



# Here's how I started up my business

Case studies from [businesslink.gov.uk](http://businesslink.gov.uk)

**A**re you starting up a business, or thinking about doing so? If you've ever wished you could tap into what others learned about starting up, this book is for you. It brings together 21 of the best case studies on the Business Link website. Each one features a real business owner or manager, speaking in their own words, about how they made a success of the starting-up process.

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“NO ONE QUESTIONED MY AGE BECAUSE I CAME ACROSS IN A PROFESSIONAL MANNER”  
Marc Day



“SETTING UP A MANUAL PAYROLL SYSTEM WAS SOMETHING I'D WORRIED ABOUT AND PUT OFF”  
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“ARMED WITH A LIST OF CONTACTS, WE SPENT MONTHS PUTTING TOGETHER AN EXPORT PLAN”

Keith Tridgell

# Here's how I decided I was ready to start up my business

**Paul Kruzycki** discovered an entrepreneurial streak while running a not-for-profit charity convention and he decided to set up his own venture. When he did, a cautious approach to the launch of his real-ale mail-order company, **Ales By Mail**, proved important in giving the business a sound start.

## What I did

### Research the business proposition fully

"I continued working full time as a building surveyor while I developed my business plan, built contacts and got my idea to a stage where I felt I could get it off the ground. I wanted to prove fully to myself that the business could work.

"I also knew that if I wanted to get finance to help me start up I would need to answer some tough questions such as who are your customers, where will you advertise and so on.

"I spent a lot of time talking to people in the industry and finding information on websites - seeing how other people were doing things, at what level and how differently."

### Take the opportunity to work part-time to provide a financial buffer

"My research showed that Ales by Mail couldn't pay me a salary at first so I decided I needed to save at least six months' living expenses. Then an opportunity to work as a property consultant came up.

"I now do that two days a week and spend two days on Ales by Mail. On the fifth and sixth days I work on whatever needs doing most urgently.

"I'm building the business on a tight budget and am going for slow growth. My consultancy work allows me to take this approach."

### Consider domestic circumstances

"I spent 18 months preparing to start the business. There were things that needed to be resolved before

I gave up my job. For example, I needed to wait until my house had been refurbished so that I could work from home.

"I've had a lot of support from my wife. Knowing I can go to my family after a bad

## PAUL'S TOP TIPS

- "Really understand what you are giving up by leaving a job such as paid holiday, company car and so on."
- "Find information wherever you can, especially on the Internet."
- "Be organised and methodical in your paperwork."





“I SPENT 18 MONTHS PREPARING TO START. THERE WERE THINGS THAT NEEDED TO BE RESOLVED BEFORE I GAVE UP MY JOB. FOR EXAMPLE, I NEEDED TO WAIT UNTIL MY HOUSE HAD BEEN REFURBISHED SO THAT I COULD WORK FROM HOME.”

day and receive that support helps me remember that the decision I made was the right one.”

### **What I'd do differently**

**Think about the impact of routine paperwork**

“Before starting up I'd find out more about the

organisational aspects of running a business. I underestimated the amount of time needed to deal with tax matters, chase up clients and do all the other bits of paperwork.”



### **Find out more:**

Are you ready to start up?

**[businesslink.gov.uk/readytostart](https://businesslink.gov.uk/readytostart)**

# Here's how having an up-to-date business plan helped my business

**Darren Jones** launched his care business, **AKC Home Support Services**, in 1991 with his wife Sharron. Although writing their business plan was one of the first things the couple did, Darren admits he originally saw it as a bit of a chore. Now, he takes a different view, believing it has helped the business stay on track and true to its goals.

## What I did

### Write the plan

"When we started the firm I knew we needed a business plan but saw it more as a document for everyone else than something to help us. If I started another business tomorrow I would write one much more willingly as it brings a number of benefits - from helping you secure finance to keeping you focused on your goals.

"We got help from our local enterprise centre, looked at examples from other businesses and a template from the bank. We mixed and matched bits from these sources because not everything applied to us. For example, because we were going into a new market we couldn't write about our competitors but needed a lot of information about the market for care services."

### Consult the plan

"We used our business plan to set out the financial and strategic goals we wanted to achieve in the short

and long-term. We review it annually now unless there's a significant shift in our market and then we use it to immediately re-evaluate our goals.

"Our business plan has also helped us to avoid expanding too quickly. Early on, we were offered work in another county. This seemed great but when we looked at our business plan - and particularly our cashflow forecasts - we realised it was important to establish a firm base in one county before taking on work in another otherwise we would overstretch ourselves."

### Use the plan

"We purchased a residential unit four years ago and our business plan definitely helped us demonstrate why the bank should lend us the money. Without it being put down on paper I don't think it would have sounded like a very viable suggestion.

"The home added a different dimension to the business in which we had no trading record so the bank lent us the money according to our past

performance. We could also show that we would offset some of the cost by using part of the new building as office space.

"Our plan also helped us to get support from Shell LiveWire - the organisation that assists 16-30 year olds to start and develop

## DARREN'S TOP TIPS

- "Make sure your business plan reflects your personal vision - don't just put things in because you think it's what someone else wants to read."
- "Be objective. It is important to weigh up the pros and cons."
- "Get assistance whenever you can."



“WE PURCHASED A RESIDENTIAL UNIT FOUR YEARS AGO AND OUR BUSINESS PLAN DEFINITELY HELPED US DEMONSTRATE WHY THE BANK SHOULD LEND US THE MONEY.”

businesses - as you must have a business plan to enter its competitions. We were awarded prizes twice - not only bringing in extra money but publicity too.”

### **What I'd do differently**

#### **Work on the plan's presentation**

“I would have tried to get more assistance and perhaps made the document look a bit more professional. It's your way of gaining support for your

business and is the one thing that your bank manager will remember apart from how you were dressed.”

#### **Get as much help and advice as possible**

Show the plan to an independent third party - such as friends or family who have run their own businesses - who will be able to point out if anything is missing. It's much better to make mistakes on a practice run than when it really matters.



#### **Find out more:**

Prepare a business plan

**[businesslink.gov.uk/businessplan](https://businesslink.gov.uk/businessplan)**

# Here's how I chose the name for my business

Managing director **Nick Jenkins** founded **Moonpig**, a London-based company selling personalised greeting cards over the Internet, in 1999. It has grown at the rate of 50 per cent a year and the business now turns over £1.2 million.

## What I did

### Consider how a name could work as a memorable brand

"I wanted business to spread by word-of-mouth so it was important my company's name was both catchy and memorable. I decided it had to be only two syllables so that people wouldn't forget it, and phonetic so that they wouldn't misspell it. Moonpig is fun and cheeky. Most of our cards are humour based and Moonpig encapsulates that.

"The name also had to be easily represented in graphical format. Once you've seen our logo you never forget it. I commissioned a cartoonist to design the moonpig. The whole branding exercise cost £200 and three days' work, but it has been far more effective than we could ever have expected."

### Ensure the name is available on the Internet

"Control of a domain name was very important for us. To check what was available, I sat on Nominet for four days plugging in variations of names. I originally came up with lots of different names — red-dog, green-carrot, that sort of thing — but they were all already taken.

"Moonpig was actually my nickname at school. It was available as both a '.com' and a '.co.uk' which was also an important consideration.

"Moonpig is a completely unique word. The only references to it on Google are links to our website."

### Trademark the name

"Having the '.com' and '.co.uk' gave the name Moonpig some protection against copiers but we thought people might also try other permutations

of Moonpig to capitalise on our success. It wasn't that expensive to go for trademarking and it gave the name an extra layer of protection.

"I employed a trademark attorney and Moonpig is now a trade mark in the UK and the US.

