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Everything I share with you in these pages is information I came across the hard way. Indeed, when I started my first business, I drove ahead blindly with my plans, without really thinking about where I should have been going. It shouldn't have come as a great surprise to me when my first business venture crashed soon after starting. If only I'd known back then what I know now. But I was surprised, hurt even, that I could have possibly failed. After all, we all know someone who is extremely successful, yet we believe them to be less talented and knowledgeable than ourselves. How many times have you looked at someone and thought, if they can do it, so can I?

Well, the good news is you can. But starting your first business is a bit like driving a car without really knowing how. Dangerous stuff. Don't be surprised when you end up driving off the road, writing off everything you own. Obviously it would make sense to learn how to drive first. But learning how to drive is only the start of it. Next you have to master taking directions, then reading the road signs and so on, until at last you're really ready to drive on your own.

If you grasp the above concept, you're off to a good start. No book, however comprehensive, can cover all eventualities. But what I hope to provide in this book is a basic driving guide, together with rules of the road and a short map to get you on the highway to success. The rest is up to you. Whether you choose to ignore my advice, or implement it in your own business, only you can decide. But at least you're getting the chance to decide what's right for you and your circumstances. And you can be assured that the advice you're taking is from someone travelling the same road as yourself.

I hope through sharing my experiences and those of others that by the end of it, you'll have more knowledge than I had when I first started. Even if you only read this Preface, and understand that the cardinal rule in any business is that you must make money, you'll certainly at least have a raincoat to keep the rain off your back in the first few months.

Let me know how you get on and beware of 'free advice' and advice from business gurus whose only business is advising other business people. In my experience, advice from them is by far the worst. For example, if they know so much about how to run a successful business (other than one offering others advice) how come they're not acting on the advice they want you to pay them for and making their own fortunes?

Good luck!

Paul Power

you here that the lake had been built by the Victorians employing the most remarkable engineering that allowed it to be filled by the sea through a series of underground chambers. As I walked the short distance from the house along the sandy beach to the lake on what was a beautiful morning, I couldn't help but think how lucky I was. After all, how many people could undertake their daily commute to work along a beach with two happy dogs playing at their feet?

However, that morning I was in for a shock.

When I caught a glimpse of the lake in the distance, I knew right away something was wrong. Our boats which were usually tied up in the centre of the lake were not yet visible. I panicked. My first thought was that someone must have stolen them. It certainly wouldn't have been the first time that one of our boats had been stolen. But as I walked towards the lake, the boats came into view. Relieved, I continued towards the lake. But there was still something wrong. Indeed something seriously wrong, but I couldn't yet put my finger on it. Only when I finally stood at the edge of the lake did I realise what the problem was.

All of the water had drained away!

The lake was completely empty save for a few small puddles of water, totally drained. I couldn't believe it. Here we were on the busiest bank holiday of the year. Beautiful sunny weather – and our lake had utterly disappeared.

Ask yourself, what would you do? Well, I got angry. Very angry. And even angrier when some people began to come up to me with all sorts of petty worries. Questions like 'Do you think the crabs will be okay?' or, 'What time will you be opening today?'

Can you imagine going up to the owner of a boating lake, which for some unknown reason has lost all its water, and asking them what time they'll be opening?

Of course, I took it badly. Replying sarcastically that we would obviously be opening in a few minutes. 'A few minutes?' one man said indignantly, 'but the lake's dry.'

'Don't worry, we'll let you have a boat half price', I told him, which as you can imagine didn't help the situation.

Today, some years on, I can look back at this incident and laugh. It was a truly hilarious situation, as was pointed out to me at the time by one of the local business owners who advised me to see the funny side of it. 'What's the point in getting stressed about it?' He said. 'After all, you getting angry isn't going to fill the lake up, is it?'

Amstrad, he wasn't a computer or software guru but an entrepreneur who saw a niche in the market.

Similarly, when Karan Bilimoria began his Cobra Beer company he wasn't a brewer or had any previous knowledge of the drinks industry or Indian restaurant market. He simply saw a gap in the market and worked out a way of plugging that gap.

Neither had Richard Branson any previous experience of running an airline when he began Virgin Airlines, providing flights across the Atlantic.

And the late Anita Roddick, founder of the Body Shop, wasn't previously a cosmetic retailer prior to starting up. Her previous business experience included running her own guesthouse and upmarket café, neither of which, as she said herself, were really successful.

What all successful entrepreneurs have in common is a seemingly uncanny ability to spot the 'next good thing'. At least that what non-entrepreneurs will usually tell you. I've often heard people remark, 'they (successful entrepreneurs) have a gift or inside knowledge for spotting the next best opportunity'. The actual reality is somewhat more mundane. There's no magic or specialist knowledge involved at all. It's more a case that the successful entrepreneur will continue to slog away, enduring failure after failure, setback after setback, until such times as they hit on the right idea at the right time.

And that, dear reader, is the key to success in your venture.

Be prepared for setbacks. Be ready for the crushing blow when you think you've come up with what you believe is the mother of all ideas only to find either someone else has beaten you to the post or some other unmovable obstacle is standing in the way of you getting going.

When you consider that according to the banks only one in every four new businesses survives the first year of trading, and from then only one in every four will actually survive beyond their third year trading, you don't need me to tell you that the odds of you being successful are fairly much stacked against you. But that should neither worry you, nor deter you.

My belief is that many business failures could have been avoided had the entrepreneur given enough thought to their initial idea. For example, I met two entrepreneurs this week who had just opened their first restaurant. The menu displayed in the window is handwritten, prices are cheaper than cheap, and the lady serving behind the counter looks like death has taken a break. In all honesty, why would anyone want to eat there?

When in passing I spoke to the couple behind the new venture, they told me of their plans to open a whole chain of these restaurants. They seemed to believe they were going to be the next McDonalds. Somehow I don't think they'll make it, but I do hope that before it's too late they'll realise that they are actually offering nothing. Yes, they're offering cheap food. But the problem is that so are half the restaurants in the road they've just opened up on. And those that are offering cheap fare already enjoy a loyal following built up over many years, which means there's no incentive for anyone to visit our cheap and cheerful friends except perhaps the bailiffs.

A great idea should be at the core of your business

If you're simply offering something that's already available then you might as well not bother. A successful business is one that doesn't follow the crowds, but instead carves out a nice little niche for itself before the big boys try to move in on that market.

Prepare to work through lots of ideas. Some ideas you will have which look good initially, but make sure you work your way through all of these *before* starting your business.

I started the Dutch Bike shop from my kitchen table. I'd be embarrassed to tell you (but I will anyway because it makes for a better read) that when we first started our business we only had one model of a Dutch bike available and that could only be supplied in one colour. Today we have considerably more models, and a variety of colours and specifications, but the important thing here was the key idea.

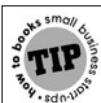
When people ask me how I came upon the idea to import Dutch bikes into the UK, I tell them that when I wanted to buy one for myself I couldn't find a single outlet selling them. So I decided to fill the gap in the market.

Try to remember for a moment all the times you've tried to buy something you simply couldn't get hold of, but still dearly wanted. Think big. Don't think small items that cost a few pence. If your idea involves selling something that costs pennies to buy, you'll only make a fraction of that in return for selling one, so whatever it is you're thinking of selling it will have to be sold in huge quantities. The area of mass retail isn't suitable for us kitchen table entrepreneurs. That's really the domain of the multi-retail giants. Think instead of the things these multi-retailers aren't providing, or won't currently sell, as it's too specialist, too niche for them.

Start looking in such areas and I promise you will find some great ideas.

Believe me, in business things can always get worse!

Despite your best efforts there may be times when either your customers let you down or an unforeseen bill presents itself and suddenly you find yourself overdrawn beyond your limits. Before you know it everything is frozen.



Contingency plan your banking by having a number of bank accounts with different banks or building societies.

Creating a business identity

TELEPHONE LINES

Do you need another line? Yes, I believe you do. Nothing will put potential customers off more than a badly answered telephone. In the past I've phoned businesses where children have answered the phone and I've grown up trying to get them to put mum or dad on so I can order something. Instead I've done what most people would do – moved on.

