



An **ESSENTIAL BUSINESS** workbook

Taking **care** of business

Thinking of **starting a business**

Interested in business? This workbook will help you decide whether it's right for you.

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The Essential Business series




Essential Business books and workbooks are for people who want to set up and run a business properly.

This **Thinking of Starting a Business** workbook is part of the Essential Business series. It is a very practical workbook that has been carefully produced to take you, in clear and straightforward steps, through the sometimes challenging process of starting your own business.

Every step in this workbook has been read and road-tested by business advisers, accountants and people who have just started their own business. We asked them to be critical about every aspect of it, so that we could make it as useful and valuable to you as possible.

Like all Essential Business publications, **Thinking of Starting a Business** is firmly rooted in the day-to-day practice of the business world. It is built on solid business principles by people who have been there, have done it... and are still doing it.

Now it's your turn.

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For the attention of our readers

Thinking of Starting a Business offers business guidance and information, and not direct advice.

If you want more detailed information and guidance, we recommend that you always take advice from professionals in the subject area.

Price UK £14.95 RRP

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WHO IS BEHIND YOUR WORKBOOK?

Thinking of Starting a Business is part of a wide range of business publications produced by a team of small business owners and business information specialists with many years' experience and first-hand insight into what it's like to start and build a business.

ABOUT THE PUBLISHER

Your workbook is published by **Cobweb Information** (www.cobwebinfo.com), a leading independent publisher of information describing the risks, rewards, opportunities and facts involved in business start up, micro-enterprise and entrepreneurship.

Our publications cover the 'must know' facts, compliance and trading issues affecting hundreds of different sectors, trades and professions.

All of Cobweb's publications provide practical, actionable information for anyone who is planning or aiming to start up their own business. They have helped many thousands of people across the UK to start up and run their own ventures.

THE ESSENTIAL BUSINESS WORKBOOKS

Our **Essential Business workbooks** (www.essential-business.co.uk) provide plain English, straightforward learning material for people who are considering, or are in the process of, starting their own business.

For over six years, our interactive workbooks such as *Before You Begin* and *Start Your Business Step by Step* have been used by thousands of individuals who wanted to understand the process of planning to start a new business.

Thinking of Starting a Business is the latest in this series and it can be used as a stand alone workbook that you work through in your own time or alongside more formal enterprise qualifications.

Everyone involved with Cobweb Information and our Essential Business workbooks has years of experience of putting into practice everything you will read on these pages.

Not only do we know and understand how it feels, our team is with you and your advisers every step of the way.

It's easy to start a business!



But it's not so easy to start
one that will make money
and thrive year after year.

If you don't get it right,
the results can be painful.

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You'd be amazed how many people launch themselves into business without taking the time to think about exactly what is involved and whether they are the right person to be thinking about going it alone.

So give yourself the best chance of getting it right from the word go. This workbook asks you to think about your personality, your skills, your vision for your business, and just exactly what type of business would give you the right fit.

By reading through it and answering the questions on the worksheets, you'll have put yourself ahead of 70 per cent of people who choose to start a business with nothing more than their idea, their blind optimism and their fingers crossed!

What's more, you'll have also answered all the questions necessary to start out on the right foot. And, when you're ready to decide on your next career step, you'll have a clearer idea about whether business is the right step for you.

You're in good company

More and more people are starting their own businesses. Research shows that people working for themselves are, on average, happier than those working for someone else.

If you work for someone else, you are limited to jobs that are available at the time you're looking, and are at the mercy of whoever recruits for those jobs. The same applies to promotion, even if you already have a job. In both cases, your future is decided by other people.

If you work for yourself, on the other hand, you design the job to suit you. You are unlikely to sack yourself or make yourself redundant, so in one sense, self-employment is more secure than working for someone else!

However, self-employment is not an easy option. There is less financial security than in a standard job, especially in the early stages. The hours are often long. The rewards are often smaller at the start and come later than you expect. This may sound negative, but it is worth going into self-employment with your eyes wide open.



If you work for yourself, you design the job to suit you.