"It's such a small insurance premium. In a customer-facing brand I think it's critical as the brand name is the thing that customers really recognise."

## NICK'S TOP TIPS

- "Keep your name short and simple if you're a consumer-facing company."
- "Don't box yourself in. The real thought should go into your trading name. Your corporate name should be bland and give you room for manoeuvre into other activities."
- "Make sure you secure the domain name for your trading name. Even if you're not selling over the net, people will be reassured to see a professional-looking website if they are checking out the solidity of the business."





“IT WAS IMPORTANT THAT MY COMPANY’S NAME WAS BOTH CATCHY AND MEMORABLE. I DECIDED IT HAD TO BE ONLY TWO SYLLABLES SO THAT PEOPLE WOULDN’T FORGET IT.”

### What I’d do differently

#### **Start out with a general, bland registered-company name**

“Although we continue to trade under the name Moonpig, we changed our name at Companies House to Altergraphics Limited in 2002, when we received venture-capital investment. The new investors seemed reluctant to write out a cheque with the word Moonpig in it.

“It might have been easier if we’d started out with Altergraphics as our company name anyway. Moonpig pigeonholes us as funky and humorous which is great as a trading name for our current website, but having Altergraphics as a corporate name gives us the flexibility to develop other brands under different trading names in the future.”



### Find out more:

Choose the right name for your business  
[businesslink.gov.uk/choosename](https://businesslink.gov.uk/choosename)

# Here's how I set up a business when I was 23

**Marc Day** founded **SwapGame.com Limited**, an Internet-based, games-rental subscription service, two years after graduating. A professional attitude and thorough research has helped him finance and build his business, which is set to achieve a turnover of £500,000 in its third year.

## What I did

### Take time for thorough research

"After I left university I took on admin-type jobs just to get by. During this time I did lots of research into my business idea. I also carried out field research, questioning people coming out of video games shops. I got as many facts and figures together as I could and found out all the costs involved before I approached anybody for money.

"It took about 16 months. I wanted to go into the market as quickly as possible, but I knew I needed to cover every angle before I did. I knew people weren't going to throw money at me and that they'd want to know all the details. Besides, it was important I knew that the business was going to be viable too."

### Explore all funding possibilities

"When I was first looking for start-up capital I approached private investors and venture capital companies, but they all wanted to see more experienced management in the company. It was a

difficult situation because I didn't have the money to bring that experience on board. The feedback was always that I had a great idea, but they'd like to see me start the company and how it went first. It was very frustrating.

"But I plugged away and eventually I got the money through loans — personal and family ones. Importantly, I also secured a £30,000 bank loan. The bank was apprehensive, but I was able to use my parents' property as security and I made my father chairman of the company, which gave the bank more confidence. My father was experienced in business and I used him as a sounding board anyway.

"Two years later I wanted to raise working capital for expansion, so I used the DTI's Small Firms Loan Guarantee scheme. Age wasn't a factor at all. It was my track record that counted, the partnerships I'd made and my growth strategy. We got £100,000 and can go back for another £150,000 if we reach certain targets."

### Show confidence

"A lot of my contact with people when I started was over the telephone and nobody questioned my age because I came over in a professional manner, knew what I was talking about and wasn't

## MARC'S TOP TIPS

- "Get as many facts and figures together as early as possible to back up your ideas."
- "Find a mentor you can ask for advice and run new ideas past."
- "Keep plugging away – even when you come up against obstacles."



“NO ONE QUESTIONED MY AGE BECAUSE I CAME ACROSS IN A PROFESSIONAL MANNER, KNEW WHAT I WAS TALKING ABOUT AND WASN'T FRIGHTENED OF NEGOTIATING WITH PEOPLE.”

frightened of negotiating with people. I think that makes a big difference.”

### What I'd do differently

#### Scrutinise my business plan regularly

“I finalised my business plan when I got my finance and though I kept figures in my mind that I had to achieve I didn't look at the plan again properly until I entered the Shell Livewire competition. It was then, a

year after starting up, that I discovered how high my packaging costs were and how that was impacting the business on a daily basis.

“I managed to trim those costs down by about 40 per cent and it really affected profitability. If I'd looked at my business plan after, say, six months, I could have made the business leaner much sooner.”



#### Find out more:

Starting a business when you are young  
[businesslink.gov.uk/businessyoung](https://businesslink.gov.uk/businessyoung)

# Here's how I established an effective record-keeping system

**Michelle De Bruyne** used an accountant to set up her limited company, **AmHealthy**, which markets a herbal nutrition programme. However, she decided to do her own bookkeeping. Good organisation, she says, has helped her track the progress of her business as well as look after her customers.

## What I did

### Devise a filing system

"It's very easy in this business to know what payments are coming in because customers often purchase a complete one-month nutrition programme. It's the small costs, like local advertising and postage that are harder to keep track of. There are lots of small receipts.

"I put all my receipts into appropriately labelled plastic sleeves in a lever arch folder that's also divided on a month-by-month basis. If something is paid for by cash the receipt goes into the cash sleeve, if by bank account into the bank-account sleeve and if by credit card, into that sleeve. Every time I get a receipt I make a decision about which folder it goes into. Also, if the receipt doesn't state what was purchased, I immediately write on it what it was for.

"In fact, all paperwork to do with the business

is kept in an ordered filing system. It's especially important as the business is a limited company and I know the obligations that brings."

### Separate business from domestic expenses

"Because I run my business from home there are often mixed expenses. For example I might have bought one item for the business alongside all my food for the week. All those expenses add up too, so I tag the business items on the receipt with a tick and that then goes into the relevant sleeve too."

### Use a computer and back up data regularly

"Our bank gave us an accounting package when we opened our business account and that has proved very helpful. It allows for categories such as marketing, administration, telecoms and stationery, so I can enter the relevant figures from the filed

receipts directly into the relevant category. It really helps me keep track of how much I'm spending, on postage for example. "I keep customer-order records on the system too. It's such a prompt for me to know who's buying what and when. It's important marketing information.

## MICHELLE'S TOP TIPS

- "Track everything. Even small amounts of spending add up."
- "Develop a system you can work with."
- "Keep a routine for doing your records and don't let it slip."



“OUR BANK GAVE US AN ACCOUNTING PACKAGE WHEN WE OPENED OUR BUSINESS ACCOUNT AND THAT HAS PROVED VERY HELPFUL. I CAN ENTER THE RELEVANT FIGURES FROM THE FILED RECEIPTS DIRECTLY.”

I back up the computer records at least once a month.”

### **What I'd do differently**

#### **Think about a system before I started up**

“I was very disordered when I first started. Now I file receipts as I get them and when I receive

statements I use that as a prompt to enter data on to our accounting system and to reconcile things. Developing a routine has been very helpful. An early investment in files and computer software does pay dividends later.”



### **Find out more:**

Set up a basic record-keeping system

**[businesslink.gov.uk/recordkeeping](https://businesslink.gov.uk/recordkeeping)**



# Here's how I control my stock

**Andrea Jones** is managing director of Liversedge-based **Systems (Telecoms) Limited**, a business specialising in the next-day delivery of refurbished telecommunications equipment.

## What I did

### Invest in a computerised system

"We bought our computer system with its accounting software, Sage Line 100, when we were turning over £500,000 a year. It cost a lot of money but I got it on a five-year lease and I only paid £50 a week. I couldn't have got anybody to do the stock work for £50 a week.

"I chose this system because I wanted something that integrated all my accounting functions - my stock control, my buying ... basically, to have everything under one roof, as it were. And, importantly, I wanted barcoding. I did a lot of phoning around software companies before making my choice.