A separate business line will not only give your business credibility, but also make life easier for you. When the phone rings you'll know it's business.

The disadvantage to having a separate business line is, of course, cost. Telephone providers charge more for a business line than they do a domestic, but I believe that this cost is a relatively small price to pay to give your business an enhanced professional image. By using a domestic line as opposed to a business line you miss out on free listings in the business section of the phone book and of course when anyone searches directory enquiries you will only be listed if you have a business line. Also, were your line to go down for any reason repairs to business lines get priority over domestic ones.

Freephone numbers

When deciding on a business number you could also consider introducing a freephone number or a number where your customers only pay the cost of local call to contact you. Incentives like these can be useful if you're operating in a competitive environment where potential customers are faced with lots of different companies to choose from.

The fact that your number will cost either nothing to call or the cost of a local call will give them an added incentive to call your business first.

- **Ask for a credit account.** Some businesses will insist you pay upfront. I don't agree with this as I like to be sure that I'm getting what I pay for. In the event that you're not happy with the quality or you don't get what was originally agreed you will have far more influence if you haven't already settled the bill. The problem you might find is that if you are a new business, designers may be reluctant to undertake the work unless they are convinced they stand a good chance of getting paid for it. If this is the case, offer to pay a deposit on order with the balance falling due when you collect your work. It's also worth asking for an account facility, particularly if you intend using the company for all your future printing requirements.

Before printing anything make sure you check the proofs for errors and omissions. Pay particular attention to things like telephone and fax numbers, website addresses, postcodes and email addresses.

Remember, if you are operating as a sole trader and trading under a different name then by law you must include something like 'Paul Fowler trading as Falking Holidays Cornwall' on your letterhead. You can do this discreetly by adding it somewhere in the lower header in small print (See Chapter 10 for more information).

SMALL BUSINESS START-UP KITS

Many printers now offer an all-in stationery package for new businesses, which usually includes: 250 letterheads, envelopes, business cards and compliments slips.

Provided the quality of print and paper is of an acceptable standard these packages can offer great value for money and in my experience printers are generally happy to include some free artwork and layout.

Prior to confirming your order make sure you ask your printer to show you samples of the type of paper you will be getting and samples of the printing.

Envelopes

When it comes to posting out your letters, brochures, direct sales materials etc, you're going to need to think about envelopes. My advice is that you go with window envelopes. These are the ones where all you have to do is fold your letter in the correct place and the address is automatically displayed through the window. They are particularly useful when you're sending out a mail-shot etc.

- ☐ tell them why this information is processed and anyone it may be passed to or seen by;
- ☐ explain the logic in any automated decisions;
- ☐ deal with their request within 40 days from the date you receive it.

You may charge an administration fee of no more than £10.

COMPENSATION

Be aware that individuals may seek compensation through the courts if they have suffered damage, or damage and distress, because of any contravention of the Act.

As I said earlier, there is a whole raft of legislation that can affect your business and you must be familiar with it all. I really recommend a visit to the Business Line site which is an invaluable tool for small business owners and entrepreneurs.

Summary

1. Give plenty of thought to the name you're going to give your business. Your business name creates the first impression of your business, therefore it's important to get it right.
2. Choose a base for your business that suits you in terms of affordability and adaptability. There's nothing wrong with the kitchen table.
3. A successful business is impossible without creating credibility. Therefore it's important that you get it right from day one.
4. Get a dedicated business line for your business and make sure it's answered in a business-like way.
5. Research all legislation that might affect your business and be sure to register where appropriate.

disaster our local council opened a new restaurant, which they offered as a concession to a private company. The location of this restaurant is superb in that it gets the best views of the harbour. Naturally it's doing very well, but what about the private restaurant owners who are having to work doubly hard on the almost impossible job of winning customers back to their restaurants which have no sea views?

It's always a good idea to keep an eye on what your local council is up to. If nothing else you may well spot a business opportunity – a worthwhile concession up for tender.

The main ways to find your competitors is to check:

- ☐ advertisements in your hobbies' magazines, club websites and your local paper;
- ☐ the Internet – using the main search engines (Google, Yahoo!, etc);
- ☐ trade directories;
- ☐ *Yellow Pages*;
- ☐ *Thompson* directory.

CHECKING OUT THE COMPETITION

When checking out the competition make sure you find out:

- ☐ Exactly what it is they are offering. How do their products or services compare to yours in terms of quality as well as price?
- ☐ The total price of their product once you've included all the extras. For example is VAT included or added on at the point of sale?
- ☐ The sort of guarantees your competitors are offering. Can you match or better what they are offering?
- ☐ How quickly they can deliver their goods. How does this compare to what you are offering?
- ☐ Customer testimonials. Have they included any customer testimonials in their sales material/website? If they have been established for any length of time they should have testimonials from satisfied clients. If they haven't, why not?
- ☐ How close they are to where you will be based. If they are on your doorstep is there really enough room for the two of you?
- ☐ How busy they are. If they have a retail business you should camp yourself discreetly outside at various different times to see how many people not just go into their shop, but also come out having made a purchase. If they are mail order

- If after a further seven days we still hear nothing, we phone our client and ask what the problem is. It's vital to keep dialogue friendly and non-threatening. There can be a number of genuine reasons why customers are late in paying.
- If after a further seven days we still haven't been paid, and there isn't a genuine reason why the bill hasn't been settled, we then write a final letter, sent by recorded delivery. It asks that payment in full is made by return, or if this is not possible, we are contacted immediately to advise when payment will be made. We also include in our letter that if we don't receive payment within seven days, we will reluctantly have to take out County Court Summons.

THE COUNTY COURT

Taking non-payers to the County Court should always be a last resort. Although the system is easy to use, it is far better to have your debt settled without the costs and time involved in preparing your case for court. You can if you wish employ a solicitor, however you will have to pay their costs upfront. If your application is successful in the courts you can reclaim your fees from the other side.

But be warned that even if the court makes a judgement in your favour, your delinquent customer might still not pay their account. Then you have to make a further application to the court to allow you to recover the debt from them.

It can be a lengthy, tiring process, and you really must be sure the debt is great enough to be pursued.

You can get the all the information, forms etc you need to make a County Court Claim by visiting your County Court or their website at <http://www.courtservice.gov.uk>. Or you can phone the Business Debtline on 08001 976 026.

Writing a winning business plan

Most small business gurus (you know the types – the ones who've recently been made redundant having spent most of their corporate lives killing careers with PowerPoint presentations and now want to sell their perceived skills to small business entrepreneurs) will have us believe that the most important reason for having a business plan is so that we can borrow money for our businesses.

And their angle on this? To write one for us, for which of course we will have to pay them a fee.

Let's get one important thing clear about business plans – you don't need to have someone write one for you. I don't care if they've been Richard Branson's personal

business planner for the past 20 years, the only person that can really write a truly winning business plan for your business is you.

Because these experts will never tell you that your idea is absolutely farcical and you'd be wasting your money. An expert's expertise is in writing business plans. So if the business you're planning to start is in anything other than business plans, the truth is that they probably know absolutely nothing about your business. But you do because it has something to do with your hobby. You know your idea better than any paid expert whose real motivation for helping you will be his extortionate fees.

THE TEN ELEMENTS OF A WINNING BUSINESS PLAN

1. A **well-researched business idea** which includes information on what products and services you intend to offer, who your target customers are, details of your competitors and a general assessment of the market you are proposing to work in.
2. A clear idea of **how much it's going to cost** you to start your business.
3. A clear idea of **how long it is going to take** your business to become fully operational.
4. A **personal survival plan** detailing how you will survive during the initial period when your business is not actually earning you money, but costing you.
5. A **contingency plan** for what to do in the event that something unforeseen happens to either your business or you.
6. Details of **how you intend to fund your business** and, if you intend to borrow money, the plan should include details of those who you are hoping to borrow this money from together with anticipated repayment periods.
7. **Profit and loss forecast** where you work out how much your business is going to cost to run versus how much you're going to achieve through sales.
8. **Cash flow forecast.** Essential for every business because you work out how quickly and often you will receive cash into your business versus how much you will have to spend to continue trading.
9. **Operational details for your business**, which will include:
 - details of where your business will be based, including any additional business premises that you may need to rent (for example additional storage space for stock etc);
 - information on how many staff (if any) you will need to hire, where you intend to get these staff from and how much you're intending to pay them.

