



START UP

your business



INTRODUCTION AND CONTENTS

Welcome to this toolkit for start-ups. Over the next few pages, we're going to give you essential knowledge, practical steps and resources to help you launch your business.

Breaking down some key terms

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You'll need to understand essential business terms to make informed decisions. This is a jargon busting guide to help you navigate some of the most common business terms, including those used in this toolkit.

1. An introduction to starting a business

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Explore the rewards and challenges of starting a business in today's economy. This section discusses the motivations for entrepreneurship, from personal fulfilment to financial independence. It also addresses some common hurdles you might need to overcome, and mindset shifts you might need to make, to succeed.

2. Idea validation and market research

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Testing your business idea's viability is crucial. This section guides you through validating ideas, understanding your target audience and assessing demand. It also covers how to conduct market research and competitor analysis, so you can make data-driven decisions.

3. Building your business plan

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A well-structured business plan will be your roadmap for growth. Here, you'll learn to develop a detailed plan that covers your mission, vision, market analysis, financial projections and operational strategies. We've also included some tips for presenting it effectively to potential investors and stakeholders.

4. Legal setup and registration

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Choosing the right structure for your business, and complying with legal requirements, will be crucial to your success. This section explains the different structure types, registration processes and important things to consider, such as taxes and employment laws.

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5. Funding your start-up

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Learn about how you can fund your start-up – from personal savings to venture capital. This section explores each funding route's advantages and challenges. It also gives you practical tips on financial management, pitching and securing the funding needed to launch and grow your business.

6. Managing operations and useful tools

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Efficient operations will be key when it comes to scaling your business in the future. This section introduces essential tools for project management, invoicing and customer relationship management. Equipping you with practical tech solutions to boost your productivity and get things running smoothly.

7. Growth strategy

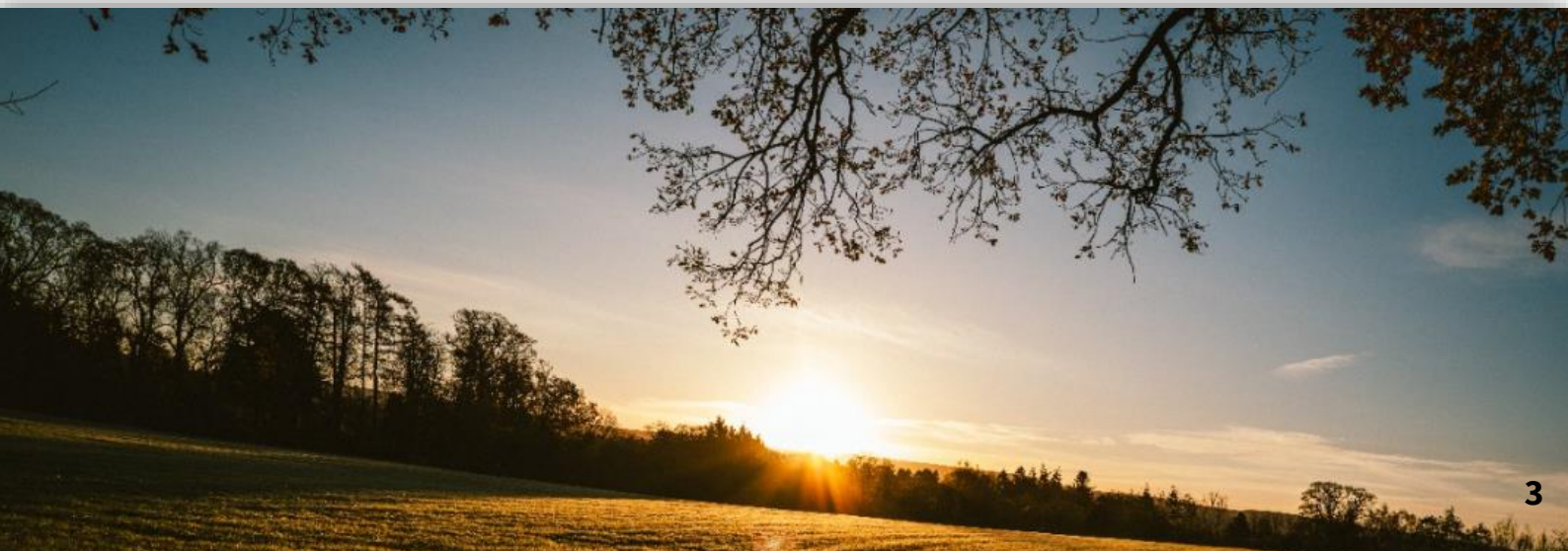
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Sustainable growth requires careful planning. Here, you'll find strategies to build financial stability, expand your market reach, improve operational efficiency and invest in your people. All of these will set your business up to thrive in the competitive landscape.

8. Next steps and resources

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Taking the leap from planning to action, this section offers actionable steps to launch your business. We've also recommended some books, websites and online courses. Use to further develop your skills and knowledge for continuous growth and learning.



BREAKING DOWN SOME KEY TERMS

Understanding these key terms is essential for making informed decisions.

Here's a jargon busting guide to help you navigate some of the most common business terms, including those used in this toolkit.