"As an item comes in it gets barcoded and then it's logged on to the system under a purchase order with the serial number, stock code and product details. The product then goes to our test room for refurbishing.

"The system can tell you whether any item has been tested or not and exactly where it's located in the warehouse."

### Hold enough equipment to fulfil customer orders

"For the refurbished products side of my business there's no such thing as having too much stock. We can't ask people to wait a week if they want something so I buy anything that comes up for sale if it's cheap enough and I know it will move. I wouldn't buy stuff if there was no demand for it but that doesn't happen. I know my market very well.

"We sell new installation products too and we re-stock that on a demand-led basis. We set minimum and maximum stock levels on the Sage system and when the stock hits the minimum level the screen lights up telling me to reorder. But I prefer to print a report on stock levels every Friday. That tells me what we're low on and I always top up to the maximum level."

## ANDREA'S TOP TIPS

- "Keep plenty of stock so you don't disappoint customers."
- "Know exactly where different stock items are located."
- "Use barcoding as a way to track items through processes."

### Reorder consumables only when necessary

"We use lots of paper, lever arch files, pens and ink cartridges. Everything is kept on bookshelves and I can see instantly what's



“AS AN ITEM COMES IN IT GETS BARCODED AND THEN IT’S LOGGED ON TO THE SYSTEM UNDER A PURCHASE ORDER WITH THE SERIAL NUMBER, STOCK CODE AND PRODUCT DETAILS. THE PRODUCT THEN GOES TO OUR TEST ROOM FOR REFURBISHING.”

in and what we’re running low on. I do a stationery order every couple of weeks or so - though I try to time it with when there are special offers in the stationery catalogue I use.”

### What I’d do differently

**Install a computer connection from work to my home earlier than I did**

“When I get home I can click on two buttons and I’m basically sitting in my office. This means I can keep an eye on my stock at all times and I do a lot of bidding for products from home, for example on eBay. I can also complete purchase orders from home.”



### Find out more:

Stock control and inventory  
[businesslink.gov.uk/stockcontrol](https://businesslink.gov.uk/stockcontrol)

# Here's how I found a business angel to invest in my business

London-based design consultancy **Designblue** patented d3o, an innovative shock-absorption material, and wanted to start manufacturing and selling the product. But founder **Richard Palmer** needed finance so he could fully exploit the opportunity. Here's how he did it.

## What I did

### Examine the business' needs

"We developed our product, d3o, to a stage where it had great potential as a highly lucrative technology. However, we needed to get additional finance into the business to manufacture, sell and promote the product. In identifying our preferred funding route we thought carefully about our priorities, such as the amount of funding we required, any security we may need to provide and the amount of day-to-day involvement investors would require. Business angels tend not to require security, and having decided that we needed a substantial investment without having to cede too much day-to-day control, we decided that business-angel funding was ideal for our business."

### Refine our business plan's presentation

"We had already prepared a business plan, but we refined it by including sections detailing how the business-angel finance would develop the business and

what involvement potential investors might have. We also spent time on the plan's presentation - ensuring it was focused and professional - to demonstrate our commitment. This stage was vital; a tailored business plan clarifies what the benefits of the investment are for both parties and specifically what the funds will be used for - and what they will achieve."

### Secure the funds

"Armed with our business plan we contacted the British Business Angels Association who introduced us to several business angels. As a small but growing business our choice of angel was based largely on the sort of practical assistance they were offering. We then pitched our proposal to a shortlist of investors and tried to show them the benefits of their involvement - both for them and for us.

"One investor - David Richards - decided to invest after our first meeting with him. To secure the funds we negotiated issues such as our respective

responsibilities and growth targets. Finally, our legal adviser helped to negotiate the investment terms, such as our financial forecasts, which helped our investor complete his due-diligence checks and agree the deal."

## RICHARD'S TOP TIPS

- "Be prepared to demonstrate how the investment will boost your business."
- "Be realistic - you'll have to justify any claims in your business plan."
- "Think long-term - it will save you time later."



“ARMED WITH OUR BUSINESS PLAN WE CONTACTED THE BRITISH BUSINESS ANGELS ASSOCIATION WHO INTRODUCED US TO SEVERAL BUSINESS ANGELS. AS A SMALL BUSINESS OUR CHOICE OF ANGEL WAS BASED LARGELY ON THE SORT OF PRACTICAL ADVICE THEY WERE OFFERING.”

### What I'd do differently

#### View investment as an ongoing process

“When I was initially pitching for investment, I was trying too hard to make the business cash-positive in one single stage. Had I appreciated that the business would develop and grow in value so quickly,

I would have outlined my longer-term investment requirements more strategically.”

#### Allocate more time to the project

“It takes a long time to secure any form of finance and it's no different in the case of business angel finance. If we had known at the start just how much time and effort it takes, I would have spent more time preparing an investment strategy at the outset.”



#### Find out more:

Equity finance

[businesslink.gov.uk/equityfinance](https://businesslink.gov.uk/equityfinance)

# Here's how I applied for a grant

**Michael Sekulla**'s traditional toyshop, **Pinocchio Toys**, had been trading in Dunster, Somerset for less than a year when he began looking for ways to reach more customers. A website was the obvious route, but with no computer and limited funds the path seemed blocked. With help from his local Business Link, Michael successfully applied for a grant to help buy the hardware he needed. The company now runs a thriving website, [www.pinocchio-toys.co.uk](http://www.pinocchio-toys.co.uk), alongside the original shop.

## What I did

### Set clear objectives

"We'd always planned to sell online, but we couldn't afford to invest a lot in computer equipment during the early months. Around that time, we had a visit from our local Business Link adviser who got us thinking about grants. The first thing Business Link asked us to do was to fill in a form setting out what we wanted and why. We also wrote our own plan outlining the business benefits we expected to gain from a grant. Putting our objectives on paper focussed our thoughts and helped with filling in applications later on."

### Explore the options

"We were very specific about our requirements. Knowing exactly what you want makes it easier

to narrow down the grant options available. We looked at local authority websites, approached rural development agencies and, most helpful of all, used Business Link's Grants and Support Directory. We were prepared to put in what money we could afford, which was important because we found that few grants cover the full cost of a project."

### Target the application

"Once we'd narrowed down the possibilities, we went through each grant's eligibility criteria in detail. We only wanted to apply for something that we had a realistic chance of getting. We finally went for a Rural Business Chest grant from Somerset District Council. The application process was quite rigorous, but the groundwork we'd done paid dividends.

"Grant bodies want to see that you're committed and that you've thought everything through from a business point of view. Getting the grant was a big boost. It enabled us to start on the website six to nine months earlier than we'd planned and meant

## MICHAEL'S TOP TIPS

- "Be clear about why you want the grant and put your objectives down in writing."
- "Use the Business Link Grants and Support Directory – it saves on legwork and will point you in the right direction."
- "Don't apply for lots of grants – it's very time consuming and your efforts are better spent doing a tailored application for the grant you want most."





“THE APPLICATION PROCESS WAS QUITE RIGOROUS, BUT THE GROUNDWORK WE’D DONE PAID DIVIDENDS”

we had e-commerce capabilities in time for the key Christmas selling period.”

### What I’d do differently

#### Don’t write a novel

“The plan we wrote was useful, but too wordy. Next time I’d make it shorter. I’d also produce a condensed version on a single page of A4 to attach as supporting material. Grant bodies get thousands of requests. They’re more likely to read one page of bullet points

than plough through a 20-page epic, unless that’s what they’ve asked for.”

#### Think bigger

“Looking back, we probably had a good chance of getting some money for software and website design as well. But at the time we didn’t want to push our luck. I’m not suggesting the sky’s the limit, but we thought ‘small’ when we should have been thinking ‘medium’”.



