



LET'S TALK **BUSINESS**

Business Support Guides

GUIDE THREE

Running a business, what it takes



What does it take to run a business?

Where do you start? Well, I'd say it was at the beginning...be it something you're passionate about, something you've tried your hand at, something you've worked in previously or a gap in the market that no one is providing. So, what does it take to run a business and how can your business develop and flourish in the world of self-employment? Here are some helpful tips and considerations you might want to consider before taking that leap of faith.

What does it take to run a business?

This is where I would begin before even starting out in business. If anyone has ever been involved in sales or seen Wolf of Wall Street, they will remember the line "sell me this pen" – the premise of which is that in sales you recognise a need, but first you need to create a sense of urgency before you can convince customers that your product is the answer. Even if you believe your product to be superior against your competitor, it is difficult for anyone to buy into someone new on the market, or to make a sale without first exposing that need. So research is a must!

Research your potential customer base thoroughly before launching your business. Is there a demand for your product or service? If there isn't, but you believe you've seen a gap in the market, how can you get this need across to people? Look at your target audience, what they're buying and how they are purchasing and make sure you understand their needs. Don't be afraid to conduct research – use local resources such as the Council, Library and other services to gather information. Conduct your own surveys online, talk to friends', family and use social sites like Facebook – do whatever it takes. This is potentially your future and you could see yourself investing your life savings – so make sure it is right!

Where's your USP at?

By conducting your research you should come across several potential competitors. You'll want to note how you came across them and where you found them – that is a very good indicator as to how your potential customers will find you. When investigating your competition, think about what they do. List their strengths and weaknesses – this will help you seek out your niche, your unique selling point. Everybody is looking for value, not everyone will buy from you just because you're cheaper. People will often happily pay more if the product or service can't be matched.

Are we writing this down?

Where are you collating your evidence? Are these on bits of scrap paper or notebooks? Have you considered putting a format to them all? If not, go look at our business plan template. Start to complete and think of the following....

- What the business does and how it will be run
- Is the business a product or service – how will it sell into the market?
- Who will buy it / how will they find it. What is their age group etc
- Think of the sell – how does it assist customers and provide what they need?
- What are your costs / how much is your mark-up / are you pricing right?
- Who do I need (if anyone) to help me run the business and at what extra cost
- How do I market the company – which forms should I choose?
- Am I collating customer's data and how they are getting referred?
- What am I doing with the data – can I interact better?
- Have I done a cash flow forecast – do I know what one is?
- What, if any, are the potential obstacles for the business – how can I predict these?
- Have I done SWOT analysis?
- Do I know of any legal implication, have I got my insurances?



Get goal setting

I have never been a fan of the word “goal” as it seems very end game, but it is very useful and I do see its benefits. A goal gives you something to aim for and to reach toward. So let's think long term – where would like to be in 5 years' time and how would you want the business to look and be running? What steps need to be taken, what processes put in place? Determine what your long-term goals are, then develop a strategy to ensure you achieve them. A good way to look at this is like your business being an onion – you know what the end result will look like, but to get it that way we need to layer it up. How does it start, how goes it grow? What are the other bits in-between that ensure this happens and takes place? So let's peel that onion and go through every step to ensure we reach our goal.

Or look at this example from Business coach Rob Da Costa;

'Imagine your goal as an island you want to reach. The strategy is how to get to the island – will you build a bridge or hire a helicopter for example? To make this decision you need to research all available methods, then decide which is best.'

Read all about it

You can have the best idea in the world, but if you don't have a way to communicate it to your target market then it's a non-starter. For a marketing plan to work you need to understand your customers' behaviours. This again comes back to your initial research – how were you trying to find your competitors and where were you looking. How can you get your message out successfully?

How they perceive the content of what you're selling and if it falls into their need category – if so, can you then close the sell? Will you offer a special deal to new customers, rewards those that are loyal.

Social media – ok, but why?

Social media has made it much easier for people to connect and has made it a lot easier for small businesses to connect, reach new customers before not possible and allow niche markets to grow. It's also a cost effective way for start-up companies to use and have an online presence and platform. However, one question you must ask yourself is quite simply “why?”. Why should you use this platform? Don't get it just because a friend in the pub with no business experience has told you to do so. Ask yourself if you have enough content to warrant it. If you haven't and if you were to view an existing business that had tweeted only twice in a year, how will that be perceived to potential customers? Can you use social media platforms comfortably and use their functions to your best use.

Business coach Rob Da Costa warns: ‘Make sure you think about the purpose of using different channels. If you're really smart you can use social media as your primary approach to marketing but you need to use it wisely.’

Stock up your hats

Before starting business (particularly if you're going to be a “one-man-band”) you need to be ready to wear many different hats when conducting your business. Your day-to-day job won't stay the same and you could see yourself going from Proprietor, to admin, payroll and then cleaner. So be comfortable and put things in place to cope with these tasks that may fall your way.



Who do you need to help you achieve

Speaking of wearing hats – are there things in business you can't do? Would it make life easier if professionals were hired to do the bits you aren't familiar with so you can get on doing what you do best? This could include an accountant. When you start a business, many of your decisions will determine the legal structure of your business, which is an absolute must. Accounts are considered experts and to have one from the start with expert knowledge is certainly advisable. With their knowledge they can advise on business strategy, prepare your accounts and be able to offer you legal advice about your taxes.

You can also use software that helps you manage your business accounts, create and send invoices, track time, log expenses and forecast your business tax bills. There are plenty out there to choose from, it is about picking the one that is right for you.

Sales and Marketing team? If you don't have time to be creative or have never branded would it be worth having a conversation? By having this in place your brand can rest with experts who provide you with an account manager to look over your every need.

Staff – is this something you need immediately, within the next year or one for the future? How skilled will they be? The more skilled they are the higher it will cost in wages to get them to work for you. Would you consider an apprentice, do you have time to train them? Supplier – where you will get your products from and what kind of payment terms you would be looking at setting up that suits your businesses need.

Can you survive on no income for 6 months

Many businesses fail because they haven't planned their finances adequately. Ensure your forecasting is spot on and that you can survive for the first six months as your business may not take off immediately. It takes time to build a brand, create a reputation and to let people know what you're doing. A good tip would be that once you have done your market research you begin to get the word out about what it is you're doing. The first year and surviving is crucial, but you must be savvy with your money – make sure you have enough set aside to cover you through periods where no profits are made.





Get networking - correctly

Talk to other businesses that are doing a similar thing to you, or are in the same development stage. When starting a business no one tells you about the loneliness element. If you are a one person company that has little interaction, make sure you get out there. Speaking with businesses to see what they're doing may open up other channels for your business to grow.



Every day in business is a school day, learn from different businesses - what they're doing right and wrong is an essential part of growth. It provides a social element too and this increases your people skills when coming to talk about the product or service that you are selling. Build a peer group around you and talk to others who are starting out. Most people are willing to help, so ask them questions. There are many different networking groups out there and organisations set out to help businesses grow. It comes down to choosing the one that is right for you.

Establish a work-life balance and stick to it

Finally, before you take the leap, discuss your expectations with your family and friends. If you have friends who run their own business, speak with them. Get an honest answer of what it is really like running a business where time is not a requisite. What strain that can have on you and your social life now working all unsociable hours. Put boundaries in place - if you are working from home, ensure you secure time and space away from your work environment at the end of each day.

Louis Pearlman Centre Telephone 01482 612 478
Bespoke Resource Centre Telephone 07702 922771
Craven Park Training and Enterprise Centre Telephone 01482 379 514

www.hull.gov.uk/CommercialProperty/managed-workspace-centres



Hull
City Council