You won't have to employ any of these unscrupulous tactics because as a home business you're going to be offering quality, value-for-money goods or services to people who really need them.

So you have nothing to fear!

Remember that people like to buy things. The only thing that is worse than a morose, unhelpful salesperson is one that leaves you to 'think' about things.

The three golden rules for selling anything to anyone

1. Remember that people buy *benefits* not features.
2. You must give your customers a reason for buying from you – otherwise they'll buy from someone else.
3. If you're doubtful about selling whatever it is you're selling, people will be afraid to buy it.

RULE 1. PEOPLE BUY BENEFITS NOT FEATURES

Believed to be the first rule in marketing, the 'people buy benefits not features' mantra is at the heart of every advertisement you're ever likely to come across.

To sell anything to anyone you must understand this concept and appreciate that if you're adhering to this rule in your face-to-face sales presentation, brochures or website information, the chances of your sales being anything less than average are greatly reduced.

Why is this concept so important? To answer this we need to look at the reasons we buy anything. Factors that influence what we buy include things like:

- ☐ price;
- ☐ what we need the whatever we're buying for;
- ☐ attractiveness – is it 'us'?

Price

Of course there can be an infinite amount of reasons why we might buy anything, but unless we've unlimited resources price will certainly be a deciding factor.

Marketing companies are aware of this, and many competing products highlight price as being a benefit.

Next time you hear a radio commercial, watch a TV advertisement or pick up a magazine, start looking for the benefit messages. What's in it for you? What will you

PUTTING YOUR SALES MESSAGE TOGETHER

The way to construct your sales message is to highlight the features first, followed by all the benefits.

Start looking at as many advertisements as you can. The glossy magazines that come with weekend newspapers are very useful as they usually contain lot of imaginative ads often with the 'benefit message' innovatively hidden somewhere within the message.

We can learn lots from looking at how other businesses market their products.

Get into the habit of either cutting out advertisements and keeping them in a file, or writing down the advertising message and keeping it in your notebook. Then when the time comes to write your own ads you can browse through your file for inspiration.

Don't forget that the feature/benefit rule also applies to face-to-face selling. Next time you're out shopping listen to what salespeople are selling potential customers.

Ignore the completely inept ones usually hired by large DIY stores and electronic warehouse retailers, but wait until you find real sales people. You will hear the same message: 'But the great thing about this is that it ...' – and you'll hear the *benefit* loud and clear. The more skilled the sales person the more suited the benefit will be.

But not everyone buys the same benefit!

We all have different reasons for buying anything. Take, for example, someone buying a flight ticket. Unless it's a holiday charter airline the people buying a seat on a flight will have different needs.

Some will be travelling on business, others holidaying and others wanting to travel as cheaply as possible.

To overcome the problem of differing needs, airlines target their marketing campaigns at different sectors. Comfort and getting you there on time will be key benefits for business travellers, while value for money might be the message for holidaymakers.

In your business it may not always be possible, owing to budget restrictions, to target different market sectors, so make sure the benefits you're selling appeal to the widest audience possible.

have the size or the colour we wanted and were either too shy, too busy or whatever to bother asking.

But imagine you've offered an alternative colour and your customer says no to both. What then? Ask them what they're looking for. The important thing here is to keep the dialogue going. Keep them interested and stop them from going elsewhere.

Remember that lots of people browsing your goodies may not be buying for themselves. They could be looking for gifts for someone else. By asking them what they're looking for and who it's for you'll get a better understanding of their needs and be better placed to help them and close your sale.

So the alternative close can go on until they either buy something, or you run out of alternatives. Provided you don't come across as pushy or stalk them! Remember you're there to help them find the thing they most want to buy.

Price alternatives are good, too.

Let's say that your business involves you selling home-made soaps. Because your product is unique and all of your centred, bubbly delight are lovingly created, they're considerably more expensive than traditional off-the-shelf soaps.

Limiting yourself to one price tag can lead to problems and you could find, as many gift shops do, that your shop is full of 'Sunday browsers' oohing and cooing over everything, but buying nothing. The problem here is often that the prices are just out of reach of the average impulse purchaser.

The way to address this is to offer two price ranges. One that appeals to those who appreciate the quality and uniqueness of your soap and will buy it whatever the cost, and one for those who would love to buy your soap if it was more affordable.

If you're creating your own products then you could offer a certain product range at a reduced price to the second group. Or have a special offer bucket where you include all your soaps that haven't come up to the same exacting standards as the others.

Whatever you do, try to offer alternative prices. If someone looks interested but then disappointed when they see the price of your soap and makes for the door, get in there. Tell them you do a special range of soaps which are excellent value and bring out your irresistible soaps with a more appealing price tag.

We all like choice. Whether it's choice within a product range or choice of prices, we're more likely to buy when we don't feel as if we're simply buying the first thing we've seen.

Whether you sell at craft fairs, exhibitions, boot fairs, church halls or with an online shop, presentation is the key to success. Get that right and you will at least have customers coming through your doors or stopping at your stand. Get it wrong and everyone loses out.

Creating atmosphere

Often the difficulty with a small shop is creating the right atmosphere. A small, silent shop can be as intimidating as a large austere public building. Make it easier for potential clients to browse your wares. Invite them in with the sound of relaxing music and heavenly scents.

Inviting people in

Display a notice on your door. Something like, 'Please do come in and browse - you're under no obligation whatsoever to buy anything.'

And then once they are inside, make your visitors feel at home. Be warm and friendly but not in an overpowering way. Have some music playing in the background as this helps take away that church-like silence you often get in smaller shops.

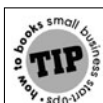
Remember to offer them alternatives. 'Too big.' 'We've got smaller ones as well.' 'Too expensive.' 'We do have some of special offer.'

'Not really me.' 'What is you?'

'Can't make up my mind?' 'Why not have them both?'

Listen to what your visitors are saying without intruding on their viewings and then at the right moment offer them the alternatives.

And at all times avoid that awful, insincere greeting: 'How can I help you?' To which I'm always tempted to reply, 'You could pay this month's mortgage...'



People like buying things, especially something that they'll be using for their favourite hobby. So make it easy for them to buy.

PRICE

Whatever you're selling it must be priced to appeal to your target market.

Too expensive and you won't sell any, too cheap and you won't earn enough profit to stay in business long enough to repay your initial financial investment.

So you need to work on your content. Make sure your newsletter includes interesting, and if possible previously unknown, facts about your products or services.

For example, my *Top Tips For Gardeners* newsletter always includes something about the flowers and plants that are in bloom at the time. My last spring issue contained the following information about daffodils:

Did you know that daffodil bulbs were used by the Roman surgeons to treat a gladiator's open wounds and gashes?

And Roman soldiers always carried daffodil bulbs in their knapsacks when going to war?

When eaten daffodil bulbs suppress the nervous system, so it's thought that the soldiers used the bulbs not only to treat their wounds, but give them courage!

How are your daffodils looking this year?

I then go on to give five top tips for caring for daffodils and what to do after they've flowered.

I finish this piece by inviting my readers to contact me to arrange for our company to come around and prepare their garden ready for the spring. Because January is usually a quiet month for us, as it is for many businesses, I offer an incentive.

Winter Warmer – Book your spring tidy up before 31 January and we'll give you 10% off our normal rates. Book today on (telephone number) to take advantage of this special offer.

Note that I've created a sense of urgency by asking customers to book before 31 January. This creates a sense of urgency and also means I don't have to discount any work which comes in February, the month our business traditionally picks up.

Some things you could include in your newsletter:

- ☐ **Any interesting history** behind your products: how did your products get their name? Where were they first sold? Anyone famous using these products? What's the most expensive one to ever have been sold?