#### Find out more:

Grants: the basics

[businesslink.gov.uk/grantsbasics](https://businesslink.gov.uk/grantsbasics)

# Here's how I chose the right legal structure for my business

After ten years as the general manager of an office supplies company, in 2001 **John Kerr** decided that he wanted to run his own business. Initially, John went into partnership with a former colleague. After a series of disagreements they agreed to go their separate ways, and John has a new business partner.

## What I did

### Talk to a solicitor

"Originally I'd planned to take on my colleague as an employee. But he wanted to share in the management of the business, which seemed fair enough, so we talked to a solicitor about the choices.

"Setting up a partnership was the simplest option, and would avoid the extra costs of setting up and administering a company. The solicitor pointed out that we would both be personally liable for any business debts, but as we weren't planning to borrow this wasn't a big issue for us."

### Start the business

"The solicitor said that we needed a partnership agreement, and helped us draw one up. Preparing the agreement was a chance for us both to think

about how we wanted to run the business and what our responsibilities would be.

"Apart from that, the official side of starting the business was very straightforward. We each registered as self-employed and for VAT with HM Revenue & Customs and told them that we were going into partnership. At the same time, we set up a computerised accounting system and lined up an accountant to handle our tax returns. With our systems set up, we were ready to get on with building the business."

### Reorganise the business

"Unfortunately, we soon realised that we didn't work together well. We each had our own ideas on what we should be doing, and it wasn't helping the business at all. A few months after we started, my partner left the business.

"As it happened, there was someone else I wanted to bring into the business anyway. Reorganising the partnership was straightforward, but I did check with the solicitor and tell the accountant. It seems to have worked out well enough. Turnover of our business has

## JOHN'S TOP TIPS

- "Take professional advice on the best way to set up your business - don't assume that you need to form a company."
- "Think about how your business relationship will work in practice before you go into partnership."
- "Consider if your structure is still the right one when circumstances change - you don't have to stick with the structure you chose when you started up."



“SETTING UP A PARTNERSHIP WAS THE SIMPLEST OPTION, AND WOULD AVOID THE EXTRA COSTS OF SETTING UP AND ADMINISTERING A COMPANY. THE SOLICITOR POINTED OUT THAT WE WOULD BOTH BE PERSONALLY LIABLE FOR ANY BUSINESS DEBTS, BUT THIS WASN'T A BIG ISSUE FOR US”

more than doubled in the last three years, so we must be doing something right!”

### **What I'd do differently**

#### **Think through the working relationship**

“When we set up the original partnership, the solicitor made a point of talking about the problems we could

face if we disagreed on how to run the business. The partnership agreement was supposed to be a way of overcoming that risk, but we just didn't put enough thought into it. We were excited about starting our new business, not thinking about things going wrong. With the benefit of hindsight, I can see that it was always going to be difficult for me to adjust to sharing decisions with someone who used to work for me.”



### **Find out more:**

Choose the right legal structure  
for your business

**[businesslink.gov.uk/legalstructure](https://businesslink.gov.uk/legalstructure)**

# Here's how I set up a payroll system for my business

**Rebecca Alfandary** set up her business **Active Designs** to supply educational equipment to primary and nursery schools in 1995. When the company took on its first employee Rebecca decided to save money by setting up a manual, in-house payroll system. Now that the business employs five, it uses a payroll software package instead. Here, Rebecca explains how she set up her first payroll system and why she decided to get it computerised.

## What I did

### Contact the HM Revenue & Customs

"Setting up a manual payroll system was something I'd worried about and put off for as long as I could. I thought it would be complicated with a lot of form filling, but once you know what you're doing, it is quite straightforward.

"I contacted HM Revenue & Customs for a New Employer's Starter Pack, which contains all the information you need to set up a payroll system. I also spoke to a couple of HM Revenue & Customs advisers on the New Employer's Helpline who were very helpful."

### Complete the right paperwork

"Many of my first employees were second jobbers, which meant they didn't have a P45 from their previous employer. I had to get them to fill out a P46

and send it to the HM Revenue & Customs. Our payroll just involves making the standard PAYE and National Insurance contribution deductions. If there had been other considerations, such as student loan repayments, I might have considered outsourcing our payroll to an agency.

"When you do a payroll manually you have to use tables from the HM Revenue & Customs to work out how much to deduct. They're daunting at first, but once you know what pages to use, it's easy. You basically take the employee's gross earnings and cross-reference them against the correct tax band. Their personal tax allowance is taken into account automatically."

### Invest in a computerised system

"When we started to employ more people I asked my accountant about alternatives to our manual system and he recommended a well-known payroll software

supplier. It cost a couple of hundred pounds plus about £100 a year for the support package. It's pretty essential to have that as they send you updates when any rates of thresholds change, to ensure you're doing your

## REBECCA'S TOP TIPS

- "Make use of the HM Revenue & Customs website if you get stuck."
- "Get a computerised system as soon as you can. It is easier to set up while you only have a few employees."
- "Ask your accountant what payroll software they recommend."





“WHEN WE STARTED TO EMPLOY MORE PEOPLE I ASKED MY ACCOUNTANT ABOUT ALTERNATIVES TO OUR MANUAL SYSTEM AND HE RECOMMENDED A WELL-KNOWN PAYROLL SOFTWARE SUPPLIER. IT COSTS A COUPLE OF HUNDRED POUNDS A YEAR PLUS £100 FOR THE SUPPORT PACKAGE.”

calculations correctly.

“Manually, the monthly payroll took a couple of hours and I would send the deductions off to the HM Revenue & Customs by cheque. Now, it takes me 30 minutes, and with the advent of online banking, I can

transfer the deductions and my employees' wages directly.”

### What I'd do differently

“I wish I'd invested in the payroll software sooner. I thought it would be complicated to use, but it's very simple and a great timesaver.”



### Find out more:

Operate a year-round PAYE system  
[businesslink.gov.uk/PAYESystem](https://businesslink.gov.uk/PAYESystem)



# Here's how the tax authorities helped me start my business

**Rachel Jones** co-founded **Great Circle Communications Limited**, an Edinburgh-based reputations management consultancy, in 1998. Rachel explains how it quickly became clear that understanding tax issues was a top priority.

## What I did

### Sign up for HM Revenue & Customs courses

"If we were trying to build up other people's reputations, it was important we could look after our own, so getting the business' tax affairs right from the word go was essential.

"Our local HM Revenue & Customs office runs half-day courses and I took advantage of several of these in Great Circle's early days. I went on ones covering how to pay yourself, how to pay employees, maternity leave and sick leave.

"They've proved very helpful. I don't remember everything but it means when my accountant talks about tax matters I at least have an idea about the basics.

"The courses were free too - I'd have been crazy not to go on them."

### Invite the VAT inspector into the business

"Although we started the business from home with just one computer on the kitchen table, we knew we wanted to be VAT registered from the start. People expect to pay VAT in consultancy and having a VAT registration number positions you as a serious player. But VAT was double Dutch to us.

"We came across an HM Revenue & Customs stand at an exhibition where we chatted to the VAT inspector who agreed to come and visit us. I remember he sat in our living room - also our meeting room at that point - and gave us a presentation.

"He was very approachable and answered all of our questions about what exactly attracted VAT and whether it was more advantageous to lease or buy a company car.

"Though we were VAT registered from the start, we reached the VAT threshold anyway within eight

months. We were VAT inspected after three years and it was no big drama."

## RACHEL'S TOP TIPS

- "Don't take the ostrich approach - don't put your head in the sand over tax matters."
- "Helplines can be a great source of useful information."
- "Take a course to kick start your tax awareness."

