience?
 - a. What is the size of my target audience?
 - b. Is my market home or abroad?
 - c. What are their age, gender, income, occupation, likes and dislikes, needs and wants, personality?
 - d. What trends are currently affecting these people's lives?
 - e. When, where and how will they buy and use my product/service?
3. Who are my competitors, how does my business idea compare/differ?
4. Why will my customers choose my business over the competition, what is my Unique Selling Point?
5. What is the thinking behind my company name?
6. What is the right price to charge?

Sections of the Business start up planner which relate to this step:

Customer segments = the groups who make up your target audience/ your customer base

Problem = what problem do your customers have that you will solve?

Solution = what are the ideas you've got for solving the problem?

Unique value proposition = the clear statement explaining what makes your business unique

Unfair advantage = how your idea can't be copied

Sources

[Prince's Trust](#) – supporting 18-30 year olds set up businesses and a great place to learn more about different types of market research

[gov.uk](#) – information on requirements for setting up a business

[National Enterprise Network](#) – offer a range of support from one to one advice and workshops, to access to funding

[British Library Business and IP centres](#) – free and low-cost workshops on a range of topics including intellectual property to help you work out how to protect your idea

[Creative thinking](#) – putting it into action – LifeSkills resource to develop core transferable skill – creativity

Top tip

A company name can help your business stand out. Make sure the words used are familiar to your target audience, conjures up something positive they can relate to and is easy to pronounce. Avoid using a confusing or long name or one which might not be suitable if the business grows. Ensure that your name does not belong to/is registered by an existing company.

Step 2: Risk

All businesses must consider the level of risk involved – you should explore what could potentially go wrong, to decide if you feel comfortable about going ahead.



Levels of risk will be dependent on internal factors such as your skill sets (how equipped you are to set up and manage the business) and external factors such as the industry and economy.

Researching success and failure rates of similar industry and business types within the area you plan to operate within can help you assess the risk of starting your business.

Questions to consider

1. What skill sets do I need to set up and operate my business? Have a look back at the 'How enterprising are you?' diagram on page 6 and see which areas you will need most support with
2. How can I develop the skill sets required?
3. What are the success/failure rates of similar businesses within the area?
4. What are the key risks in my business idea and the industry I want to work in?
5. What I can put in place to mitigate these risks/reduce the effects of harmful risks?
6. Are there any future risks involved as the business grows?
7. If things don't work out as you hope what are the implications?

This section of the Business start up planner relates to this step:

Unfair advantage = how your idea can't be copied

Sources

[Barclays CIB Insights](#) – search for insights and trends across your potential customers, industry and region

[Resilience – putting it into action](#) – LifeSkills resource to develop core transferable skill – staying positive (resilience)

[Tips to improve your communication](#) – LifeSkills resource to develop core transferable skills – listening and presenting (communication)

[6 stages of problem solving](#) – LifeSkills resource to develop core transferable skill – Problem solving

Top tip

Risks can relate to several areas of your business, not just financial, a good way to ensure that your business has resilience to risk is to proactively have plans in place for everything that could potentially go wrong.

Step 3: Setting up

This step is about how you will set up and structure your business, including deciding the type of business it will be. When it comes to setting up a small business most people choose to be sole traders, who are personally responsible for everything it involves.



A limited company is another popular way to structure a business – this involves one or more owners who have a separate identity to the business, so may be shareholders or similar. Thirdly, there are partnerships; this is a structure that sees two or more owners sharing responsibility of a business. Finally, franchising could be an option.

Accountants can help advise on this decision as they have a key role in supporting businesses with advice on the best company setup. You also need to plan all the other practical elements you need in place to be able to trade.

Questions to consider

1. What type of business will suit my business idea?
2. Do I need to employ others, on what basis?
3. What other resources, beyond finance, such as a venue, stationery, computers, does my business need?
4. How will my customers buy my product?
5. Which different processes, for example manufacturing and administration, does my business require to make it successful?