This workbook is designed to help you do just that.

Getting the most out of this workbook

This **workbook** explains, step by step, everything you need to know in order to complete the **worksheets**. As you work your way through the steps, fill in the worksheets. You'll also notice that there are a number of symbols used throughout the workbook.



What do these symbols mean?

The **Why do this??** symbol: as you work your way through these pages, you may wonder why we are asking you to do certain things. The 'Why do this??' symbol appears where we explain the thinking behind what we are asking you to do.

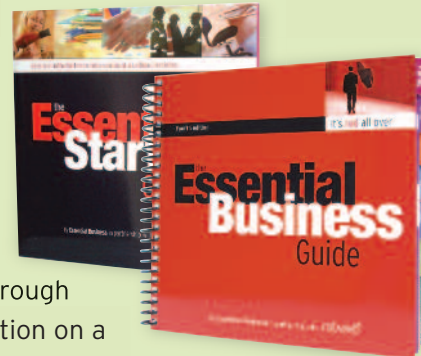
The **WE LIKE...** symbol: we tell you about books, websites and magazines that have impressed us and that we are happy to recommend.

The **Focus on you** symbol: businesses are started by people. Even business investors, such as those on BBC's *Dragon's Den*, say that they invest in the person as much as in the idea. At intervals throughout the workbook, we ask you to stop for a moment and ponder the effect of your business on you, yourself – and on the people you care about. Without their support, it could be a lonely enterprise.

Other publications from Cobweb

THE ESSENTIAL BUSINESS GUIDE

The Essential Business Guide is an indispensable reference manual packed with information about running a business and is the ideal companion to your **Thinking of Starting a Business** workbook. You may find it easier to complete your business plan if you have a copy of the Guide as a reference source to help you make your way through all the worksheets. It is full of additional, practical information on a whole host of subjects – far more than could be included in this workbook.



The Essential Business Guide will make your task easier because you will be able to refer to it to find out more information on each business topic. You will also be signposted to the many additional resources (websites, books, organisations) that are listed in the Guide. These can provide you with more in-depth information to help you complete your plan.

Although we have been able to reproduce some of the key information from the Guide in this workbook, there just isn't enough space to include all of it. Find out more at www.essential-business.co.uk/guide.html

BETTER BUSINESS MAGAZINE

Better Business is a bi-monthly subscription-based journal full of practical tips, ideas and know-how for independent business owner-managers, freelancers, consultants and business advisers.

To subscribe to the magazine, go to www.better-business.co.uk

ENTERQUEST BULLETIN

EnterQuest is a free weekly email newsletter providing tips and ideas for start ups and small business owners. You can sign up to receive EnterQuest at www.cobwebinfo.com

SMALL BUSINESS GUIDES AND FACTSHEETS

Cobweb's **Business Opportunity Profiles** provide market information and details of the key trading issues for over 300 different types of business and our **Business Information Factsheets** cover all aspects of starting up and running a business.

All these factsheets are available to buy from our business information superstore at www.scavenger.net



First things first

The most important person in a new business is the business owner, so before we look at the *sort* of business you might consider starting, let's take the time to think about *why* you might decide to start a business.

The worksheets in this section aim to get you thinking about:

- what business success might mean to you
- the importance of having a clear vision for a business
- business values and how they fit with the business vision
- how you would communicate your vision to the people who need to be inspired by it: your family, your staff, and other important people
- what skills you would need to run the business and how to fill any gaps
- how well you would do as a business owner and who could help you to do it better.

The sheets are designed to work as your own **personal development plan** and help you to think about these things *before* you start your business. Plus, by coming back to them as part of your **Time to reflect** reviews, they will keep you firmly on track.

Work your way through the steps in this section and complete the relevant sheets as you go along.

Step 1 What makes a business successful?

Why do this??

If you don't know what success means to you, how would you know you've achieved it?

It's a trick question, of course! There is no single answer or way to measure success. Success means different things to different people.

This is also a serious question, though, because if you don't ask yourself, 'Where do I want my business to go?', then how will you know when you have got there? It is vital that you have a vision for your new business before you start.