### Use the tax helplines

"In the early days we used the various tax helplines quite a lot. We'd ring up the VAT office, for example, and ask why postage didn't attract VAT but you had to pass it on as



“OUR LOCAL HM REVENUE AND CUSTOMS OFFICE RUNS HALF-DAY COURSES AND I TOOK ADVANTAGE OF SEVERAL OF THESE IN GREAT CIRCLE’S EARLY DAYS. THEY’VE PROVED VERY HELPFUL”

a cost to clients. I’m still not afraid of ringing up and asking questions. They’re there to make sure you get things right.”

### **What I’d do differently**

#### **Speak to the National Insurance people**

“When we started out we assumed our bookkeeper

was keeping an eye on National Insurance but it wasn’t something they knew about and the result was a National Insurance shortfall and a big bill. It’s quite difficult to keep an eye on everything, but you must and for that you need to know the basics. We got the VAT right, but not the National Insurance.”



### **Find out more:**

Tax advantages for those starting up in business

**[businesslink.gov.uk/taxadvantages](https://businesslink.gov.uk/taxadvantages)**

# Here's how I recruited directors with different and complementary skills

**Strata Systems Ltd** is a business intelligence company providing analytical software for human resources management. Established in 1986, the company has 19 employees. Here managing director **Denis Hodge** describes the factors involved in recruiting his four board directors.

## What I did

### Identify skills required

"Although I've always worked in IT, when I started the company I knew I'd need to recruit other directors. My skills include identifying new markets, raising finance, and maximising return on investment, so finance was covered.

"One of the key reasons IT start-ups fail is that they have a great idea and technical know-how, but lack selling skills. So my first priority was to recruit a sales director.

"Although we had a great product, I also knew that business growth depended on developing new products. Next on the list was a product development director. Decisions on other directors were made as the business grew."

### DENIS'S TOP TIPS

- "Be clear on the skills you're looking for and be prepared to pay above the going rate for the right person."
- "Use all channels to find the right people to recruit."
- "Hire the person, not just the CV."

### Recruit on merit

"I recruited our sales director through a recruitment agency. He had an impeccable track record and references and demonstrated tremendous commitment and tenacity.

"Our first product development director was someone I'd worked with at a previous company. He brought to the business intellect, vision and a methodical management approach.

"We soon needed a second product development director. The person we recruited was working for a competitor at the time. We were impressed by his market experience and ability to identify future trends.

"The last director we recruited was an industry contact. His particular strengths were technical

knowledge, project management experience and a very commercial approach. He was brought onto the board as professional services director to manage our team of consultants and installers."

### Appreciate the differences

"Different skills and perspectives bring



“I RECRUITED OUR SALES DIRECTOR THROUGH AN AGENCY. HE HAD AN IMPECCABLE TRACK RECORD AND TREMENDOUS TENACITY.”

business benefits. For example, I’m always looking at ways to keep costs down, while my product development directors always want more resources to develop the best products they can. It’s a good balance - I’m there to apply the brakes, while they encourage me to invest.

“At other times, I rely on another director’s attention to detail because I’m more impulsive and inclined to get impatient with the small print.

“Overall, having directors with different skills and approaches means we look at things from different angles. This improves decision-making.”

### What I’d do differently

#### Empower people to do the job

“In the early days, we were fairly hierarchical and I wish I’d changed that sooner. We now have a formal policy that if directors can see a way to improve performance, they go ahead and do it. After all, if you’ve recruited good directors they need to have the freedom to make decisions.”



#### Find out more:

Recruiting directors

[businesslink.gov.uk/recruitingdirectors](https://businesslink.gov.uk/recruitingdirectors)

# Here's how I complied with the Data Protection Act 1998

When former teacher **Susan Moore** set up her own supply-teaching agency, **STC Consortium Limited**, she was alerted to the need to comply with the Data Protection Act 1998 by a potential customer. Two years on, Susan's business now provides cover for absent teachers over 6,000 square miles from the Tweed to the Tees and the business stores personal data about more than 800 teachers. Susan explains how she complied with the Act - and the efficiency gains that compliance has provided.

## What I did

### Gather information

"I didn't really know much about the Data Protection Act 1998 before I started trading. However, when I was discussing the service my business could provide to the Local Education Authorities (LEAs), they told me I should be registered with the Information Commissioner (IC). This is because my IT database was going to store the names, addresses, work experience and Criminal Records Bureau (CRB) details of the teachers that would work through the agency. I would also need to store hard-copy application forms in my archive. A lot of information about people, in other words.

"I found more information on the IC's website. You can also register as a data controller on there."

### Appoint a dedicated data controller

"I made a member of staff responsible for finding out about what we needed to do to comply with the Act. She went on the IC's website and sent off for information packs and videos available on the site. She also attended an information day to learn about the Data Protection Act 1998."

### Train all staff

"The data controller then trained the rest of the staff to process data confidentially and accurately, and to ensure it was seen by nobody outside the business.

"We used a video from the Information Commissioner as the foundation of these training sessions. You can order the video on data protection

through the Information Commissioner website.

"We compiled a handbook so every member of staff could have a copy to which they could refer at any time. This meant they knew how to handle and protect data at all times."

## SUSAN'S TOP TIPS

- "Use a dry, secure and alarmed archive so you don't run the risk of losing data to floods, fire or theft."
- "Make someone responsible for keeping data safe by having a designated keyholder."
- "Keep visitors away from your inner office so data cannot accidentally be seen - such as an IT engineer working on your PCs."





“I MADE A MEMBER OF STAFF RESPONSIBLE FOR FINDING OUT ABOUT WHAT WE NEEDED TO DO TO COMPLY WITH THE ACT.”

### **What I'd do differently**

#### **Set up data-protection policies before starting the business**

“The LEAs suggested that I should be registered with the IC. I should have done this from the start to comply with the Act.”

#### **Get permission to use data to apply for references as part of the initial paperwork**

“We now have a data-protection policy on the back

of our application form. This means people can fill the permission details out as part of their initial application, making the application process more streamlined. We only have to process one set of forms, rather than sending out a separate form, which would cost us more money in postage and administration time.”



### **Find out more:**

Comply with data protection legislation  
**[businesslink.gov.uk/dataprotection  
legislation](https://businesslink.gov.uk/dataprotectionlegislation)**

# Here's how we decided renting premises was best for our business

**Stewart White** started out window cleaning as a sole trader in June 2003. Now a partner in **White's Cleaning Services**, a contract cleaning and car-valeting company, he says operating from rental premises has enabled him to adopt a flexible approach to business development and growth.

## What I did

### Opt for short-term leases

"When I started out I rented because I didn't know how long the business was going to last. You never know what's around the corner and with short-term leases if you incur problems financially you can get out. I've never signed a lease lasting more than 12 months."

### Move to more appropriate premises as the business developed

"My first place was a unit where cars could drive in for valeting. But I decided to sell the valeting side of the business because contract cleaning was where the money was. Also, the unit was away from the main road and I had to spend a lot on advertising.

"As the unit's lease was on a monthly basis I just

gave one month's notice and I took a 12-month lease on a small office. The business then only needed somewhere to file work and receive phone calls. I stored equipment at the premises we cleaned.

"Then the opportunity came up to rent a car valeting centre. It was in a prominent position on the main road and a good way to get back into valeting so I took it up. Initially I kept the office premises as well, as I didn't know how things would go, but nine months later I moved the office here to save on money and travelling. Although there was still time to run on its lease the landlord let us out."

### Benefit from maintenance and security built into contracts

"A new landlord took over our old office while we were there and the building was given a complete

makeover. The outside was painted, the premises thoroughly cleaned, and a new alarm, front door and intercom fitted. It didn't cost us anything.