Turnover

The total income generated from business sales. It doesn't include VAT and any one-off credits, such as loans or grants. It represents the core revenue from your products or services.

Net profit

Net profit is your total sales income minus all business costs. Business costs include rent, employee salaries and raw materials. Debt repayments, personal drawings and taxes aren't considered business costs.

Cash flow

The movement of money in and out of your business. Positive cash flow means you're earning more than you're spending. Negative cash flow means more money is leaving the business than coming in.

Profit margin

This is a measure of profitability. It's calculated as the difference between your revenue and the cost of goods sold (COGS). It's expressed as a percentage of revenue. A high profit margin means your business is efficient at generating profits from its sales.

Minimum viable product (MVP)

An MVP is a basic version of your product. It includes only the essential features needed to test the product with customers and gather feedback for future versions.

Start-up incubator and accelerator programmes

Incubators provide a supportive environment for start-ups in the early stages of developing a business idea and turning it into a viable venture. Accelerators rapidly propel start-ups to the next level of growth.

Burn rate

The rate at which a company spends its cash reserves. Start-ups often track their burn rate to make sure they have enough cash. They need enough cash to keep the business going, until they become profitable or secure more funding.

Equity

Equity represents ownership in the company. When raising funds, start-ups often sell equity in exchange for investment. This means giving investors a share of the business ownership.

Seed funding

This is the initial funds raised by a start up to get the business off the ground. Seed funding is typically provided by angel investors, venture capitalists, or friends and family.

Scaling

Scaling refers to growing your business in a way that increases revenue at a faster rate than costs. It's a key focus for businesses looking to expand operations while maintaining efficiency.

Return on investment (ROI)

ROI measures the gain or loss generated by an investment, relative to its cost. It's a useful metric for determining if an investment is providing a worthwhile return.

Key performance indicator (KPI)

KPIs are metrics that track the performance of specific aspects of your business. For example, tracking customer retention rates or monthly revenue growth helps measure progress towards your business goals.

Break-even point

This is the point at which your total revenue equals your total business costs. This means you're neither making a profit nor incurring a loss. Understanding this helps you plan for profitability.

Bootstrapping

Bootstrapping refers to starting and growing a business using only personal savings and revenue generated by the business, without relying on external investors or loans.

AN INTRODUCTION TO STARTING A BUSINESS

Why starting a business now can be rewarding

Starting a business is an exciting adventure. It means you can turn your passion into something meaningful. In today's ever-changing world, running your own business offers an amazing opportunity to make your mark.

Technological advancements

The digital world has made it easier than ever to start a business. With online platforms, cloud tools and mobile technology, you can run your business from your home and reach customers all over the world.

Personal fulfilment

Owning a business can go hand in hand with pursuing your passion. It can also help you to make your mark and make a meaningful impact in your community.



Changing consumer behaviours

Consumers are more open to trying new products and services, especially those that offer convenience, personalisation and sustainability.

Economic incentives

Governments and institutions can offer grants, tax incentives and support programmes to small businesses like yours.

Financial independence

Running a successful business can lead to better financial stability as well as creating wealth and providing long-term security for those you care about.

Common challenges and mindset shifts for new entrepreneurs

Starting your own business is exciting. But it comes with its fair share of challenges. You might feel self-doubt, worry about failing, or face lots of uncertainty. If you are, don't worry, it's perfectly normal.

It's all about having a growth mindset. Think of failure as a chance to learn, not as a roadblock. Be flexible and resilient. The business world can change quickly, and you'll need to adapt.

You'll also handle tricky things like managing your cash flow, juggling your time and balancing work with your personal life. It can feel overwhelming. But successful entrepreneurs manage stress and come up with creative solutions. Building a strong network, finding a mentor and learning new skills will help you tackle those early hurdles and keep moving forward.

IDEA VALIDATION AND MARKET RESEARCH

Testing your business idea for viability

Let's be real – not every idea is a great one. And even some great ideas in the wrong market will fall flat. Here's how to test your idea and make sure you understand what makes your market tick before you get started.

Define your unique value proposition (UVP)

Identify how your product or service solves a problem, or fulfils a need, better than others.

What makes your offering unique?

Why should customers choose you?

Identify and understand your target audience

Demographics – age, gender, income level and education.

Psychographics – interests, values and lifestyle.

Behaviours – buying habits and brand interactions.

Conduct a feasibility study

Look at the technical, economic, legal, operational and scheduling parts of your business.

Decide if your idea is practical and profitable.

Develop a minimum viable product (MVP)

Create a simplified version of your product to test core functionalities.

Use the MVP to get user feedback and make improvements.

Gather customer feedback

Use surveys, questionnaires and interviews to collect feedback.

Platforms like SurveyMonkey or Typeform can make this process easier.

Assess market demand

Use tools like Google Keyword Planner to see search volumes.

Analyse trends with Google Trends to understand what people want and when.

Run a competitor analysis

Identify direct and indirect competitors.

Analyse their strengths, weaknesses, pricing and market share.

Calculate financial projections

Estimate your start-up costs, operating expenses and potential revenue.

Set your break-even point and profitability timeline.