So, what are the things that would make you class your business as 'successful'?

Turn to **Worksheet 1 > What would success mean to you?** and write down how you would know when you are successful in your business.

There could be a variety of answers:

- I will have made enough money to buy a house/take an exotic holiday each year/buy a convertible car.
- I will sell my business for a million pounds by the time I'm 40, and spend the rest of my life in the country/working for a charity/writing my book.
- I simply want to live comfortably for the foreseeable future, but I always want to be my own boss.

In many ways, it doesn't matter what your definition of success is. What matters is that you have thought about what you want, and decided what 'success' is. Then, you can plan for that success and work towards it.

And, when you get there, you'll know you've arrived.

Why do this??

Because it can be so easy to get pulled off track in business. By having a clear idea of what you want to get from all your hard work, you are more likely to keep working towards what success means for you.

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What would success mean to you?

Worksheet 1

What would success mean to you?

Take a few minutes to think about what business success would mean to you.

We have listed a few of the more common answers people give, but yours may be completely different. It doesn't actually matter what your reasons are; what matters more is that you have thought about it and have a clear idea of why you would start a business and how you will judge your success.

In other words, where are you heading and how will you know you have got there?

I will know that I am successful when:

- I have bought my own house
- I am employing people and have business premises
- I am earning enough money to comfortably pay my bills
- I am earning £_____ a year

Add your own reasons:

Step 2 What would you want from your business?

People decide to start a business for all sorts of reasons. For some, it's simple: they see a need for a new product or service and they get straight on to it. Others find that something they've been doing as a hobby or a favour for friends grows and grows... and suddenly, they're hiring helpers and premises to cope with the demand. Some have been learning a craft or trade and would rather work for themselves than someone else.

Spend some time thinking about why you might want to start a business and what your vision for that business would be.

Think about how you would want your business to have changed your life in five years' time. Then complete* **Worksheet 2 > What would you want from your business?**

What do you think needs to happen in each of the five years for your dream to be achieved? Your answers should be things that are measurable (for example, earning £50,000 a year or finding five new customers) so that you can check back afterwards to see whether you achieved your aims.

One handy tip: it is better to start with Year 5 and work back from there. If you think about where you want to be in five years' time, you can plan each of the years between now and then as steps towards reaching that point.

That's why we've set out the sheet in the way we have! Don't try to put too much detail in Years 5 and 4. Your plans for Years 1, 2 and 3 will have more detail in them, but still not too much – this is only meant as an outline.

Why do this??

If you start by planning Year 1 and then plan forwards, there is a danger that you will just be doing more of the same in five years' time, rather than turning your dreams into reality.

*A note about completing these worksheets

If you need more writing space when completing the worksheets in this book, continue on a separate sheet of paper.

Don't forget to include these extra sheets with your workbook, however, if you will be having your work assessed for a qualification.

Worksheet 2

What would you want from your business?

How would you want your business to change your life over the next five years?

By the end of **year 5**, I would like my business to give me:

.....
.....
.....

By the end of **year 4**, I would like my business to give me:

.....
.....
.....

By the end of **year 3**, I would like my business to give me:

.....
.....
.....

By the end of **year 2**, I would like my business to give me:

.....
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.....
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.....
.....

By the end of **year 1**, I would like my business to give me:

.....
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.....
.....
.....
.....

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Step 3 What is your business personality?

Turn to **Worksheet 3 > Your business and your personality** and, with your business idea in mind, think about ways that you could build the business so that it would fit comfortably with what you know you can and can't do – in other words, your strengths and weaknesses.

If you have already have an idea of the kind of business you might like to run, is it right for your personality? There are some basic questions you should consider. For example:

- Do you get a thrill from taking risks, or does it terrify you?
- Are you thrown into a panic by having to manage money, or do you like the challenge?
- Do you like communicating with people, or are you quite shy?
- Do you like to have structured routines in your life, or are you very adaptable?
- Are you happy to work alone and rely on yourself when needed, or would this drive you crazy?
- Can you do lots of jobs at once, and switch easily between them, or are you a one-job-at-a-time person?
- Are you positive and optimistic, or do you easily become upset if things do not go to plan?