"The place we're in now has also recently had a full

## STEWART'S TOP TIPS

- "Look around at what's available. Don't jump at the first premises offered."
- "Take time to read contracts carefully."
- "Look at the length leases offered and consider where you expect your business to be in that time."



“YOU NEVER KNOW WHAT’S AROUND THE CORNER AND WITH SHORT-TERM LEASES IF YOU INCUR PROBLEMS FINANCIALLY YOU CAN GET OUT. I’VE NEVER SIGNED A LEASE LASTING MORE THAN 12 MONTHS.”

paint job on the outside and security cameras put up. Our rent hasn’t gone up because of this.”

### What I’d do differently

#### Negotiate better terms

“When I went for our first premises I paid the rent

that was asked for. It was only when I talked to others on our industrial estate that I realised some were paying less. I was a bit naïve. I didn’t realise we could negotiate and maybe get the rent a bit cheaper. Now I always negotiate when I meet landlords - and I always manage to get them down.”



### Find out more:

Renting business premises

[businesslink.gov.uk/rentingpremises](https://businesslink.gov.uk/rentingpremises)

# Here's how I registered and used my patent

After developing an innovative polyethylene zip with teeth, entrepreneur **Heather Kitching** set about exploiting her idea. But first she had to protect her design - and so began the process of securing a patent. Heather's hard work paid off - her idea is now used in a range of well-known packaging products and has scooped several high-profile awards

## What I did

### Understand your intended market

"In 1996 I invented the concept of the world's first polyethylene weldable zip fastener with teeth, which doesn't break under repeated use like some 'tramline' -type zips. At first the idea seemed so simple I nearly discounted it but it soon became clear that it had potentially successful commercial possibilities - and I'd need patent protection to make the most of these possibilities.

"While I wanted to protect the idea as soon as possible I held off lodging my application while I researched the market. Having discovered several market opportunities I was able to improve my patent outline. Armed with a clear, detailed idea I contacted the Chartered Institute of Patent Agents who put me in touch with a local solicitor who is registered with the professional body as a

patent agent. Doing so ensured I would be working with someone with credibility and confidentiality. Ultimately I talked to four agents before choosing one."

### Prepare the application

"The first step was to draw up a specification for the idea from which I could finalise my patent application. I spent a lot of time and money getting this right and used a professional draughtsman to get my conceptual drawings spot-on.

"I was then ready to submit the first part of my patent application, known as the "abstract". Essentially this outlines how my idea solves a problem. The second part of the application was to prepare my "claims". These form the skeleton of your idea and they explain in simple terms what your idea actually is. It is important to include as many of these as you can, so

that your idea is as specific as possible and isn't vulnerable to being copied. While all of this was being done my patent agent carried out searches at the Patent Office to check that my idea hadn't been done before. Once this was done I submitted my complete patent application."

## HEATHER'S TOP TIPS

- "Get up to speed with basic business skills - no matter how good the idea, you need basic sales and cash flow skills to be successful."
- "Speak to the Chartered Institute of Patent Agents - they can give lots of free advice on who to use and how to get a patent."
- "Get the legal aspects spot-on first time. If a licensee abuses your agreement all your hard work could end up being in vain."



### Capitalise on the patent

"Patent applications take a few years to be approved so during this time I turned my attention to developing the idea and finding companies that could turn the idea into commercial products. But in order to do this I had to brush up on my sales and marketing skills. Eventually, after a couple of years the patent was approved and, armed with prototypes, I licensed the technology to a major packaging company. Unfortunately this venture was unsuccessful after the licensee was found in breach of the agreement. Having secured the patent, it was easier for me to get the licensee to stop using the idea when we brought the agreement to a close.

"Since then I've followed a different approach by setting up my own company - Reuzip - with my husband, to handle the distribution and production of the merchandise. We now supply major supermarkets such as Sainsbury's with our unique

products and in 2000 I scooped the Tomorrow's World Entrepreneur of the Year Award and the Best British Invention - the first woman to win this award."

### What I'd do differently

#### Spread the risk

"I would avoid the temptation of putting all my eggs in one basket by signing up with just one licensee. Our one licensee took a long time to utilise the product - and ultimately abused the agreement - which ended up losing me valuable time and money."



### Find out more:

Get patent protection for your business

[businesslink.gov.uk/patentprotection](https://businesslink.gov.uk/patentprotection)



# Here's how my first IT system helped me set up my business

**Bill O'Brien** set up **Vetatech**, a West Yorkshire-based security and surveillance equipment company, in 2001. A simple collection of basic PCs met the business' needs in the early stages, but as the company grew, Bill needed to build on the basics cost effectively to get his technology to achieve more. Here's how he did it.

## What I did

### Assess the business' needs

"We knew that there were three key functions we needed from day one - the ability to send and receive email to and from potential clients and some sort of simple bookkeeping and word-processing functions. We wanted to start with a basic system and be able to add to it easily and cost effectively as the business grew.

"We bought three basic PCs with standard Microsoft Office software on each, such as Word and Excel. This allowed us to build templates for professional-looking customer quotations and simple spreadsheets for accounting. And we used a basic dial-up connection to get access to the Internet and email, using the modems built into the PCs."

### Get specialist advice

"We had made good progress with the business and needed to build on our IT system. We got to the stage

where we had five PCs - one for each member of the team - but we felt we could make the technology work more effectively for us.

"We got a lot of advice from the company that supplied the PCs. After outlining what we wanted to achieve - better communication and information-sharing internally, faster and cost-effective Internet access and data security - we came to a joint decision on the best way forward. The advice we got was invaluable - we couldn't have done without it. And it proved useful for the supplier too, as we've stuck with them since on the strength of the advice they gave us.

"From the initial setup of three stand alone PCs, we'd moved to five networked PCs and a central server. This meant that sharing customer details and documents across the business was much easier. We also started backing up data centrally from the server, so we had a copy of everything in case of disaster. And we switched to an ADSL (Asymmetric Digital Subscriber Line) Internet connection which was much faster than the dial-up option and saved us time as the connection is always on.

"What I realised was that building any IT system is a compromise between what you'd like to have and what makes a worthwhile investment. We spent most of our time isolating with the supplier exactly what we wanted to achieve. Once we'd done that, the advice we got meant specifying the kit to do the job was quick and easy."

## BILL'S TOP TIPS

- "First assess your business' needs and check the proposed solution will exactly meet those needs."
- "If in doubt, seek professional help - and don't be afraid to ask questions."
- "Leave room for expansion - it will save you money in the long term."



### **Make the system scalable**

“When we upgraded the system, we agreed with our supplier that it was important that we could quickly and cheaply extend the system as the needs of the business grew.

“For example although we had five users at the time, we bought an eight-port hub for the central server. It cost a minimal amount more than a smaller hub and it allows us to have up to 20 simultaneous connections to the server if we want - meaning we don’t have to spend masses of money upgrading the infrastructure when more staff join us.”

### **What I’d do differently**

#### **Have more confidence with IT specialists**

“Specialist IT suppliers often speak a completely

different language to the rest of us. At first it was a bit intimidating. But I learned after a while that if you’re confident and keep asking simple questions if you don’t understand, you stand a much better chance of getting the functions that you want at a good price. There’s no magic to building the right IT system - it’s a question of persistently asking what’s the best way to achieve your objectives.”



### **Find out more:**

Getting the most from IT in your business  
[\*\*businesslink.gov.uk/getmostfromIT\*\*](https://businesslink.gov.uk/getmostfromIT)

# Here's how I chose and managed my IT supplier

**Rebecca Cadman-Jones** is managing director of the Derbyshire-based business **KC Jones Conference & Events**. The company was established in April 2004 and has five employees. Here Rebecca explains how the business benefited from managing its relationship with an IT supplier.

