

TOP TEN TIPS FOR STARTING YOUR OWN BUSINESS

Starting your own business can be a daunting step to take, but more people than ever before are taking the big step into their own brave new world. Whether you are thinking about setting up with a business partner, or going it alone, there are some key points to consider from the word “go”.

1. SELECT THE APPROPRIATE LEGAL STRUCTURE

Will you run your business as a sole trader? Do you have a business partner (or partners) keen on entering into a partnership? Are you planning to set up a limited company or some other corporate vehicle? The most suitable option will depend on your objectives and the most tax efficient way of achieving these. Speak to your solicitor to choose the most appropriate structure. For example, incorporating a company requires more administration, but your personal assets will be protected.

2. CHOOSE YOUR BUSINESS NAME CAREFULLY

Ensure that it is not the same or too similar to the name of a current business or an existing trade mark, as legal action can be taken against you to prevent you using it. Check the UK company registrar's guidance on "sensitive" words i.e. words that can imply business pre-eminence or a particular status. For example, if you want to include "Scottish" in your company name, there are additional permissions required. It's worth seeking legal advice early on when thinking about names.

3. HOW ARE YOU GOING TO FINANCE YOUR BUSINESS?

If you do not have the resources to self-fund, will you rely on debt or equity finance (money from shareholders) – or perhaps crowdfunding? A bank loan will undoubtedly require you to provide some security, whether it is over your company's assets, your house or in the form of personal guarantees from you and your business partners. Equity finance may come from family and friends or an external investor, such as a business angel or a private equity firm. These funders will take a share of the ownership of your business in return for the funds and expertise they provide, so you will be risking their money as well as your own. Crowdfunding is another method of raising capital, but note that there are different ways to do this, some of which will not be suitable for your business plan and may require regulatory compliance.

4. KEEP PROPER RECORDS

No matter what form of finance you use, it is imperative that you open a separate business banking account and that you properly record your finances from day one. Either engage an accountant or ensure that you are comfortable with managing your own book-keeping system. If you have incorporated a company, then you are legally required to create and keep up-to-date certain company registers. You also have to notify Companies House of certain changes relating to the company (e.g. changes to the constitution, to directors' details, or to share capital). Professional advisers can provide a company secretarial service to handle these administrative matters for you.

5. PROTECT YOUR INTERESTS

Ensure that any arrangements with investors or partners are documented and that your intentions and expectations are protected. Draw up standard terms and conditions for the business which can be incorporated into any purchase and supply contracts. This will not only put you in a better negotiating position, but will also ensure that key material risks are covered. Consult your solicitor before you enter into a contract if you are unsure about the legal consequences.

6. CONSIDER THE APPROPRIATE BASE FOR YOUR BUSINESS

Do you need to rent or can you work from home? Depending on your business, you may be able to save time and money by setting up an office at home, especially if you'll be conducting most of the business online. If your business requires larger premises, then get legal advice before entering into any lease agreements, particularly those that are long-term, as these are often very difficult to terminate early. You may wish to look at serviced offices, which may be more expensive but are more flexible. Another option might be office space available especially for start-up businesses. This can include advice, access to IT equipment and a chance to work alongside other entrepreneurs.

7. RESEARCH AND KEEP UP-TO-DATE WITH THE LEGAL REQUIREMENTS OF YOUR INDUSTRY

There may be specialist legislation for you to comply with, or you may be required to possess a qualification or be a member of a trade association before you can work in that field. No matter what industry you are working in, if you have formed a company, it is important to comply with the annual filing requirements of Companies House. You can be fined and your company struck off if you do not submit certain information on time, such as annual accounts and confirmation statements.

8. PROTECT YOUR INTELLECTUAL PROPERTY

This, of course, depends on the nature of your business. You may need trade mark registrations, a patent application, or perhaps confidentiality agreements with your business partners. The law in this area is complex so it is important to take legal advice. For example, you may be surprised to know that an invention made by an employee is not automatically owned by the employer.

9. BUILD YOUR CUSTOMER BASE

No matter how good your product or service is, your business is nothing without customers. When you first launch, business will be generated by word of mouth, so you should make use of any free publicity and local or national networking opportunities. Once you've built a customer base, ensure that you have a reputation for good customer service. This will not only attract new business, but will help ensure the retention of your existing customers.

10. PROMOTE YOUR BUSINESS ONLINE

If you are setting up a website, then hire a professional designer to ensure that it looks good and works well. Social media is arguably the most important resource for promoting your new business, because you can get your brand in front of people quickly and (at least initially) for free. Once you have a following on social media, you can start to pay for advertising campaigns on platforms like Facebook which are targeted at a certain group of people based on their age, interests, location etc. Writing a regular blog or Twitter feed can also be a good way to keep people up to date with what you are doing with your new business, and gives readers a link to share on their own social media pages.