- ❑ **Other customers' tips and advice.** Invite your readers to write and share their tips and advice with others. This works well with hobby businesses where there is a natural sense of allegiance because everyone is interested in the same thing.
- ❑ **Your business diary.** If you're planning to exhibit at a certain venue, let your customers know in advance by way of your newsletter. Again you could offer an incentive – bring along your copy of this month's newsletter and get your free gift etc.
- ❑ **Staff profiles.** If you're hiring staff you could include a different staff profile in each issue. Especially if you're offering a mail order service you could introduce your clients to the person or people responsible for taking their orders.
- ❑ **Product advice.** Tell your readers how to get the most out of what they've bought. Depending on your business you can include all sorts of helpful information here.
- ❑ **How to guides.** Write your own short 'how to' guides for your hobby. Even though the object of my gardening newsletter is to sell more of our products and services, I like to include short garden guides. The feedback is always positive and if nothing else it provides you with an opportunity to demonstrate your skills and knowledge.
- ❑ **Now is the time to...** Somewhere in your newsletter you should always include a '...now is the time to' feature, especially if things have some sort of natural deadline. For example if you're running walking holidays in Cornwall and you know that fairly soon your next month's diary will be full – then tell your customers: 'Anyone considering booking their walking holiday in July should do so now as there are only a few places left.' Or, 'You really only have two weeks left to plant your onion sets if you want to have them in time for summer salad days.'



My advice is to keep it short. You're not printing a magazine or newspaper, so keep it as short as possible. Aim to leave your readers wanting more rather than having them put it down halfway through.

What about pictures?

If you're publishing an online newsletter then you can include picture links in your newsletter. But be careful: depending on your connection it's not always easy to download pictures and they can distract from the main content.

WHAT YOU'LL LEARN FROM TELESales EXECUTIVES

How to approach a cold sales telephone call

You'll learn a lot from how they work the call so as to get through to the decision maker. Obviously the last thing they want to do is waste their time selling advertising space to someone who is not a decision maker.

So listen to how they make their initial approach. What distinguishes professional telesales executives from the others you'll get calling you is that the pro will have their homework done. They'll have the name of who they want to speak to. The amateurs or no-hopers will simply say something like, 'Hello, can I speak to the business owner, please?' or another favourite, 'Can I speak to the person who handles the utility bills...?'

How to overcome common objections

The reason I urge you to tell them you're not interested is because then you'll learn how to handle initial objections. The most important thing when handling any objection is to keep dialogue going and build up a relationship because people find it more difficult to say no to someone they like.

The more objections you raise the better the lesson becomes. I've used many of their techniques with great effect in my own business.

Coping with rejection

Whatever business you're planning to start you're going to have to learn to handle rejection as you're going to get it. Often in truck loads. When a professional telesales executive calls you and you make it clear you don't want whatever it is they're selling you, they won't take it personally. 'Well thank you very much for your time this morning, Mr Power, I appreciate how busy you are, but if you ever do change your mind...'

Professionals will be unfailingly polite, respectful of your time and also will try to leave the door open by saying something like, 'Would you mind if I give you a call, let's say in a couple of months, to see if your situation has changed?'

If they sound nice and reasonable the chances are you'll probably say yes. From their point of view they've succeed in one goal at least – keeping the door open.

Why advertising doesn't always work

Small businesses waste thousands of pounds annually on expensive advertising that will never bring them a single customer. Unfortunately many labour under the

Nothing will generate sales quicker than a favourable mention in your hobby magazine, local newspaper, radio or television channel, and it's not as difficult as you might imagine. Although obviously the greater your understanding and knowledge of how to write your press releases the greater your chances of success.

Read as much as you can about this subject, but don't be intimidated by the word 'press' or be afraid to contact the media with your ideas.

A SIMPLE, EFFECTIVE PRESS RELEASE

Every day newspaper editors, magazine editors and television producers are deluged with press releases from businesses, politicians, entertainers and more, all trying to get publicity for their interests.

The reason they want to be featured on the news is that people are more receptive to their sales message via the news as opposed to advertisements.

However, editors aren't in the business of running free ads for anyone and they know that if their publication, television or radio programme has even the slightest hint of promoting products and services people will turn off in their droves. So the golden rule when it comes to approaching any media publication is to remember that editors buy news and their publications sell advertisement space.

So to succeed in getting your business featured in their publications, your press release must contain something that is newsworthy and not simply seen as promoting your business. Once you know where to look you'll soon find lots of potential angles for a news story.

Although most local newspapers are pleased to run a small piece on a new business opening in the area, you won't find the glossy monthly magazines quite as accommodating.

Even so, prior to launching your business you should always contact the editor of your local newspaper and also the editor of any magazine that covers your hobby or interest. But when contacting them you must be able to offer them a powerful benefit for featuring your business. After all, what you're doing here is selling them a news item or something interesting and unique that will appeal to their readers or viewers.

WHAT'S NEWSWORTHY ABOUT YOUR BUSINESS?

1. **Human interest.** All news revolves around human interest. Although you might think that an innovative new product is a newsworthy item, it's worthless unless it has a human-interest angle.

Imagine for a moment that you've just found a new product that overcomes sea sickness. Simply writing a press release announcing this fact isn't going to grab anyone's attention or imagination unless you can work it into a human interest story. So rather than saying 'Hey, we've just found the perfect solution to curing seasickness,' you would announce that either you or someone you know who has suffered from seasickness has finally found relief from this awful condition.

The product is the solution, but the story an editor would be interested in is the impact it's had on a previous sufferer.

2. **Previous career or occupation.** Your previous career may well be a news story on its own. For example, a former city banker trading his suit and tie for the kitchen and happily running his own organic catering business is a great story for the contrast in careers. People love to read about how others have changed their lives, especially those who've swapped a high-flying career for something completely different.
3. **Employment and local prosperity.** There isn't an editor in the country who would turn down a story where a new business was going to further enhance an area's reputation, or create new jobs. Stories like these are sought after. So if you're going to be improving an area and offering more employment and greater prosperity – there's your angle.
4. **Gaps in the market.** With every hobby there is something that is either difficult to get, or prohibitively expensive to do. For example, as anyone who owns a boat knows, mooring fees have reached an all-time high. Incredible as it may sound many boat owners are now moving their boats abroad, away from UK marinas, as berthing rates are far more affordable.

A marina near where I lived introduced an innovative solution by offering low cost 'dry berth moorings', something which is popular in the US. Rather than have a berth for your boat, it is dry stored at the marina when you're not using it. As soon as you want to go boating you phone and the marina arranges to have your boat ready in the water for you. Once you've finished it is then lifted and dry stored again. The advantage to everyone is that the cost of dry berth is extremely favourable compared with a traditional water berth.

Because the marina was offering an innovative way of reducing the cost of berthing, the story was taken up in all the press including the local television news.

There are literally thousands of ways your business could be newsworthy; all you have to do is work out the best ones. Remember the key to success is looking for the human-interest angle.

- Enclose your business card with every bill you pay or correspondence you reply to.
- Get your business card on every notice board, window or wall where people gather and wait. For example, barber shops, dentists' surgeries, restaurants, bars, staff rooms, shop notice boards – anywhere you're allowed to put your card up.
- Whenever you meet a prospective customer don't simply give them your card, personalise it. If they ask the price of something, write it down on your card as opposed to simply telling them, or worse still writing in on a scrap piece of paper.
- Even if everyone knows about your business, it's still worth giving friends and relatives a quantity of your business cards so they can give them to their colleagues and friends and put them up in their local barbers and so on.

Local networking groups

This may not suit every business, but networking groups are a useful way of building up local business contacts.

Groups generally work on the basis that you attend regular meetings, which can vary from breakfast get togethers to evening meetings where you meet other business owners and entrepreneurs just like you.

Even if you don't think that joining one of these groups will introduce you to new customers, they can still be a useful way of making excellent local contacts. For example if you're looking for funding your new business venture you could well find someone at these events.

If nothing else, it's a good way of getting away from your kitchen table and getting a fresh perspective on your business.

ONLINE NETWORKING GROUPS

You can also network online by joining any of the online forums relating to your hobby or entrepreneurial matters. Just browsing through previous discussion threads can be an excellent way of getting new ideas and solutions to your problems.

Remember if you're having problems with a certain aspect of your business, the chances are others have experienced the same difficulties. The answer to your problems may already have been solved by someone else which will save you time, money and stress.