Sources

[Companies House](#) – provides information webinars and advice on business structure

[ACCA](#) and [ICAEW](#) – these professional accountancy bodies also provide a range of content on business formations/structures. In addition, ICAEW offers a [Business Advice Service](#) offering free advice to start-ups

[British Franchise Association](#) – the voluntary self-regulated body for the UK franchise sector

[gov.uk](#) – provides information on registering and setting up a business

Top tip

Setting up as a sole trader might seem like the most straightforward option but remember you may still need to work with lots of other people as consultants or freelancers to create your product or service. As your business grows you may have to change structure and bring on board some permanent employees.

Step 4: Business planning/finances

You will need to explore how to fund your business start up and how you will manage your finances once you are running. Put together a plan that includes a financial forecast for your business. Accountants help businesses with their cash flow planning and can signpost to alternative sources of funding.



Questions to consider

1. What are my short term and long term business goals?
2. What are the initial start-up costs and day to day costs of my business?
3. What are the possible financing sources and what are the advantages/disadvantages of them?
4. What price will my product/service be to customers?
5. What are my direct costs, gross profit, margins and overhead costs?
6. How can I protect my business from fraud?

This section of the Business start up planner relates to this step:

Revenue streams = these are your sources of money

Sources

[National Enterprise Network](#) represent a variety of enterprise support organisations that will have knowledge of local loan funds and grants

[Prince's Trust](#) – An enterprise programme for 18-30 year olds starting up in business – offers a range of support grants and funding

[gov.uk](#) – provides information on registering and setting up a business

Top tip

Remember to plan for the small costs as well as the big ones. Start with the larger ones such as location costs, then break them down further, for example into, electricity, phone and internet charges.

Step 5: Legal

As a business owner you will need to know your legal obligations. Research legal requirements which apply to all businesses such as GDPR laws (data protection and privacy), Health & Safety, employment laws, licences to trade, contract law and tax, but also laws which may be specific to your business type and/or industry.



Questions to consider

1. What standard laws do I need to be consider to start my business (do employment laws apply)?
2. Are there legalities which are specific to my business type?
3. What are my Tax and National Insurance obligations?
4. What contracts (supplier and employee) do I need to put in place?

Sources

[HMRC](#) has a variety of useful online support for the self-employed who need help with their taxes

[Citizens Advice](#) – provide advice on employing people and employee rights at work including pay and holiday

[Information Commissioners Office](#) – an independent body that has information about data regulations

[Health and Safety Executive](#) – provides advice and support on health and safety at work

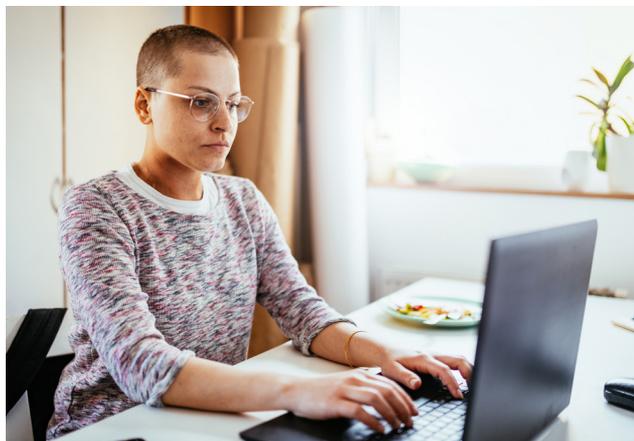
[Licence finder](#) – search which licences businesses need for their activity or business called Licence finder

Top tip

If you plan to trade internationally you need to consider the legalities of different countries as these vary. Being organised with your business documentation is key to ensure you can easily keep track and provide evidence of your legal obligations when needed.

Step 6: Marketing

Knowing who your customers are and how to reach them is essential to selling. Research the different methods of sharing information about your business, the costs involved and the effectiveness.



For example, a social media post would be free but only reaches people who already follow your business not new potential customers.

