



# Jelf

## How to start a business

A general guide to  
becoming your own boss

**Jelf.** SMALL  
BUSINESS

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Some people start a business because they're tired of fulfilling someone else's dream. Others do so because they have a burning desire to make a mark in a particular industry. Whatever your motivations for becoming your own boss, starting a business from scratch can be a daunting prospect.

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At Jelf Small Business, we pride ourselves on doing all we can to help turn your business vision into a success, so we've put together a comprehensive guide to help you do just that.





## Develop your idea

You've had the lightbulb moment and you're excited about your idea. **Now is the time to grow** and develop that idea as much as possible - and seeking specialist knowledge is key:

"Research shows that those who seek support in the setting up and running of their businesses are more likely to **survive and thrive**." Dawn Whiteley, chief executive of the National Enterprise Network (NEN).

The NEN is made up of not-for-profit organisations that are ready and willing to offer independent and impartial advice as well as training and mentoring to new and emerging businesses. If you'd like to pick the brains of the likes of the Chambers of Commerce, local authorities, further and higher education providers and more, [find out about joining the NEN](#) on its official site.



## Secure funding

The funding you need to start up your business can come from **several places**, from friends or family members to banks and vendors. You might also secure this finance from other business owners via business associations such as the NEN mentioned above or similar.

Be sure to find out about any government funding schemes in your area. Not only can these schemes offer grants, finance and loans to new businesses, they could also provide mentoring and consultancy to help you succeed. [Gov.uk](#) should be your first port of call to identify support on offer.

**Before you seek funding**, consider the "basics of business finance":

- How much you need
- Whether you are willing to sell shares
- Whether you can offer personal assets as security for the lender.

Remembering these three points should stand you in good stead.



## Get to know your market

Initial market research is vital to know whether your product or service is going to be well-received. The three broad areas you should look into are as follows:

### Competitors:

Finding out **about your competitors** will help you decide how you can stand out: can you offer something better than they are offering? This could be anything from extended opening hours to a product that solves an issue no one's ever solved before.

You may find the **Office for National Statistics'** [annual business survey](#) handy for information on competitors.

### Market trends:

You need to know what the market you are attempting to conquer looks like. This means:

- Is it growing or shrinking?
- How is customer buying behaviour changing, and how could it change in future?

### Customers:

Find out who your **potential customers are** and talk to them. Is there demand for your product or service? Are they willing to pay for it? How often? If you can, it may help to present them with a prototype, so they can get the clearest possible idea of your product.

**Once you've decided** which questions you need answers to, you need to determine how you're going to collect and analyse them. Finally, what are you going to do with that information? This leads us on to...

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### Advance your business idea

Now that you've carried out the research and you've got your answers, you need to let the feedback shape and improve your business. Otherwise, there was no point in doing it in the first place!

**Important:** If your market research has shown there is no demand for your business idea, don't be too proud to let it go. If it won't work, save your time

and money and put your creativity to work on another idea.

If your research has identified the need for a few tweaks, make them, then go back and question your customers again. There is no limit to the number of times you should do this; do it until you get it right.

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### Create your business plan

Essentially, your business plan will outline what you need to do, what resources you will need to do it, and what you **expect the outcome to be**.

More specifically, it will:

- Define your idea in terms of what the product or service actually is and which customer needs it will meet. (Your market research will ensure you are fully aware that these needs exist).
- Discuss your idea in terms of the industry - both present and future.
- Outline the financial details - expected turnover and profit, and **how you'll fund** your business venture.

You'll find a wealth of information, and even templates, to help you **create your own business** plan online.

#### Why do you need a business plan?

- It will back up your application for funding (and show investors you're serious)
- It'll help keep you on track in terms of your overall aims and your spending
- It'll allow you to measure your success
- It'll force you to take a professionally-minded, unemotional look at your business ideas.

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### Source suppliers

Whether the items you need are raw materials or finished products, you'll need to know you can get them as **reliably well-priced** as possible. The best way to do this is to carry out online searches and talk to other businesses.

Next, put together a list of the most promising candidates, then talk to them face-to-face. This is

extremely important as it will not only allow you to negotiate prices, but it'll also let you get a feel for the suppliers you can rely on and trust. Building strong relationships with your suppliers **is a must**, as you never know when you will need to call in a favour at short notice!

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### Find a home for your business

You may not need bricks-and-mortar premises: if you intend to **sell your product online**, getting the proper help to build an impressive website will help to convert site visits to sales, so do your research online and find an expert web designer to help you.

If you do need physical premises, you should find the **Royal Institute of Chartered Surveyors' guide** to acquiring small business property handy.



## Set up your legal structure

Before you can start trading, you need to make sure you are **clear on how you will pay tax**, what will happen if your company makes a loss and how you can take the profit you make. This will depend on the type of business you are - a sole trader, a limited company, or a business partnership. Find out more about these business structures on the [Gov.uk](#) website.

You're going to need business insurance, even if you don't plan to take on any members of staff. Be sure to have a good look through the [Jelf Small Business](#) website to find the cover you need. You may also

need various licences or permits depending on what your business offers.

### Legal essentials:

- If you are going to employ staff, you'll need to register as an employer with HMRC.
- Open a business bank account, ensuring you look around for the best deal on offer.
- Set up your books so you can keep a record of your finances. By law, you have to retain your yearly financial records for six years.



## Just before you start trading...

It's time to let everyone know you're there! Pre-launch marketing can create **hype around your product** and business, so do anything you can to get your name out there - from posters to flyering. Don't forget social media - use the likes of Twitter and Facebook to get people excited.

### 3...2...1...Sell!

We wish you the best of luck with your brand new business!

Now that we've explored the fundamental steps to **starting your own business**, let us introduce something of a 'secret level': an insight into some of the things failed businesses have overlooked.



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## Get ahead by learning from others' mistakes

It's widely known that businesses are most at risk of failure in their early years of trading, with **Business Gateway** serving up specifics: 20 per cent of new businesses fold within their first year, 50 per cent within their first three years. Don't let these figures scare you off - only prompt you to explore the reasons why and avoid making the same mistakes.

### Common mistakes when starting up a business:

- Not creating a business plan - This document is vital as it is key to attracting and securing the funding you need, and from the right places. It'll also provide a structure to the financial aspects of your business. **Don't be put off** because it's early days: your initial business plan needn't remain static - you'll add to it and adapt it as your business grows.
- Not having a contingency plan - If your business were to suffer a period of not making any money, or even losing money, you'll be able to survive it if you have **cash reserves** to see you through.
- Not enough research - You need to know the market you are **trying to crack**. This will inform every aspect of your idea development, from shaping the development of your actual product or service to setting out profit forecasts and pricing. You can find out more about conducting and interpreting your market research at [bgateway.com](http://bgateway.com).

- Not sharing the idea - While you may feel protective of your brilliant idea, resist the urge to keep it completely to yourself until the last minute (don't worry; there is plenty of information about registering your idea on the **Gov.uk** site, but in the meantime you may want to consider a **non-disclosure agreement** for peace of mind).

### Not sharing means:

- you'll miss out on objective feedback,
  - you'll risk creating something that simply isn't needed,
  - you could forgo a potential confidence boost that could have kept you going through tougher times ahead.
- Get potential customer feedback as early on in your idea development as possible - some of the insights you receive may shape how your product **eventually ends up**.
  - Not monitoring the market indefinitely - You need to continuously check for threats to your business so you can **respond and develop** to meet the challenge. You'll be able to use the internet to find out about them, but you'll also be able to talk to your customers to get first-hand knowledge about who or what is trying to tempt them away from you.