This is an excellent example of targeted leaflet/card marketing, which got their phones ringing every time. If you are planning to start this type of marketing, and I recommend you do if your products or services are suitable, then try to be as specific as possible both in terms of the wording on your leaflet and the area you choose to market in.

Remember the golden marketing rule – people buy benefits and not features. Make sure your leaflet or card includes a powerful and specific benefit.

WHAT RESULTS WILL YOU GET?

We regularly undertake direct leafleting in our businesses and typically we get around a 1 per cent reply rate. On occasions this can be higher, but I'd say 1 per cent is a good average. We always aim to distribute 5,000 leaflets in one marketing hit and this generates approximately 50 sales calls, which we usually receive within around three weeks of our campaign.

The times we haven't achieved these results have been those when we've employed another business to do our leafleting for us. So as I said earlier, we now organise, motivate and manage our own direct marketing team.

Giving talks to groups and to businesses

Whether your hobby is popular or unusual there will be always be local groups who'd love to hear you tell them more about what you're doing.

I've given talks to all sorts of local groups about gardening and garden design and have always found them an excellent way of generating new customers. When you give a talk on anything you become an expert and your credibility is immediately established. Even if those who attend your talk aren't personally in the market for your services they will tell their friends and relatives who may be, so it's worth giving everyone who attends your business card and a brochure or leaflet telling them more about what you do.



Many hobby enthusiasts will travel surprising distances to listen to a seasoned expert share their knowledge, experience and anecdotes.

If you're nervous about having to speak in public, don't be. There are lots of books, audio cassettes, videos and even part-time courses that you can take to turn you from nervous amateur to skilled professional. Whatever you do, don't lose out on the potential of this sort of marketing can do for your business simply because you are nervous. Any worries I've had about speaking engagements have always turned out to

their decision to the committee (made up of elected councillors) if they don't go with the highest bid.

Unless you're already running the concession you won't really know how much to offer in rent. But this shouldn't deter you as everyone else (apart from the existing concession holder) is in the same boat.

Purchase an existing concession

Every so often concessions come for sale. The advantages to purchasing an already up and running concession is that you will be able to see the trading figures, talk to the business owners and investigate locally how well the concession is doing before investing you money.

A disadvantage is that even though you have purchased the business you will still have to submit a tender in the same way as everyone else when your concession term runs out.

Probably the most important question you want answered when considering whether or not to buy an existing concession is to find out why the business is up for sale. It's a good idea to do your own research in addition to the reasons given in any sales particulars. It may be up for sale because the local authority is unhappy with the way it has been run. It is the case do you really want to buy something that already has a poor relationship with the landlords?

As with purchasing any business, you should always employ professional help including a solicitor and an accountant. You will also need to have 'due diligence' undertaken which can be organised by your accountant. Due diligence is a legal term which means having the books and trading claims made by the current owner checked. You also need to check with the local authority that they have granted their permission for the business to be sold.

Suggest a concession

Another way to get a council concession, as we did with our cycle hire business, is to suggest your idea to the council. Provided they have suitable premises or a space available then you're halfway there. All you need to do is convince the council that the business you are proposing would be of benefit to the public and hopefully improve the area.

To suggest a concession:

- If possible identify a suitable vacant council-owned property or piece of land where you would like to base your business.

YOUR BUSINESS ON THE WORLD WIDE WEB

The Internet offers unlimited potential for home-based entrepreneurs.

Undoubtedly, the greatest single improvement to the fortunes of the home based entrepreneur has been the arrival of the Internet.

Where else can you launch a worldwide business for less than the price of a month's advertising in your favourite magazine?

But despite the opportunities, the Internet is awash with global business failure.

There are any number of reasons for this, but lurking somewhere will either be one or a combination of these factors:

- ☐ Complete lack of understanding on the part of the business owner as to how the Internet works.
- ☐ Poorly designed websites that make the business look amateurish and give the impression of being run from the entrepreneur's spare bedroom.
- ☐ Websites that are not designed to attract visitors to the site.

So what can you do to ensure that your website does what you want it to?

To answer this question you need to ask yourself *What's your objective in having a website?*

- ☐ Do you want a site that solely promotes your business and gives information about the services you offer?
- ☐ Or do you want a website that sells your products online?
- ☐ Or a combination of sales and promotion?

Before you go any further with your business website you need to be clear about your objectives.

Don't work under the misapprehension that simply because you have a website, visitors will come flocking to your site. The reality is that bringing customers to your website can be a full-time task. Once you get them there your website has to be absolutely right or they'll click their way out to your competitors.

The success of this site can be measured in how many new customers it brings to our cycle shop, and how many bikes and accessories we actually sell.



Write down now what is your site's main objective. Do this and you're halfway towards winning the battle!

BUILD YOUR OWN WEBSITE OR EMPLOY SOMEONE?

When it comes to creating your own website you'll have to decide whether or not you want to create your own site or have someone build it for you.

Personally I prefer to build my own websites for the simple reason that I can update them whenever I like without having to pay fees to a web designer.

The main advantages to creating your own site are:

- ☐ that it is cheaper than employing a designer;
- ☐ that you retain control over your site and can move it to another server if necessary;
- ☐ that you have more control over bringing visitors to your site by adding guest books, free give-aways etc;
- ☐ that you can play around with your site until you get it right without having to pay a designer to do it.

The disadvantages are:

- ☐ unless you do it properly it can look amateurish and destroy your business's credibility;
- ☐ it can be time consuming;
- ☐ you need to know what you're doing and be computer literate.

THE EASIEST WAY TO BUILD YOUR OWN WEBSITE

Sign up to a hosting company which offers template building

You can create a professional-looking site without having to have specialist knowledge. For example, most template websites are simply a matter of pointing at a menu and clicking the feature you want, then adding the text in the boxes.

It's the same online. One of the Internet's primary advantages is that everything is immediate. You can download brochures, prices lists, buy goods, book holidays and flights all at the click of a button. So if your business is going to be operating in these areas I recommend you consider employing a specialist.

Where do you find a designer?

I regularly get emails and telephone calls from companies trying to sell me web design. Occasionally I've been tempted to ask them to give me a quote and without exception I've been disappointed. Rather than offer bespoke web design packages they've offered to create up to six websites for me to choose from, which appear to be nothing other than cheap-looking, uninspiring website templates. When I've told them that I want to be able to update the content of my site regularly, they've given me a ridiculous price to do this.

By far the best way of finding a website designer for your business is to find a number of sites that you like the look of. Usually somewhere at the top of the home page will be a little logo or message saying who built the site. If there isn't one, send an email to the company saying how much you like their website and would they please let you have the details of the company who designed it.

But make sure that:

- ☐ you like the person who is going to be working on your site;
- ☐ you get a written estimate for your website package;
- ☐ you read a copy of the company's terms and conditions and you understand and are happy with them;
- ☐ you know how much the whole package will cost including hosting fees etc, and what will happen after your first year. Some companies may offer what appears to be a great deal in year one but will then charge you a fortune thereafter.

Marketing your website

Creating your website is really the easiest part of setting up your online business. The hardest part, as with all businesses, is to get visitors through your doors, and once in, to buy from you.

Working on the assumption that you are going to be using your website both as a marketing tool for your business and a place where customers can buy your goods, you're going to have to work to a strategy if you are to succeed:

Specialist directories

Every hobby will have its own specialist directory website, many of which will be run by amateur enthusiasts as opposed to businesses. It's well worth getting a link on these sites and you'll find that most will include your site within a few weeks of you submitting your information.

The way to find the best directories is to use search engines. In the search field type in the sort of key words that you would expect that visitors coming to your site would use. The search engine will then suggest a number of sites and you should go through these and pick out any directory sites. Obviously if they're easy to find via search engine they're worth having your site listed on their directory.

Many will insist that you post a link from your site to theirs before they will consider listing you. If this is the requirement then make sure you do add their details in your links section before registering.

Links

Getting a link on the right website can result in visitors flocking to your site. I have had thousands of pounds worth of business from one website's links page.

Again what I needed here is a proactive approach, which means visiting as many sites as you can, compiling a list of these sites, and then contacting them asking them to place a link on their site. Your email request should include the fact that you'd be pleased to put a reciprocal link on your site.