## What I did

### Seek as much advice as possible

"As a business we are heavily reliant on IT. Last year we had 10,000 delegates sign up to our conferences - many of whom came via our bespoke online registration service. Our website is fundamental to reaching new customers.

"When we first started we had a limited budget with which to buy the IT equipment we needed, so selecting the right suppliers was crucial. We had to get value for money - service was a secondary factor at that stage.

"Before choosing our IT suppliers I spoke to friends and colleagues about the type of system we needed. I also talked to a Business Link adviser who helped us select the hardware we needed, as well as recommending a software supplier."

### Select a supplier

"I found most hardware suppliers offer similar packages at similar costs. We looked at several suppliers and the main difference in price was in the after-sales support. In the end, we chose a local company that was recommended to us as being cost effective but reliable.

"We decided to go elsewhere for our software, as we needed a bespoke package tailored to our individual needs. The software supplier Simple Solutions was recommended to us by our Business Link adviser. They visited us and we briefed them on our strategic IT objectives.

"They were prepared to adapt to our needs and offered us a list of options with associated costs. This enabled us to start with the basic essentials and then

bolt on extras as we could afford them."

## REBECCA'S TOP TIPS

- "Look at several suppliers to get a picture of what's available. But it's worth having an idea of what you want beforehand, as it will save you spending too much time on your search."
- "Consider how much IT support you actually need - this will depend on how much IT expertise you have in-house and how much you can afford to pay for a support contract."
- "Use a single supplier where possible and build a good working relationship with them."

### Build the relationship

"Building a good working relationship with our suppliers has been key to our IT system's success. But I still review the deals we've got to see whether there are better alternatives.

"It's worth having a signed contract which you both agree



“I SPOKE TO FRIENDS AND COLLEAGUES ABOUT THE TYPE OF SYSTEM WE NEEDED. I ALSO TALKED TO A BUSINESS LINK ADVISER WHO HELPED US SELECT THE HARDWARE WE NEEDED.”

to. Then you both know your obligations and what should happen in the event of a disagreement or dispute.”

### What I'd do differently

#### Plan for growth

“It would have been helpful to plan our longer-term hardware requirements at the outset.

“For example, we didn't buy a server for our

computers straight away and in hindsight we should have done. We told our supplier we couldn't afford one, but as our business grew, we expanded beyond two people and needed a server to meet our IT requirements. We didn't plan for this growth.

“If we'd had one from the beginning, it would have saved time and expense later on when we had to transfer a lot of information to the server.”



#### Find out more:

Choose and manage your IT supplier

[businesslink.gov.uk/chooseITsupplier](https://businesslink.gov.uk/chooseITsupplier)

# Here's how I identified and reached the right sales targets

When **Gareth Edwards** set up his value-added in-store merchandising business, **GEM Merchandising**, in Maidstone, Kent in 2003, sales generation was an immediate priority. Combining the use of technology with a methodical approach, Gareth was able to reach the decision-makers that mattered. GEM's national team of 85 merchandisers now make 30,000 service calls per year to customers that include Woolworths, Homebase and B&Q.

## What I did

### Gather information

"We concentrated initially on the DIY retail market, because that was my background. Our first step towards identifying sales targets was to attend several trade shows for fact-finding and to make contacts. We also purchased the data lists held by the show organisers and transferred them onto our own database, which we then added to and tailored. "Company websites were another fruitful source of information and we also quizzed our own personal contacts gained from 20 years in the industry. "When you're working out which individuals to target for sales purposes, 'heading for the top' is a good rule of thumb, but it doesn't always apply. In larger companies, we found we had more success with sales and marketing managers than we did with managing directors."

### Make contact

"Armed with a database of target contacts, we adopted a three-pronged approach. First, we sent each contact a company brochure, followed by an email alert, then a phone call. We found that calling people who had already seen our name on a brochure or email made them more likely to talk to us.

"With all sales targets, the name of the game is developing a relationship, so it's important to personalise communications. We discovered early on that sending a generic message addressed to 'the marketing manager' didn't work well at all.

"Crib-sheets can be very useful in phone conversations. A brief list that includes the key benefits of your service plus notes on the customer's business helps you to sound knowledgeable and stay focussed. Remember that the ultimate goal is to get a face-to-face meeting, so you have to provide succinct, convincing reasons to persuade someone that it's worth their while."

## GARETH'S TOP TIPS

- "Be persistent, but don't be a pest."
- "Always focus on the benefits your product or service can offer."
- "Don't take a brush-off personally."

### Be persistent, be professional

"Sometimes we had to be quite persistent in order to secure a meeting or even to get the person on the phone. However, we found that as long as you have genuine business benefits to





offer, most people don't mind being chased.

"Even when the answer's no, we've never been told we didn't get a piece of business because we were too tenacious. Conversely, giving up without getting a decision means you've effectively wasted your resources.

"We always made sure that we communicated our sales progress internally. For example, it's good to let all customer-facing staff know the names of potential targets you've contacted, so that if prospects phone in, they get treated appropriately."

## What I'd do differently

### Focus on email

"We made good use of the internet in finding and contacting potential targets, but we didn't focus on it enough in the early days. Our experience has

shown that we get three times the conversion rate from contacting people by email than we do from conventional mail."

### Use what works

"Tailoring the sales pitch to the target is important, but there's no point re-inventing the wheel every time. It took us a while to start recording the details of successful pitches so that the same techniques could be used on subsequent occasions."



### Find out more:

Target the right people in an organisation  
[businesslink.gov.uk/targetrightpeople](https://businesslink.gov.uk/targetrightpeople)

# Here's how I got my great new product in front of customers

**Sam Tate** co-founded **Sprue Aegis plc** in 1998 when he and his business partner came up with an innovative smoke detector. The FireAngel fits between a light fitting and the bulb, taking its energy from the mains. FireAngel charges up its rechargeable battery when the light is on - and runs off the battery when the light is off. The company hasn't looked back since convincing one high-street retailer to sell the detector. It's now stocked in around 6,000 outlets.

## What I did

### Research the target consumer

"We spent months digging out market research reports, talking to the Fire Brigade and the Office of the Deputy Prime Minister - the government department responsible for fire safety. Once we confirmed the FireAngel was a valuable idea, I went out on to the street to see if there was a market for it. We basically just stopped people, showed them the prototype and asked a set list of questions. We also looked closely at our competitors' products and who their market was.

"We initially worked out a sales strategy involving the Internet, direct marketing and advertising. However, we soon knew on a cost-per-sale basis this wouldn't be feasible - we would have sold less and

had to charge twice as much. We then realised an ideal way to reach consumers who wanted a quick solution was through supermarkets."

### Get the right price and sales channel

"Most smoke detectors retail at between £5 and £10. We knew we could charge a premium because fitting the alarm is as simple as changing a bulb. It doesn't need a battery and it lasts for up to ten years. We set the price at around £20 but the retailer obviously takes a margin. Remember - it's a lot harder to put the price up than drop it down, so don't go in too cheaply."

### Nail the sales pitch early

"It's really important to be able to get your message across in 30 seconds flat. If you get the chance to

speaking to a buyer, you need to be able to sock it to them - they're extremely busy people. It's definitely down to trial and error so I would recommend rehearsing your sales pitch in front of anyone who will listen, and not delivering it for the first time to the top buyer at a potentially major client. "It took three years to get our product to market. A lot of this time

## SAM'S TOP TIPS

- "Remember that getting your first customer will give you a sales record, making it easier for others to follow."
- "Provide as much hard data as you can about your pricing and the benefits your product will bring to the buyer."
- "Eliminate all the unknowns: make sure you understand your market, product, customers, users and brand."