Think now about how each of your answers fits with the kind of business you'd like to have:

- If you are not naturally a risk-taker, and worry about money all the time, have you chosen a business idea that would need a lot of money to get it going? If so, can you find other ways to finance it so that it would not leave you penniless if it all went wrong?
- If you're shy, could you employ someone to do the sales for you?
- If you love being around other people but would be working alone in your new business, could you join with others who work in similar businesses, or rent space in a shared office?
- If you are well organised and good at multitasking, you will be glad of these skills once you start your own business, away from all the many support structures of employed jobs. If you know that you are a disorganised person, put things in place to help you create order (for example, invest in some business software or rent serviced premises).

Focus on you

If you set up your business so that it fits with your personality, you are far more likely to enjoy the experience.

Worksheet 3

Your business and your personality

Are you and your business a perfect match? Let's think about whether you are the right sort of person for the business you plan to start. It's vital that you start a business that fits with the type of person you are, so be honest!

First of all, what is your initial business idea?

.....

.....

.....

Next, think about what sort of person would be ideal to run this sort of business. List the strengths required to make this business blossom.

For example: *A very good communicator, able to work alone, flexible thinker.*

.....

.....

Now, think about your own personality. Is there a good fit? Or do you need to adjust your business idea in the light of what you've discovered? Are there ways you can make the most of your strengths and work to improve your weaknesses?

For example: *I get very worried if I don't know where the money's coming from but I'm a very persuasive person so I should make sure that I keep focused on selling my services.*

.....

.....

.....

.....

.....

Finally: it's important that you balance your personal needs with the needs of the business. It can be all too easy for a new business to take over your life, so list here ways in which you can make sure that you get the balance right.

For example: *I will make sure I am always home by 7pm!*

.....

.....

.....

Step 4 What would your business values be?

While you may have decided your personal goals for the business, it is important to take some time to consider your own values, too. You may have definite ideas about the type of business person you want to be.

If you are going into business with someone else (for example, partners, staff or financial backers), it is important that they know these values, too, so they're not shocked when you refuse to compromise on them.

Think about:

- What will I always do?
- What will I sometimes do?
- What will I never do?

For example:

- 'I will always use ethically produced materials.' 'I will always allow my staff to have weekends off.' 'I will always use a socially responsible bank.'
- 'I will sometimes run training courses, even though my main business is hairdressing.' 'I will sometimes do wedding photographs, but only for friends.' 'I will sometimes work weekends, but not every weekend.'
- 'I will never take sponsorship from a tobacco company.' 'I will never take on a new client without a credit check.' 'I will never work for someone else.'

You don't need to think of every possible scenario but, if you have firm beliefs, it pays to make them clear.

Turn to **Worksheet 4 > Your business values** and make a list of the things that you value. Score them as 'always', 'sometimes' and 'never'.

This step is also a useful sanity check. If your aim for the business is to make a million pounds but your principle is always to give your products away for free to anyone who asks for them, then either the aim or the principle needs to go.

Revisit your completed list as you build your business to keep on track with your values and your business vision.

Focus on you

By being clear from the outset about what you will and will not do in your business, you're much less likely to end up lying awake at night feeling guilty about a deal you've just signed.

You and your business may be separate but your values are shared.

WE LIKE...

Authentic Business

by Neil Crofts

This book shows that it is possible to start a successful business without compromising your values.

Worksheet 4

Your business values

Make a list of the things that you value. Score them as 'always', 'sometimes' and 'never'. Revisit this list as you build the business to keep in line with your values and to make sure that they fit with your business vision.

	Always ✓	Sometimes ✓	Never ✓
For example:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Using ethically produced materials</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Working at weekends</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Giving away free product samples</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Step 5 What is your vision for your business?