How you communicate your product to customers will be influenced by the information you find out about them during your initial research.

Questions to consider

1. Why should your potential customers choose my business and not my competitors?
2. Will marketing be managed in house or outsourced?
3. What would be the ideal branding for my product/service? Would it focus on quality/price or both?
4. How will I best communicate the benefits of my product/service to the people who I'm interested in attracting?
5. What medium (channel) will you use to market, and what resources do you need to communicate with your market in this way?
6. Tell me about your business' brand and how this is going to contribute to your success

Sections of the Business start up planner which relate to this step:

Customer segments = the groups who make up your target audience/your customer base

Unique value proposition = idea a statement of the quantifiable results a customer would get from using your product

Channels = this is about the routes you will take to communicate with your product to your customers

Sources

[How to market your business](#) – LifeSkills advice on getting the most out of social media

[Prince's Trust](#) – An enterprise programme for 18-30 year olds starting up in business – offers Marketing tips

[Small businesses](#) – lots of tips for small business including marketing advice

Top tip

The 3 Ms of marketing are Market/Medium/Message. It's important to know, in addition to who your customers are, what marketing channels (your medium) and communication style will appeal and connect them to your product/service e.g. social media, flyers.

Step 7: Pitching, funding and networking

Pitching, funding and networking will utilise your communication and influencing skills to get support for your business.

Sometimes you will get formal opportunities to pitch for investment but you may meet people at networking events or through chance meetings and you will need to be prepared to talk about your business on the spot, to take advantage of the situation and where that might lead.



Questions to consider

1. Can I utilise my existing network to potentially help my business idea?
2. What other people or organisations will benefit my business?
3. How can I grow my business network/find networking opportunities?
4. What skills can I develop to help networking?

This section of the Business start up planner relates to this step:

Unique value proposition = the clear statement explaining what makes your business unique

Sources

[Tips for effective networking](#) – LifeSkills resource to develop networking skills

[Tips for approaching contacts](#) – LifeSkills resource to develop approaching contacts

Top tips

Pitching: In addition to a longer pitch for official presentations, it's useful to prepare a shorter version referred to as an 'elevator pitch' so you can sell your business idea to people you meet by chance who could be potential investors or customers.

Networking: Ensure you prepare ahead of a networking event, including researching who will be there. Take notes at the event and remember who you spoke to, so you can follow up with them after.

Funding: Take some time to understand the funding channel you wish to pitch to and ensure it's appropriate for your business idea. Take a look at the different channels below to help.

Access to funding

Friends and family

This might be one way of starting your funding journey until you are in a position to seek other types of funding.

Government grants

Governments are always looking for ways to spark innovation and they often do this by offering grants to certain businesses.

Bank loan

These are a common type of funding for start-ups. You'll need to look into the options including the interest rates that come with loans.

Crowdfunding

This involves gathering small amounts of capital from a large number of people, though an online platform.

Accelerators and incubators

Both of these programmes offer businesses access to a network, mentorship and some form of a structured program. Which is more suitable depends on the stage of the business.

Angel funding

Angel investment comes from wealthy individuals who will help fund your business for a share of equity.

Venture capital

Venture capitalists will invest large sums of money in exchange for equity in the business. They will benefit from returns in the future.

Preparing your pitch



1. What is the key takeaway?

What do you want your audience to learn about your business? Unique value proposition

2. Consider your business story

Illustrate your personal business journey to create an emotional and relatable connection. This links to step 1 – idea and research

3. Display innovation and creativity

What problem is it solving, and how is it different from other businesses? Include your unique selling point

4. Research your audience

This will help you to anticipate potential questions and support your networking

5. Summarise your commercial viability

Explain how your business will work in reality, show your work from the previous steps such as assessing risk, business structure, finances, legal

6. What is your commercial understanding?

State who your competitors are, and key facts/stats about the industry

7. What questions may be asked?

Anticipate and plan for potential questions
