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# CONCISE CAREER GUIDES

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## STARTING YOUR OWN BUSINESS

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## Introduction

Increasingly, HE students, including many from LSBU, are considering starting up their own business as a way of achieving their career objectives. This guide looks at the key issues you will need to consider to ensure a successful business start-up and proposes a simple 4-point plan to help you stay focused.

There has been a huge increase in the number of people looking to start up their own business over the past few years. Of these, the vast majority are “micro” businesses i.e. those with less than 5 members of staff and more usually, sole traders or partnerships.

Unfortunately there has also been a huge increase in the number of new businesses failing within their first 2 years in operation. How do you ensure that your business idea does not fall into this latter category?

This guide proposes a 4-part action plan to ensure your business gets off to a good start. The plan is based on a cycle of activity, which is a continuous process for all successful businesses and may be summarised under the following headings:

- REFLECT
- RESEARCH
- PREPARE
- PROGRESS

### A. REFLECT

#### *Personal traits.*

Why do you want to set up your own business? What do you consider to be the key advantages and disadvantages? Do the positives outweigh the negatives? Are you the type of person who can put up with long hours and perhaps initial rejection?

You may find it useful to consider whether you are the type who can survive on your own, work long hours and keep going in the face of initial disappointment. Not many businesses thrive right from the start. Most

need a persistent, realistic and determined approach to survive. Does this sound like you?

### *Essential Skills.*

Any self-help guide to business start-up will include a list of the key skills required for the entrepreneur. Most will identify the following as a minimum requirement:

- Marketing & Selling
- Management
- Communications (verbal and written)
- Research
- Calculation
- Planning
- Presentation

Do you have all these skills? Do you feel other skills are more relevant for your business idea? The following SWOT exercise is intended to help you reflect on how you measure up to the skills outlined above and to identify any gaps.

Ask yourself the following:

- What *Strengths* do I bring to my business start-up plan?
- What areas of *Weakness* have I identified (e.g. skills gaps)?
- What *Opportunities* are there for me to develop my business idea?
- What *Threats* are there that might stop me fulfilling my business objectives?

### **B. Research**

You may have a fantastic new idea or product that you have designed yourself, but how can you tell if there really is a market out there for this concept? Without some research, you can't. You will need a business plan. How viable is your product/concept?

You will need to answer all of the following questions before you attract any investment (e.g. bank loan or small business grant) for your venture. Even if you don't need any extra investment, the chances of your business

succeeding without knowledge of the following issues is very slim. Read this section carefully!

The first thing to think about when developing a business idea is:

- Who are your potential clients?
- Who are your competitors?
- How well are they doing?
- If they are a big success, why is this?
- If not, what makes you think you will be?
- Where are your clients located?
- Your competitors?
- Will you need premises?
- How will this add to your start-up costs?
- Will you be able to work from home? If not, where will you be? Do you need to be located close to your client group?
- How much finance will you need for your first year of operation? What have you based your costs on?
- Have you included National Insurance contributions and Value Added Tax?
- What about other legal costs?
- How do you know what is required by law?

Remember advice and guidance is at hand from professional experts in all these areas, and a successful entrepreneur should be able to get any of this start-up advice for free. See the final section in this guide to find out where.

How will you support yourself during the first year of your business?

You may have to wait several months before you generate any money. How will you/your family survive? Many people choose to work part-time in paid employment while they are starting up their own business. This can provide for the essentials whilst giving you the freedom to spend time on developing your business. Others choose to go into partnership or to start with a franchise. This provides you with the opportunity to share the pressures as well as the work. Some people delay starting their business for some time until they feel they have developed the necessary skills and have acquired sufficient capital to "go it alone".

### C. PREPARE

You've taken time out to reflect on your own suitability to set up your own business. You've done the background research and have a clear understanding of the potential market, your clients, your competition, your skills gaps, your motivation and your initial start-up costs. Now what?