So, you've decided what success means to you. You've decided what you would want your business to give you ('To buy a house in ten years', or whatever you have written on **Worksheet 1**). You have also decided the business values by which you will work. Before we get into the nuts and bolts of how you might set up your business, take a few moments to consider the question:

- What would I be in business for and what would I want to achieve?

You may have some definite ideas:

- To make my life more comfortable.
- To make the world a better place.
- To reduce climate change by making greener fuels more affordable.
- To build a business that I can sell for a lot of money.

You may have some less definite ideas, too; perhaps you think it would provide challenge and excitement – you're not sure what excitement, but you love the idea that every day would be different.

Turn to **Worksheet 5 > Your vision for your business** and write your vision statement. Make it an inspiring and motivating statement that would keep you focused on the future and moving towards your vision for your own business. Don't worry about getting it exactly right just yet, you will adjust and refine your ideas as your new business grows.

You might also like to build a **vision board**. A vision board is a collage of images that capture your dreams and desires. Or you may want to choose just one iconic object that for you would sum up the essence of what your business is about. Put your vision board or your object somewhere you can see it. As you build your business, it can sometimes be difficult to remember – on a day when you're snowed under with bills, staff sickness and broken computers – why you started all this in the first place. Your vision board will remind you why you're doing this, and what you want to achieve.

Your vision statement or board will become your constant 'touchstone', helping you to make sure that you plan and develop your business in line with this vision.

Why do this??

Business can be tough. Some days you'll need to remind yourself why you've set out on this enterprise journey.

Having such a visual reminder of your vision always in view will keep you focused and energised.

Worksheet 5

Your vision for your business

It is important to put your business vision down on paper. By putting it into words in this way, it will provide inspiration, energy and motivation to you and to your team. Make your statement big and bold, and focus on the future (at least five, if not 10 years ahead) and describe what success would look like.

For example:

Five years from now, WonderWeb will be a leading web development company serving businesses across the UK. We will provide exceptional website design and development to those business owners who value our skills and knowledge and we will have reached a turnover figure of £750,000 a year.

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REMEMBER: Use your vision statement to keep you on track as you plan and develop your business. It will remind you of where you want the business to be in the future and will keep you focused as opportunities and challenges arise. Ask yourself, 'Does this fit with my vision for the business, or am I in danger of getting sidetracked?'

Step 6 How will you communicate your vision?

As a business owner, it is vital that you can inspire all manner of people to 'buy into' your business vision. For example, you may need to explain to your family why it's worth you working such long hours to achieve your goals, or persuade a bank manager that you and your business are worth investing in, or convince your potential customers to buy from you.

We'll look at some of these important skills in more detail again when we focus on sales and negotiation; however, here are the things to remember when trying to communicate your new vision to the people who matter.

Why do this??

Business is all about people, whether it's your staff, your clients, your suppliers or your advisers. They all need to believe in you.

No people?

No business.

1 Create a positive first impression

Business is all about relationships with other people. During the course of your business life, you would meet lots of new people. You have only a few seconds to make a good first impression, so it's worth thinking about the best way to do that. Most of what you need to do is common sense. Here are some ways in which you can build good rapport and create a good impression from the outset:

- **Be punctual.** If you are actually meeting the person, be sure to arrive on time. If possible, plan to arrive a few minutes early and allow for delays in traffic or transport.
- **Dress appropriately** and make sure you are clean and tidy! No scruffy shoes or three-day-old t-shirt. Good grooming will help you to feel more confident, too.
- **Don't fidget.** If you are shuffling around or feeling on edge, this will make the other person feel ill at ease.
- **Watch your body language.** You want to appear self-assured but not overconfident. Hold your arms by your side or behind your back to portray openness and confidence. Don't slouch!
- **Look the person in the eye and smile.** Tilting your head to one side shows interest and friendliness. Don't go overboard, though. You don't want to come across as insincere.
- **Be yourself, but control the quirks!** Whilst it's important to be authentic, be aware of any little quirks you might have and aim to keep them in check. That nervous laugh, the tendency to slap someone playfully on the back, the inappropriate language – all are guaranteed to put people off.
- **Be open and positive.** Maintain a positive attitude, even in the face of criticism or if you are feeling a bit nervous.
- **Watch your manners.** Good manners and polite behaviour help make a good first impression. Be on your best behaviour!