The easiest way to find the best sites for links is to learn from your competitors. So if you haven't already, get a list of your competitors' URLs (website addresses). Then go to the search engine AltaVista, which is located at: <http://www.altavista.com>.

Once there you can find where your competitors are linking by entering `link:competitorsdomainname.co.uk`.

For example, let's say you're going to be selling kites and one of your main competitors is John's Classic Kites and their website address is www.johnsclassickites.co.uk. All you'd have to enter is `links: www.johnsclassickites.co.uk`. In a single search you will bring up all the sites your business should be linked to if at all possible.

The golden rule when it comes to asking another site to include your link is to read their links policy. Here they will tell you their submission policy, which could include that you must have a link on your site linking back to them before they will consider you. Or that you have to display one of their banners, or any one of a number of other things.

golf course or sailing your yacht around the world, be very sceptical. Successful online businesses don't just happen – they are created and re-created until they achieve their goals to sell or promote your products and services online.

IS YOUR SITE WORKING AS WELL AS IT COULD BE?

If you have built your own site and are going it alone you must be absolutely sure that your website is running correctly. Some of things you need to consider are:

- **Browsers.** Although your website might look fine through your Internet browser this doesn't mean it will look ok on them all. Check how your site looks both through Internet Explorer and Netscape browsers.
- **Screen size.** Lots of people now use laptops and small screen monitors. How does your site look through a laptop screen or a small monitor? A common and easily made mistake is to create a site that fits wonderfully into your own cinema screen size monitor without making sure it'll fit into a comparatively tiny laptop screen.
- **Pictures.** A pet hate of mine is arriving at a website I'm interested in browsing only to find the pictures are so huge it seems to take forever for them to download. Make sure that your pictures, graphics, banners etc aren't slowing down your site. Where possible try to run your images through a software program where you can resize everything so it all downloads really quickly.
- **Music.** Beware of the consequences of adding music to your pages. The quality of the reproduction will depend on the speed of your visitor's Internet connection. Remember also that unless your site is actually music related most visitors will neither be impressed or encouraged to return if they're greeted with music on their arrival. If, and this is a big if, you must have music on your site make sure you allow your visitors to turn off the music and display your 'click here to turn the music off button' where everyone can see it.

As well as making your own checks you can also run some online tools, which will check that your HTML code, links etc are all in good working order. Some sites that offer this service include Site Inspector: <http://www.siteinspector.com>, and Net Mechanic: <http://www.netmechanic.com/toolbox/html-code.htm>.

Check to see if you're listed in the search engines

One of the most frustrating things about search engine submissions is that they won't tell you when and if your pages have been listed. The last thing you want to do is to keep re-submitting your site – do this and you run the risk of being accused of spamming and you'll never get listed.



Don't also forget that there are a number of products that will do well both in a traditional retail environment and via the Internet.

For example, most quality florists now sell online – which wasn't always the case. When the Internet first opened its doors to online consumers, I recall a radio interview with a florist who argued that no one would ever buy flowers online as potential customers wouldn't be able to 'see their true beauty, and breathe in their fragrances'.

In many ways, he was indeed correct. However, what he'd failed to consider was all the potential customers who would want to order flowers to be delivered to homes, hospitals and funeral parlours located all over the country and around the world. Thus the benefit of being able to order online in the comfort of one's own home arguably far outweighs the relative inconvenience of having to visit a town centre florist with all the hassles of parking and so on. Not to mention that so many of us these days are so time poor.



Always think beyond the market outside your own doorstep!

Those forward-thinking florists (who were at the time few in number) who pioneered the online concept reaped enormous rewards. Some American florists expanded their single shop into a prosperous global market and saw their profits soar.

But interestingly enough, those florists who opened up but only offered an Internet service don't appear to have done as well as those offering both an online ordering facility and also a traditional high street florist's.

We could speculate forever on the reasons why these anomalies occur forever, but the good news is that you don't have to speculate whether or not your business is suited for traditional retailing. All you have to do is look at other similar business models and see where they trade.

WHAT PRODUCTS ARE SUITABLE FOR HIGH STREET RETAILING?

Ultimately all products are suitable for traditional retailing. However, as in the case of the independent record shop discussed earlier, even if your product is suited to traditional retailing you must be careful. If the product you intend retailing is already widely available in what has become a fiercely competitive high street retail environment, you stand no chance of success.

Don't even contemplate taking on the multi-retailers. I continually despair when I see new businesses open in our area which are retailing products or produce that are already locally available. Most household budgets will already be overspent. Unless you live in millionaires' row, few people will buy from you if what you're offering is available elsewhere at a much cheaper price.

Just take a look at petrol stations. How many small, independent petrol stations do you know of in your neighbourhood? Personally, I can't think of a single one. Where I live even the larger car retailers have now given up on retailing fuel, as the major supermarkets have made profit making in this area next to impossible.



The key to surviving and succeeding as a retailer is to be able to offer something different to what your competitors are doing. If all you can offer are cheaper prices, trust me, there will always be someone willing to sell cheaper than you can.

FACTORS TO CONSIDER WHEN OPENING YOUR SHOP

Okay. So you've decided to open a shop. Good for you! I love retailing and believe that provided you're operating in a niche market, tucked away in the shade out of the dazzling lights of the multi-retailer, then you really can build a successful business.

To have any chance of success, you're going to have to give careful consideration to what I call the three 'Ps', which include:

- ☐ Position.
- ☐ Promotion.
- ☐ Price.

I'd like to take you through each one of the above. So grab your notebook and a cup of coffee and let's get down to some work.

POSITION

Where you position your shop will ultimately decide whether or not your business succeeds or fails. When it comes to buying and selling residential property, estate agents will all tell you the same thing – price is largely dependent on location, location, location, and the market local to where you are buying.

Or in other words, position.

Choose an inappropriate position for your business, and it will fail. For example, let's say your cottage business involves making fresh, homemade produce. A key sales

PROMOTION

There are two chapters on sales and marketing in this book which will give you lots of ideas and tips on how you as a business person can improve your selling and market your business. However, when it comes to opening a traditional bricks and mortar shop you need to have a very clear, predefined strategy of how you are going to promote your business.

For example, I was recently browsing through an online site that specialises in selling businesses. My attention was taken by an advertisement for a specialist independent bookshop that was for sale close to where I live and that I'd never known existed. Although the subject matter the shop specialised in wasn't really of interest to me, I was surprised that I had never come across this place. But what really did interest me was the amount of money the business had been spending on marketing itself. Compared to the turnover (the amount of money a business takes annually from sales), the costs of this marketing were huge. Then I began to notice that this shop was advertised in every one of our local newspapers, business directories, free papers and so on. However, until now I had never noticed their advertisements. While this may have been because I wasn't interested in the subject matter the shop specialised in, I suspect it was more that the advertisements were poorly placed and failed to achieve their objective.

When you're thinking of taking your business to a traditional retail environment, don't forget you'll need to promote it, which is an extra cost that will always add up.

PRICE

To survive as a traditional retailer, your prices must be competitive. However, if there are already businesses out there offering the same products as you specialise in then be careful. Usually, established retailers will have a regular and loyal customer base, and if the only way you can attract them to your shop is by cheaper prices then you would really be better off not taking on the additional costs and risks that go with a shop.

On the other hand, if you are a specialist operating in a niche area of the market then you'll obviously be able to charge more for your products as you've brought them to the high street. But here again you need to be cautious. If your products are also available online via your competitors be careful that your shop isn't going to be used as a showroom for someone else's online business. This is exactly what I experienced in our shops when I took on a product that had previously only been available online. Much to my disappointment and frustration, I discovered that we had plenty of prospective customers coming to our shop to see and try out this particular product, but they didn't buy. After some investigation I discovered that the company who were supplying us with the product had slashed their price to encourage more online

Purchasing a freehold property

The obvious advantage to purchasing a freehold property is that you won't have to pay rent. However, unless you're sitting on a pile of cash it's likely that you will need some sort of finance to fund your purchase. Commercial mortgages are available in exactly the same way as you'd get a mortgage to buy a private house. You could of course find a property which has a shop with accommodation over it so you can live above your business or rent the accommodation out as additional income.

