



First steps in business

PREPARE FOR BUSINESS, PREPARE FOR SUCCESS

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Running your own business can be an immensely rewarding experience. Approximately half a million new businesses start each year in the UK. Decisions taken in the early years can be the most difficult as well as the most important, particularly for first-time entrepreneurs and those with no previous business knowledge or experience.

What should you consider before taking the plunge? Your first steps are crucial and will give your business the best start and a firm foundation on which to grow.



Researching and testing your business idea

Most businesses start when an entrepreneur spots 'a gap in the market' - this might be a new product or service or simply selling a product through a new distribution channel.

Other common reasons for starting a business include developing a hobby into a business, or starting a trade or service having previously worked in the sector. Buying a franchise is another common type of start-up.

Before starting you should undertake a competitor analysis. Very few businesses do not have a direct competitor so you need to establish:

- Who are your competitors?
- Where are they?
- What do they offer customers?
- How will your offer compare in terms of price, content, convenience, etc?

YOUR MARKETING PLAN

Once you have this basic information you should develop a marketing plan to show:

- how you will win customers;
- what advertising and promotion you will do;
- a sales forecast for at least the first two years; and
- whether you will sell through your website etc.

A marketing plan will be essential if you want to raise finance.

Will my business support me?

A business should provide you with a satisfactory income in exchange for the time that you put into it, or it will not be worth doing. There are ways of stacking the odds in your favour. Wherever practical, you can reduce risk by beginning on a part-time basis. For example, if you are thinking of opening a shop, try hiring a stall in a market first.

Before starting work on a full-time basis, you need to be as certain as you can be that the business will generate enough profit to provide a living for you and any dependants. The best way to work this out is with a business plan. This will not only help to clarify your own thinking, but will also form the document that will convince others (such as the bank) that your business has a future.

YOUR BUSINESS PLAN

Your business plan should answer some key questions:

- the cost of setting up the business;
- the anticipated trend in sales growth;
- the time before the business breaks even;
- cash flow and any finance required; and
- how long before you will be able to take out enough money to meet your living expenses.

A business plan will be essential if you want to raise finance.

These are the first things you should do when you are trying to start a new business. To read our guide on why write a business plan, visit businessadvice.service.com/guides



If you need further help with starting up your business, a free initial discussion with an ICAEW Chartered Accountant is a good place to start.
Visit businessadvice.service.com



Prepare for business

Decisions you take in the early years of your business can be the most difficult as well as the most important, particularly if you are a first-time entrepreneur.

Prepare for success

The **ICAEW Business Advice Service** experts will help you make those crucial first steps and then grow your business with confidence.

Book a free consultation **NOW**
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Prepare for business, prepare for success

The ICAEW Business Advice Service (BAS) provides professional advice for start-ups and owner-run businesses.

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