“WE REALISED AN IDEAL WAY TO REACH CONSUMERS WHO WANTED A QUICK SOLUTION WAS THROUGH SUPERMARKETS.”

was spent on design and safety testing, but it took 18 months of talking to one well-known high-street retailer before they agreed to stock the alarm. Once you're in there with one retail chain, it gets much easier to approach others. But you definitely have to be persistent to succeed.”

### **What I'd do differently**

**Don't take “no” for an answer - right from the start**

“It's easy to say, but be prepared for knockbacks. We

got them - and would have started to get demoralised by them without a total belief in our product. After a short time we realised that persistence was the key to making it all happen. Buyers are busy people and you've got to make yourself stand out from the crowd. For example, we waited in the reception of one high-street retailer's head office until the buyer agreed to see us. Sometimes you have to go to that level.”



### **Find out more:**

Develop new products and services  
[businesslink.gov.uk/developnew  
products](https://businesslink.gov.uk/developnewproducts)

# Here's how I made the decision to export

Engineering solutions company **SFM Technology Ltd** had a shrewd idea that there was an overseas market for its advanced soft fruit harvesting machinery. With the help of the International Trade Team at his local Business Link, sales and marketing director **Keith Tridgell** put the company's ideas into practice. The company has already shipped its first machine to New Zealand and another is en-route.

## What I did

### Get the right advice

"We couldn't have achieved what we have without the help of the Business Link Somerset International Trade Team. Previously we'd been reactive rather than proactive when it came to exporting, but the International Trade Team really got us focused.

"The first thing they did was to assess our readiness for exporting with an export health check. We were given the green light and accepted for the Your Passport to Export Success programme, which is funded by UK Trade & Investment (UKTI), an agency of the DTI. The programme provides mentoring, training and matched funding for novice exporters and includes help with all aspects of exporting. The contacts provided by our local export mentor, as well as his overall advice and input, were invaluable."

### Research the market

"Armed with a list of contacts, we spent months researching the market and putting together an export plan. We wanted to concentrate initially on New Zealand, since they produce a lot of soft fruit and have similar growing conditions to the UK. We also wanted to start in a market where there was no language barrier.

"The Your Passport to Export Success programme put us in touch with the British Consulate in New Zealand and from there I planned my first market visit, which the Passport scheme partially funded. I made three subsequent trips, which we paid for ourselves. Local knowledge is everything and each visit turned up new information, information we would not have gathered without face-to-face meetings.

"Among many other things, the visits enabled us to research competitors, investigate a sales support

system and talk to potential customers in depth. Having UKTI support opened doors and put us in direct communication with all the key people."

### Appoint an agent

"It soon became clear that we would need an agent to

## KEITH'S TOP TIPS

- "Understand your target market and make sure you research everything from competitors, through pricing to logistics."
- "Commit resources and think about the investment you need to carry on once you finish a Your Passport to Export Success programme."
- "Communicate regularly with your contacts in the country, since this will make sure your network remains fresh and new opportunities are taken."



handle things for us in New Zealand. At that distance it's hard to do everything yourself, even in these days of email and the Internet. The network of contacts built up during my market visits enabled us to find exactly the right person. Our agent provides on-the-spot customer contact, handles front-line maintenance issues and helps to streamline the paperwork. As well as several meetings in New Zealand, we arranged for our agent to visit our UK site. This underlined his confidence in the product and cemented the relationship."

### **What I'd do differently**

#### **Allow plenty of time for visits**

"On my first visit to New Zealand I thought I'd allowed plenty of time, but it wasn't enough. That first visit is

crucial and you can save yourself time and money later by making the most of it."

#### **Invest more**

"When exporting is unknown territory it's easy to be over-cautious. The resources we allocated were adequate but perhaps, with the value of hindsight, we should have had the confidence to make a bigger initial investment."



### **Find out more:**

Market entry, selling and promotion overseas

**[businesslink.gov.uk/sellingoverseas](https://businesslink.gov.uk/sellingoverseas)**



# Here's how I selected and bought my franchise

Entrepreneur and trained optometrist **Stephen Halpin** always intended to run his own business. In his chosen market, the high street optical services sector, a franchise seemed like a good way to get a head start. After considering the options, Stephen bought one of the first **Boots Opticians** franchises in Northwich, Cheshire.

## What I did

### Select the franchise

"The retail optical services market is highly competitive and starting an outlet in your own name is a risky affair. A franchise made sense, because it reduces some - not all - of the risks, offers a familiar brand name to build on and provides support with marketing and other aspects. There are several franchisors out there and I considered them all. I decided to go for a Boots Opticians franchise.

"Boots' reputation with UK consumers is excellent and brand awareness is almost universal. Also, because I was applying for one of the first Boots Opticians franchises, there was more scope to get involved in developing the operational systems. This was important to me - I found that longer-established franchisors had a less flexible attitude."

### Work out the figures

"With the help of an accountant, I put together a

detailed business plan. The store I wanted to take on had been trading as a Boots Opticians for several years so it had financial records to assess. Other factors I considered were the store location, local competitors and current operational practices. Without a clear idea of how much the business could make and how much cash I needed, it would have been impossible to tell if the franchise agreement on offer was worthwhile."

### Check the agreement

"The business plan also formed the basis of the presentation I gave to Boots' management. This was a key part of the process of being accepted for the franchise. The presentation and plan also gave me the information I needed to negotiate a contract. Following the presentation we had a number of conversations about the principles of any agreement.

"Once I had been accepted for the franchise, Boots drew up a franchise agreement setting out

terms, conditions and fees. I got advice from specialist franchise solicitors before signing. One of my key objectives was to ensure that the agreement benefited both parties, that I made money and so did Boots.

"Starting from this position,

## STEPHEN'S TOP TIPS

- "Don't assume a franchise is an easy, risk-free option - you'll be running your own business with all the responsibility and hard work that entails."
- "Use professional advisers and make sure they're franchise specialists."
- "Negotiate your agreement and don't think you have to accept the first set of terms put in front of you."



I didn't accept the initial agreement and was able to change a few things. I wanted an incentive to grow the business, rather than just keep it ticking over, and Boots recognised that. One very useful point we negotiated was a deferment of payment on the upfront licence fee, which is one of the biggest franchise costs. I paid a portion on signing, the rest a few months later. It meant I had to borrow less in the early days."

## What I'd do differently

### Get even more advice

"I made use of professional advisers and also had help from Boots, who paid for a course covering tax planning, regulatory compliance and so on. Even so, I wish I'd had more advice, especially with regard

to employment law and the impact of VAT on the business."

### Understand TUPE better

"TUPE stands for the Transfer of Undertakings (Protection of Employment) Regulations. It's a piece of legislation that's concerned with the transfer of staff from one employer to another. As I was taking on existing staff with the franchise, a better understanding of TUPE would have been helpful during negotiations."



### Find out more:

Buy a franchise

[businesslink.gov.uk/buyfranchise](https://businesslink.gov.uk/buyfranchise)

Are you starting up a business, or thinking about doing so? If you've ever wished you could tap into what others learned about starting up, this book is for you. It brings together 21 of the best case studies on the Business Link website. Each one features a real business owner or manager, speaking in their own words, about how they made a success of the starting-up process.

There are 100 more case studies at **[businesslink.gov.uk/casestudies](https://businesslink.gov.uk/casestudies)**, and the website contains a wealth of other guidance: punchy, practical advice and tools to help you in every aspect of starting up your business, especially at **[businesslink.gov.uk/startingup](https://businesslink.gov.uk/startingup)**.



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