



SO YOU'RE THINKING ABOUT GOING SELF EMPLOYED?

<https://joind.in/talk/6b357>



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A BRIEF HISTORY OF ME

- Family of business owners
- Uni - Electronic Systems Engineering
- Early Years - IBM, Shell & AZ
- The Multimap Experience
- Redundancy and 3 jobs in a year
- Financial troubles
- Partnering up with my brother
- 1 failed startup
- Cubic Mushroom Ltd.



IS IT FOR YOU?

SO YOU'RE THINKING ABOUT GOING SELF EMPLOYED?

SO MUCH MORE THAT THE DAY JOB

MARKET
RESEARCH

FINANCIAL
PLANNING

BOOK KEEPING
& ACCOUNTS

TAX

CUSTOMER
RELATIONSHIP
MANAGEMENT

MARKETING

ADVERTISING

RECRUITMENT

FACILITIES
MANAGEMENT

RECORD KEEPING

STAFF
MANAGEMENT

STAYING
MOTIVATED

IS IT FOR YOU?

THE CONS

- ▶ Doesn't suit everyone
- ▶ Must be driven/motivated
- ▶ No more regular pay days
- ▶ Think differently
- ▶ Will take time & energy
- ▶ Is hard to switch off

THE PROS

- ▶ Choose your own direction
- ▶ Work when and where you like
- ▶ Greater potential, financial reward
- ▶ You will learn new skills
- ▶ No limits!

Add slide on switching off?



KNOW WHY YOU'RE DOING IT



**GETTING
STARTED**

BEFORE YOU START

- ▶ Can you validate your idea, thoughts and assumptions?
 - ▶ Market Research
 - ▶ Leg work
 - ▶ Start up weekends?
- ▶ If it's a new thing, protect your idea

SO YOU'RE THINKING ABOUT GOING SELF EMPLOYED?

PLANNING, PLANNING, PLANNING...



WHAT'S IT GOING TO COST?

- ▶ Company setup costs (if registering a company)
- ▶ Networking/Marketing/Advertising
- ▶ Book keeper/accountant
- ▶ Suppliers costs (e.g. hosting, email, software, etc.)
- ▶ Premises
- ▶ Taxes
- ▶ Insurance
- ▶ Regulatory fees (data protection, etc.)
- ▶ Contractor costs (specialist skills)

DECIDING ON YOUR MINIMUM PRICING

- ▶ How much do you want to take home each month (after tax)? **£2,000**
- ▶ What are the monthly running costs of your business?
(production costs, hosting, subscriptions, insurance, travel, etc.) **£480**
- ▶ How much do you need to keep back for tax? **$(£2,000 + £480) + 40\% = £3,472$**
- ▶ How many hours are you planning on working each month? **$30 * 5/7 = 21$ days**
- ▶ How much time do you need to spend on the business each month?
(Admin, sales, marketing, networking, etc.) **5 days**
- ▶ How many billable hours are left? **$21 - 5 = 16$ days**
- ▶ Calculate your required rate **$£3,472 / 16 = £217 / \text{day}$**
- ▶ Know your excess **$£250 / \text{day} = +£33 / \text{day} \times 16 \text{ days} = +£528 / \text{month}$
(less tax)**

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BUT...

- ▶ Your time is limited
- ▶ Value is not limited
- ▶ Demonstrate the value of what you're offering
- ▶ People will spend money to make/save money
- ▶ Research the value of the benefits you offer
- ▶ What are your Unique Benefits?
- ▶ Some clients will only look at the price
 - ▶ You probably don't want to work with these types of clients!



GETTING GOING

SO YOU'RE THINKING ABOUT GOING SELF EMPLOYED?

YOUR BUSINESS STRUCTURE

**SOLE
TRADER**

**LIMITED
COMPANY**

**UNINCORPORATED
ASSOCIATION**

**'ORDINARY' BUSINESS
PARTNERSHIP**

**LIMITED PARTNERSHIP
AND
LIMITED LIABILITY PARTNERSHIP**

Source: gov.uk <http://bit.ly/gse-hmrc-bus-struct>

AND WHAT IT AFFECTS

- ▶ The paperwork you must fill in to get started
- ▶ How you can personally take the profit your business makes
- ▶ Your personal responsibilities if your business makes a loss
- ▶ The taxes you'll have to manage and pay

SO YOU'RE THINKING ABOUT GOING SELF EMPLOYED?

TAX

- ▶ Register with HMRC
 - ▶ Company (<http://bit.ly/gse-hmrc-reg-company>); and/or
 - ▶ Self-assessment (<http://bit.ly/gse-hmrc-reg-sole>);
- ▶ HRMC Courses & Newsletters (<http://bit.ly/gse-hmrc-courses>)
- ▶ Know your dates
- ▶ Setup a tax bank account



BOOK KEEPING & ACCOUNTS

- ▶ Be organised
- ▶ Record everything (as early as possible)
 - ▶ Spreadsheets
 - ▶ Online software ([FreeAgent](#), [Xero](#), [KashFlow](#), etc.)
- ▶ Don't pay more tax than you need
- ▶ Outsource book keeping?
- ▶ Outsource accounting?

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VALUE ADDED TAX

- ▶ You have to charge an additional 20%* on top of your fees
- ▶ If your client is VAT registered, they can claim the 20%* back
- ▶ 2 VAT scheme options...
 - ▶ Claim back VAT on all purchases;
 - ▶ Claim only VAT on asset purchases over £2k*, but keep some of the VAT you charge (<http://bit.ly/gse-hmrc-vat-flat>);
- ▶ Cash or invoice based
- ▶ Must register if your VAT taxable turnover is over £82k*
- ▶ You must pay VAT promptly, at the end of each quarter

* Values correct as of 1st Jan 2016

Add comment on invoice based vs. cash based



NETWORKING

▶ Offline

- ▶ Format
- ▶ Members
- ▶ Target Audience
- ▶ Don't sell to the room

▶ Online

- ▶ Linked In
- ▶ Facebook
- ▶ Twitter
- ▶ Pintrest
- ▶ Instagram
- ▶ etc.

- ▶ All about building relationships

MARKETING & ADVERTISING

- ▶ I'm not an expert
- ▶ Word of mouth
- ▶ Referral schemes
- ▶ Website - Show your stuff off!
- ▶ Stunts to reach potential key clients
- ▶ It's all about appearance
 - ▶ Multiple offices, Virtual PAs & phone numbers

BILLING YOUR CLIENTS (AND MAKING SURE YOU GET PAID)

- ▶ Break big projects down into smaller phases
- ▶ It's OK to bill some up front
- ▶ Include payment terms with your quote, contract or initial invoice
- ▶ Invoice for each part as you complete it
- ▶ Require payment for the previous stage of the project before beginning the next
- ▶ Include penalties for late payments



STAY ON TARGET

STAYING FOCUSED

- ▶ Business Plan / Goals
- ▶ Learning & Training
- ▶ Project Pipeline Review



LESSONS I'VE LEARNED

IT CAN BE A LONELY PLACE





IT'S OK* TO BE PICKY WITH YOUR CLIENTS

* More Than OK!



**DON'T BE AFRAID / TOO PROUD
TO CHANGE**



**FIND WHAT FEELS RIGHT...
FOR YOU!**



BRINGING IN THE EXPERTS



**WHAT I DON'T
KNOW (YET)**



HOW TO BECOME A BOSS

Useful info can be found at <http://bit.ly/gse-hmrc-taking-on-staff>



QUESTIONS?



**PLEASE DO STAY
IN TOUCH**

The End!



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