Deciding what sort of business to start

You've thought about whether you are the right sort of person to start your business, so... what next? If you have not yet made a firm decision about what sort of business to start, now is the time to give it some thought. You can always adjust your decision later. If you know what you want to do, you can move straight to **Step 2** on page 28.

Step 1 What are you going to do?

Why do this??

Starting a business to do what you've always done at work or at college might just swap one set of problems for more of the same.

Self-employed people have many different motives for starting a business: being in control, being unable to find a job, enjoying the cut and thrust of competition, or enjoying some particular aspect of business. You may already have noticed a gap in the market for a new product or service, and your whole focus may be on filling that gap. This is the mark of a true entrepreneur. For you, the excitement of making your vision a reality is what you love about starting and running your own business.

Many people set up businesses doing exactly what they studied at college or university, or what they originally trained to do. This is fine as long as you loved your course or training, but it is worth thinking hard about whether this is right for you before you start.

It may be that what you really, really like doing is not something you can imagine turning into a business. But with some creative thinking and plenty of marketing research, maybe it is.

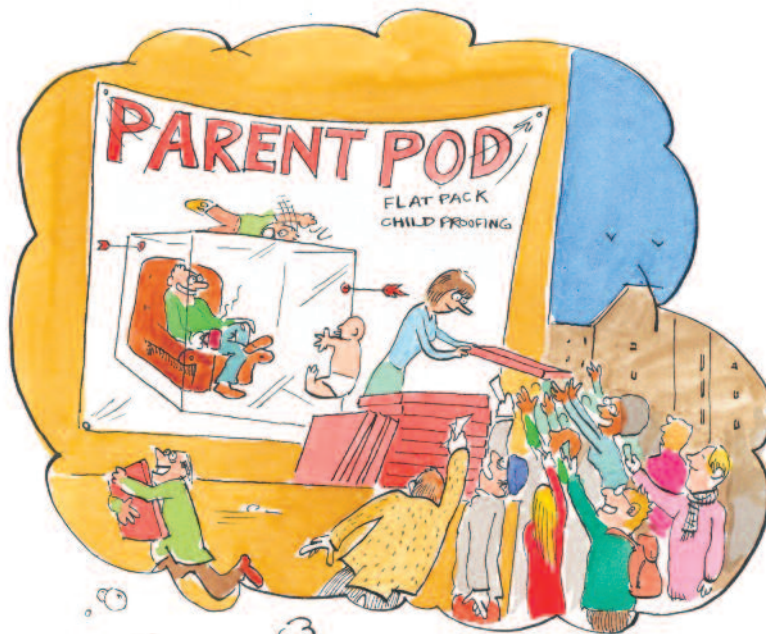
Focus on you

Don't just set up a business to do what you've studied on your course, or done in your employed job, without thinking hard about whether it is what you *really* want to be doing.

A word of caution here, though. Some people find that they lose much of their enjoyment of their hobby when they start relying on it for a living.

If you cannot think of any way to turn something you love doing into a business, or if your initial research shows you that the idea you have will not make you enough money to be worthwhile, consider carefully whether you should pursue this as a business idea.

Spend some time thinking through other business ideas you may have. When you are certain you have the *right* business idea, proceed to **Step 2**.



If you have a good,
original idea...

EXAMPLE MATERIALS

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Step 2 How will you set up your business?

Should you start your own business from scratch? Buy someone else's business? Buy a franchise?

Starting your own business gives you the freedom to develop your own idea into a business. If you have a good, original idea, and plenty of research to prove to yourself that it is going to work, perhaps starting a business from scratch is the option for you.

If you have a business idea and a friend or acquaintance that you're keen to work with, then you might consider **setting up with someone else**. The advantage here is that you can combine forces and money to do more than you might be able to on your own. But going into business with someone can be like getting married. You need to be very open and honest with any potential business partner – working through this workbook together can be an excellent way of doing that.