The next stage is to develop a comprehensive business plan. This is the time to seek some advice, if you haven't already done so. There is a huge range of free, expert advice available in the UK to all business start-ups. Take advantage of this and consult with an expert before progressing any further. Before visiting an adviser, have a good, up-to-date Curriculum Vitae and a clear, professional voicemail/answer-machine message.

Make sure your business proposal follows **SMART** principles

- Specific
- Measurable
- Achievable
- Realistic
- Time-measured

Identify any weak areas and consult with the business adviser about these, in particular. We all know that first impressions are lasting and you need to be aware of this more than ever now. Take yourself seriously and others may also do so.

Most small business advisers and financial institutions will have templates for Business Plans that should highlight areas that you will need to concentrate on before attracting investment funding.

You should also consider the possibility of attracting some grant funding e.g. through the Prince's Trust or other charitable organisations. Visit a reputable Small Business Adviser, such as a Business Link adviser who will offer advice and guidance on the full range of issues affecting business, from company registration through to expansion into new markets.

## D. PROGRESS

So, you've developed your Business Plan. You have identified enough finance to get started. You have a premises and it's all systems go! Now that you have got to this stage, what can you do to ensure that you are not one of the 50% of small businesses that fail within the first 2 years?

Develop your networks continuously. Talk to someone who has managed to successfully steer themselves through the first few years of running their own business. Your Business Link adviser will be able to put you in touch with others who will share their experiences with you. You might find useful contact through the LSBU alumni society. All contacts are useful, including those who have not been so fortunate.

Many entrepreneurs will tell you that the key to success lies in two main areas: firstly, you must work efficiently, not just for long hours. Do not be fooled into thinking that a sloppy approach will impress anyone, especially your clients. Secondly, keep meticulous records of everything. Bad book-keeping is blamed by many for their new business failure. Get some help if in any doubt about what this means.

The key to maintaining a successful business venture may relate back to the initial 4-point plan.

- **Reflect** regularly on your company's performance
- **Research** continuously how your competitors are faring and what your clients want
- **Prepare** and plan your current and future course of action and
- **Progress** onwards to achieve business success

Good luck with your venture. The following section outlines some useful sources of further advice and guidance.

### **Business Link**

[www.businesslink.org](http://www.businesslink.org) – for a comprehensive list of local small business advisers in your area. Linked to the government's Small Business Service. Tel: 0345 5677765.

### **Companies House**

<http://www.companieshouse.co.uk> – registering your company name etc. Essential info. re. legal aspects of forming a company.

### **Federation of Small Businesses**

<http://www.fsb.org.uk/> - Tel: 01253 336000.

### **UK Business Incubation**

[www.ukbi.co.uk](http://www.ukbi.co.uk) - UK Business Incubation website providing a list of supported work units which provide an instructive environment for entrepreneurs at start-up and early stages of business development.

### **The Princes Trust**

[www.princes-trust.org.uk](http://www.princes-trust.org.uk) - provides advice, finance & guidance to young people from 16-30. Note: SBU students of all ages can access advice and guidance from the Prince's Trust through their satellite office in Caxton House.

### **Better Business**

<http://www.better-business.co.uk> - includes e-newsletter with useful tips and hints for microbusinesses. Formerly called Home Run

### **Institute of Business Advisers**

[www.iba.org.uk](http://www.iba.org.uk) - non-profit making institute, usually provides free advice and guidance.

### **Recommended**

AgCAS booklet: Alternative Workstyles: free handout in CaSEU library. Also look out for other CaSEU resources on Starting your own Business.

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1. A Guide to CaSEU
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4. CVs & Covering Letters
5. Disability & Job Hunting
6. Job Hunting Strategies for Ethnic Minority Graduates
7. First Year Undergraduates - Preparing for Success
8. International Students
9. Interviews
10. Job Hunting in a Changing Graduate Market
11. Learning Through Work
12. Mature Graduates
13. Looking for Part-time Work in London
14. Finding an Industrial Placement
15. Postgraduate Study
16. Starting Your Own Business

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