Purchasing a freehold property is a drastic move for someone setting up their first business. If you have the sort of money needed to purchase a freehold shop then you're better off buying an established profitable business. This way at least you substantially reduce the risk and your money starts working for you from day one.

How do you find shops that are available to let?

There are number of ways including:

- ☐ walking through suitable areas looking for agents' 'to let' boards,
- ☐ contacting commercial property agents and asking them to put you on their mailing lists;
- ☐ checking on websites such as *Business for Sale* and *Daltons Business* for which a relatively small fee may have to be paid. (<http://www.businessfor sale.com>, and <http://www.daltonsbusiness.co.uk>.)

My final advice on taking on a shop lease, as opposed to buying a successful business that's already established and profitable, is to think very carefully before going ahead.



A lease agreement is legally binding and even if you cease trading after your first few months you will still be liable to pay all outstanding rents for the duration of the lease period you entered into.

Business debts are joint

Just as a sole trader has unlimited liability for their business debts, partners have unlimited liability for their business debts, too. So if your partner accumulates business debts without your knowledge, you are also liable for them.

Can more than two people form a partnership?

Yes. A partnership can be for two or more people, however only those partners over the age of 18 are legally bound by the terms of any partnership agreement.

Partners are referred to as members of a partnership.

Can there be different types of partners?

Yes. There can be general partners, sleeping/dormant partners and even companies can be partners.

- **General partners.** A general partner is one who invests in the business, takes part in its running and shares in any losses or profits the business makes. Every partnership must have at least one general partner.
- **Sleeping partners.** Sleeping partners invest in the business and share in any profits or losses, but do not take any part in running the business. Sleeping partners are often friends or relatives who invest in new business ventures, for example putting up some capital to purchase a business, stock, premises etc.

The important thing to note about sleeping partners is that although they do not take any part in running the business, they are still legally jointly responsible for any business debts and losses.

- **Companies.** Companies can be partners in another business. They share the same rights and responsibilities as other partners, however will be responsible for additional tax matters and reporting obligations.

Limited liability partnership

You can also form a limited liability partnership. To do this you will need to submit an Incorporation Document (Form LLP2) at Companies House.

The following information is required:

- Name of the limited liability partnership.
- Location and address of the limited liability partnership's registered office.

- Names and addresses and date of births of each member.
- Indication as to which of these members are the 'designated members'.

Designated members have certain duties, which include appointing an auditor, signing the accounts, delivering the accounts and annual return to Companies House and notifying them of changes to the members, registered office or name of the business.

With a limited liability partnership you are also required to display your business name, which must be the name of the limited liability partnership outside all your places of business and on all your notices.

Your company letterhead and order forms etc must show the place of registration, registration number, the fact that it is a limited liability partnership and the address of your registered office.

Taxation

You must contact the Inland Revenue and inform them that your new partnership exists. You'll then be sent a partnership return, which you must complete. This will include a partnership statement, which shows how profits and losses have been divided amongst the partners.

Although usually only one member of the partnership is nominated to complete the partnership return, every partner is liable in the event of any penalty if the form is submitted late, or there is a false declaration etc.

Similar to a sole trader, most partners will pay tax as a self-employed person, which means they will be responsible for paying their own national insurance contributions.

The procedure for a partner registering with the Inland Revenue is the same as for that as a sole trader.

Likewise if your partnership employs staff, you as employers are responsible for collecting your employee's tax and national insurance contributions on behalf of the Inland Revenue.

SETTING UP YOUR BUSINESS UP AS A COMPANY

The words 'business' and 'company' are often misunderstood. Basically if you're trading as either a sole trader or a partnership, you are a business, and if you have a company you will either have a public company or a limited company.

Broadly speaking, HM Customs and Excise define a business as being someone who is supplying goods and services in return for payment, although payment need not be in money. Your business activity must have a degree of frequency and scale over a continued period.

In other words if you're selling the occasional item here and there then you don't qualify for registration. Obviously this is to stop private individuals declaring themselves as businesses so as to take advantage of claiming back the VAT on their purchases.

When deciding whether or not to register for VAT try to look at the wider picture.

Case study: cycle hire

Let's imagine that you're planning to run a cycle hire business.

Your total hire stock is made up of 10 new bicycles which you have just purchased at £470 each including VAT at 17.5%, which equates to £70 VAT on each cycle.

Therefore the total amount of VAT that you have paid on your stock is $£70 \times 10 = £700$. If your business is registered for VAT you can now re-claim this £700 as input tax.

But you must also charge VAT on your rentals, if you intend to rent these cycles out at £20 per day then you will have to add 17.5% VAT on top of this, which means your daily hire rate is now £23.50. You then will have to pay HM Customs and Excise £3.50 on each daily hire you make.

You decide that you will be sticking with your original bikes for a period of three years after which time you will then replace them with new bikes.

What this means is that although you have recouped £700 input tax having bought your cycles, you will now have to work out how much you will have to pay in VAT to HMCE over the three years you intend to keep the bikes.

You will also have to work out what other business costs you will incur over the next few years.

Cost could include:

- ☐ advertising
- ☐ cycle accessories
- ☐ staff uniforms
- ☐ maintenance of any business property

- ☐ stationery
- ☐ website costs.

The advantage of being registered for VAT means you can recoup the VAT element from all your business purchases where you have had to pay VAT.

Even one small advertisement in a glossy magazine can cost £200 per month plus VAT = £235. Thus over the three-year period you could claim up to £1,260 (36 months' VAT at £35 per month) on your advertising bill alone.

You may also find that you have to have your business premises painted once in the three years and provided you choose a VAT registered contractor you can claim back the VAT element.

As you can see the decision to register for VAT is something that only you can work out for your business. You need to work out your likely costs versus your base income and see which is best.

If in doubt, my advice is not to register immediately but see how your business goes and then register later.

There are instances where you get back the VAT on certain items even though you have been trading for a period of time and not charging VAT.

Remember though if you supply only goods that are exempt from VAT you cannot claim back VAT on goods you purchase.

VAT exempt goods are different from zero rated goods.

VOLUNTARY REGISTRATION

If you decide to register for VAT when your turnover is less than the allowed limit you are doing what is known as voluntary registration.

By registering you will have to complete regular VAT returns which can be time consuming. A new flat rate system has been introduced to ease the burden of reporting for small businesses and this system is well worth taking a look at.

Where to go to get further information on VAT

It's beyond the scope of what we can include in this book to write a definitive guide to VAT. You can download all the information from the Customs and Excise website, which is located at <http://www.hmce.gov.uk>. Alternatively you can telephone them on 0845 010 9000.

TEN GREAT BUSINESSES YOU CAN RUN FROM HOME

Why spend and time and money trying to come up with the next biggest business idea, when it's far easier and profitable to follow the path already laid and signposted by existing businesses?

Ultimately, there is really no such thing as a 'new business', as every new business regardless of how innovative or radical is simply a variation of an existing business model.

For example, some of the most successful and profitable large UK businesses simply retail other companies' products. You don't see large supermarket chains spending oodles of cash and time in innovating the next best washing-up liquid. Or a successful clothing retailer commissioning clothes designers to come up with a mind-blowing, wallet-opening range of clothing. Instead they simply operate on the basis that it's far easier to buy existing sought-after goods and retail them at the lowest possible cost to achieve maximum profits.

I'm not suggesting you take on the supermarket or retail giants of this world, but I do think that we can all learn from their successful formula by simply adopting an existing business model and making it more profitable and more successful.

So in this chapter, I'm going to take you through what's involved in starting and running a number of home-based businesses that are worth considering if you really are serious about starting your own business.

My top ten home-based businesses include:

- ☐ Cleaning business.
- ☐ Gardening business.
- ☐ Child minding business.
- ☐ Pet sitting business.
- ☐ Greetings cards business.
- ☐ A tutoring agency.
- ☐ Bed and breakfast.
- ☐ Catering business.
- ☐ Antiques dealing.
- ☐ Internet business.

