

Deciding to start a business

REALITY CHECKLIST

When starting a business, expect the best but prepare for the worst. Ticked less than half? Better think again!

- Do you have previous management or business experience?
- Can you put in the time and effort?
- Can you live without a guaranteed income?
- Can you control your finances?
- Do you have the money to start and run the business?
- Can you cover your own and your family's living expenses?
- Will you be content to lower your standard of living, perhaps for a while?
- Do you have 100% commitment to your idea?
- Are you clear about your goals?
- Will your friends and family back you in the good times and the bad?
- Do you have experience of your market?
- Do you have the skills you will need?
- Are you prepared to learn new skills?
- Do you get on with a variety of people?
- Are you a good decision maker?
- Do you have willpower and self-discipline?
- Are you organised and a good planner?
- Are you happy working long hours?

There are around three million small businesses in the UK. Self-employment is an increasingly popular way of working in the twenty-first century, but is it right for you?

There are many reasons why people decide to start a business. For some, it's simple: they see a need for a new product or service and 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. If you are made redundant, you may decide to invest money in a business. And there are plenty of people who decide they need a new direction in life and see the potential rewards in working for themselves rather than an employer.

But if starting a business is such a good idea, why haven't you done it before?

- Couldn't risk losing money
- Family responsibilities
- Fear of failure
- Busy pursuing a career
- Liked the security of employment
- Didn't have a business idea
- Unsure of where to go for help
- Never run a business before.

The key question is – why do you want to be your own boss?

Spend some time thinking about why you want to start a business. Look at yourself and your situation in real depth, and review your strengths and weaknesses. The best advice is to research and plan in advance.

Keys to success

There is no magic formula for business success, but these are some of the things you can do to put - and keep - your business on the right track:

Begin with a business plan

In your plan, establish what is unique about your product or service. What would make people want to buy from you rather than from one of the established or cheaper or more aggressive competitors? What is your business edge? Do you keep your promises in a sector where many don't? Do you deliver on time?

- Know absolutely everything about the product you're selling or the service you are offering
- Be passionate about what you're doing
- Know your own strengths and weaknesses: bring people on board as advisers or employees who compensate for your weaknesses

- Have a mentor – a friend or professional adviser
- Train your staff
- Ask for input from your staff
- Network – if there isn't a network, start one!
- Set yourself realistic targets
- Follow business disciplines as described in this Guide
- Put enough finance in place (with reserves)
- Manage credit and debt
- Learn from your mistakes
- Make time for a personal life
- Plan an exit route.

What makes a good business idea?

A good business idea is, by definition, a product or service that sells. If you start with something you're good at, that doesn't necessarily translate into something people want to buy. Lots of business ideas look great on paper, the only test that matters is whether they're great in the marketplace.

Can't get no...?

Self-employed people generally have higher levels of job satisfaction than most of the population.

Study by Professor Oswald of Warwick University.

Remember

Do you believe in your business?

If you don't, how can you expect anyone else to?