Dazzle them with your can-do, honest, reliable attitude. Give a fair price, which must be in line with the current prices for the work they want done. Don't be tempted to under-cut your competitors. Sell yourself and your business on the basis of your quality and reliability. Remember, your ultimate goal is to employ staff to do the cleaning for you, so you need to ensure there's enough being charged to pay them and you and to allow for some profit for your business.

5. Whenever you get a new client, soon after you've started working for them ask them if they know of anyone else who could benefit from your services.
6. Work hard and don't delay in building up a nice, large, but manageable working diary. The sooner you reach the point where you need to employ staff, the sooner you can stand back from cleaning and start enjoying running your business.
7. Make sure you understand what's involved in employing staff and also that you have all the adequate insurances in place.



Don't lose sight of your goal, which is to run your own business as opposed to being a cleaner.

The success of your business will depend on three things – quality of service, reliability, and honesty. If you cannot get these things right from day one, don't bother.

Treat your staff and customers as you would like to be treated yourself. If you only have customers and no staff, you're simply a cleaner. So remember, it's your staff that make you a business and ultimately maintain and build your reputation. And it's your customers who pay all of you.

Start your own gardening business

I started my first gardening business when I was thirteen and returned to this type of business when I found myself in a personal and financial crisis when I was in my thirties. I haven't looked back since.

With an estimated whopping 60% of UK residents seeing gardening as a chore, you can instantly see the potential market for a professional gardening company.

The gardening business model is similar to the cleaning business model, however it has one marked difference. With a gardening business you really do have to like gardening and be knowledgeable already. If you feel your existing knowledge isn't up to it, don't worry. You can study, take short courses, and so on. The most important

This is a business where if you get it right the rewards are excellent, so make sure you pay attention to the small things like making sure you close all doors behind you and so on, ensuring that the pet in your care doesn't escape.

Start your own greetings card business

For those with a creative, artistic flair, starting a greetings card business is an excellent opportunity to work on their creative side while building a profitable business. For those who don't have the necessary artistic talent and flair this is not a problem as they too can start their own greetings card business by commissioning others to create the cards for them.

If you choose this option there are lots of different types of businesses that you could start, including:

- ☐ Designing and creating your own range of cards, which you can then sell yourself.
- ☐ Designing and creating your own range of cards, which you can then sell to retailers.
- ☐ Commissioning others to create cards for you which you can then wholesale to retailers.

THE MARKET OPPORTUNITY

The greetings card market offers endless opportunities for new card ideas. When it comes to cards there are all sorts of occasions to include. From birthdays, which represent almost 50% of all cards, sold to condolences cards, get well soon cards, wedding cards, mother's and father's day cards, Easter cards – the list is endless. And the good news here is that the market opportunity is always growing for those with a keen eye for an opportunity.

TYPES OF CARD

There are all sorts of card types you can design and create, ranging from simple or elaborate home-made cards to cards which unfold to sing someone a personal greeting. Some of the main types of cards include:

- ☐ Picture cards with a photograph on the front.
- ☐ Cards featuring a painting on the front.
- ☐ Cartoon cards.

HOW EASY IS IT TO START UP?

Starting up is relatively straightforward and won't involve you having to spend oodles of cash before you see a return on your investment. Here's a brief outline of what's involved:

1. Decide to start your own home-based tutoring agency.
2. Carry out some initial market research which should include checking out what is already available in your neighbourhood, speaking to head teachers at local schools, and checking notices in your local paper, libraries, school noticeboards, and so on.
3. Decide on a name for your business. Never underestimate the pulling power of a well thought-out name. Remember, you're selling private one-to-one education. So you really need a name that's going to create an image of a quality, trusting learning environment.
4. From your initial research you should get an idea of how much to charge per hour. Your earnings with this business will be similar to those of any other agency which supplies staff or labour. For example, a recruitment agency will charge a percentage of a staff member's salary for every hour they work in a business on a temporary contract. When deciding on a rate for your tutors, you'll need to take into account an attractive hourly rate for them, plus any travelling expenses, plus your commission on every hour they work. And your commission will not simply be profits in your bank account. From this commission, you'll need to cover advertising costs (which can be relatively high) as well as administration costs, for example taking and making bookings for tutors, running a tutoring schedule, sending out information packs on your service, and so on. All of these costs must be covered before you can make any profit.
5. Once you've come with an initial costing schedule, which is flexible enough so you can tweak it in the future if you need to, you're then ready to recruit your first tutors. I'll give you examples of how to achieve this in the next section on marketing.
6. When you have enough tutors to begin with, you're now ready to market your service to potential clients. I'll give some ideas on how to achieve this in a moment.
7. As soon as the phone starts ringing with prospective clients, this is where your business will really take off. You must match tutors to students, take and make bookings, work out the logistics in terms of agreeing suitable appointments for both parties – and you're away.

Once you've got your business worked out – whether this is arranging walking holidays in Ireland or selling pet rocks online – you'll then need to create an online presence, which could include:

- ☐ A blog.
- ☐ A page on a social network site.
- ☐ A traditional website.

Blogs

A blog is a bit like an online journal where you 'blog' about all the things that interest you. For example, if your main interest is in hill walking, you could start a blog detailing all your experiences, both good and bad, and reviews of outdoor gear you've tried as well as your experiences of walking in various places. If your blog is good enough you'll quickly build up a loyal readership and you will then be ready to open up your blog to carrying paid advertisements, or indeed bolting on a online shop. I like blogs and I have a few favourites which I read regularly. I have made purchases from on the basis of those products and services endorsed and recommended by the blogger.

Social networking sites

The popularity of social networking sites beggars belief. Not only do celebrities now use social networking sites as a way of promoting their latest album, track, film, or book, but new talent has also managed to get their music played and listened to where all other conventional routes have failed them. For example, the singer Colbie Caillat was discovered on the social networking site MySpace (www.myspace.com), while still others have found fame on other social networking sites such as Facebook and Bebo.

Setting up your own page on these sites is as easy as it gets and you don't need any specialist web-designing knowledge. Once you are up and running you can then spend your time and energy building a site that showcases what you have to offer and use that further to build your own online business.

For example, I know of one entrepreneur who wrote a downloadable ebook, (which is a paperless book which you download online, usually either free or for a very low cost) on how to wash a mountain bike. In its first outing, this ebook was downloaded an incredible 45,000 times! Given that to download this subscribers had to give their name and email address, this entrepreneur then had an audience of 45,000 people to sell his specialist bike cleaning fluid to. I cannot think of any other advertising medium that would generate such a response for so little investment.

- How much profit you make on all your transactions and not just the one lucky sale or the one lucky find. Don't get carried away with stories of dealers wandering through boot fairs and picking up some sought after, extremely valuable relic where the boot fair seller had no idea as to its true value. While I'm sure these sorts of tales have indeed happened and do still occasionally happen, a single, potentially lucky find isn't the way to run a profitable, sustainable business.

WHERE DO YOU GET YOUR STOCK?

There are a number of ways to source stock, including:

- Auctions.
- Antiques fairs.
- Scouring the ads in your local newspaper.
- Online auction sites (e.g. eBay) where items come up for sale without anyone really knowing their true value.
- Proactive buying, by you placing ads in magazines, local newspapers, and so on looking for items.

As with every other small business, the secret to successfully sourcing your stock should be for you to specialise in a small line of certain items. That way you'll quickly establish yourself as an expert and will then be able to adopt some tried and tested routes to getting the best stock. You'll get to know which auction houses you can do business with, and those that don't suit your specialist market. Likewise with antiques fairs, you'll soon get a feel for the best ones for your market.

How much stock you carry at any one given time will be largely down how much money you have available to tie up in that stock. Remember, when you sell an item from your stock this item will eventually need replacing if you are to stay in business. For example, let's say you trade in specialist china pieces and that initially you have £1,000 available to invest in start-up stock. Once you've used up your stock budget, and sales start coming in, these monies are obviously not just profit but the retail price less the trade price less any costs you have incurred sourcing and selling the stock – and it is this money that you can either take out of your business or reinvest it to increase your stock. However, if you get to the point where you are making no reinvestment in stock but are spending all the revenues from the items sold you will be left with nothing. The antiques trade isn't a business where you can simply phone the wholesalers on a Monday morning and order more stock.