How to conduct basic market research and customer validation

Good market research includes both quantitative and qualitative methods. This means you use both numbers and what people say to make changes. Let's go through some examples.

Primary research

Surveys – design clear, concise surveys with a mix of open and closed questions. Send them out by email or social media.

Interviews – conduct one-on-one or group interviews. Prepare open-ended questions to encourage detailed responses.

Focus groups – assemble a group that represents your target market. Facilitate discussions to explore perceptions and attitudes.

Secondary research

Use industry reports, academic journals and trade publications to gain an overview of the market landscape and identify macro trends. Macro trends are major shifts in consumer behaviour on a global scale.

Data analysis

Organise your data using spreadsheets or data analysis software.

Look for patterns, correlations and insights that can help you plan your strategy.

Pre-sales or crowdfunding

Launch a pre-sale campaign to assess interest and make some money early on.

Platforms like Kickstarter or Indiegogo can help you test if a market is likely to work.

Ethical considerations

Make sure you're complying with data protection regulations. For example, the General Data Protection Regulation (GDPR).

Obtain consent for data collection and be transparent about what you're using the data for.

Online forums

Chat with potential customers on platforms like Reddit, LinkedIn or industry-specific forums.

Use social listening tools, like Sprout Social, to track mentions and sentiment.

Customer personas

Create detailed profiles to represent segments of your target market.

Include demographics, needs, pain points and buying behaviours.

Observation

Analyse customer behaviour in natural settings. For example, in-store visits and website analytics.



Your mission, vision, financials, marketing and operations

Your business plan serves as a strategic blueprint and is essential for attracting investors. Here's what it should include.

Executive summary

Summarise the key points of your business plan.

Include your business concept, financial highlights and funding needs.

Market analysis

Industry overview – size, growth rate and trends.

Target market – segmentation, size and needs.

Competitive landscape – identify key competitors and analyse their strategies.

Products or services

Describe your products in detail. Highlight their unique features.

Include if any of your products or services are protected by a registered trademark or patent.

Operations plan

Location – physical premises, online presence or both.

Facilities and equipment – describe required facilities and any specialised equipment.

Supply chain management – sourcing of materials, inventory management and supplier relationships.

Production process – outline manufacturing or service delivery processes.

Company description

Provide detailed information about your business, including its history, structure and objectives.

Explain the problem you're addressing and how you're solving it.

Financial plan and projections

Start-up costs – equipment, inventory, licences, legal fees and initial marketing.

Income statement – revenue, expenses and net income projections.

Cash flow statement – inflows and outflows of cash to ensure liquidity.

Balance sheet – assets, liabilities and owner's equity.

Break-even analysis – calculate the sales volume needed to cover costs.

Assumptions – clearly state the assumptions used in your financial projections.

Appendices

Include any supporting documents. For example, market research data, CVs of key team members, legal documents and product images or prototypes.

Mission and vision statements

Mission statement – states your business' purpose and core values. For example, 'to provide eco-friendly packaging solutions that reduce environmental impact'.

Vision statement – this describes your long-term aspirations. For example, 'to become the leading provider of sustainable packaging worldwide'.

Organisation and management

Outline your organisational structure in a chart.

Include a bio for each key team member that shows their relevant experience and expertise.

Marketing and sales strategy

Branding – logo, tagline and brand messaging.

Channels – social media, content marketing, SEO and paid advertising.

Promotions – discounts, loyalty programmes and partnerships.

Sales – process, techniques, customer acquisition and retention strategies.

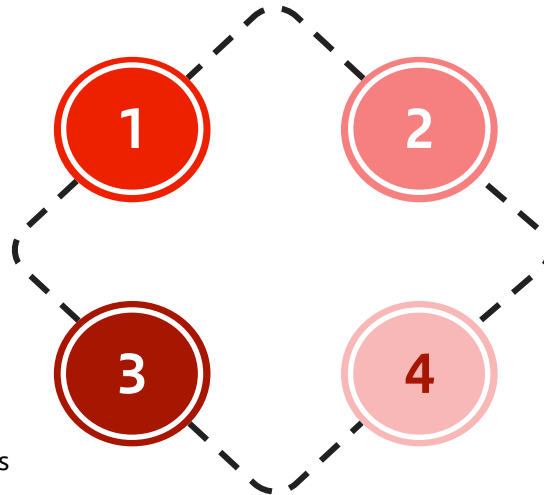
Tips for creating an effective business plan

Be realistic

Use conservative estimates to avoid overpromising.

Tailor it to your audience

Change the focus depending on whether it's for internal use, investors or lenders.



Be professional

Make sure the plan is well-organised, free from mistakes and professionally formatted.

Ask for feedback

Get your mentors or advisers to check your plan and give you feedback.



Choosing your business' structure

Understanding the different structures will help you decide which structure is best for your business.

Sole trader

- A business owned and run by just you, although you can have employees who work for you.
- You'll pay income tax on your earnings.
- You're personally responsible for any business debt.

Partnership

General partnership (GP) – shared management and profits. Joint liability for debts and obligations.

Limited partnership (LP) – includes general and limited partners. Limited partners are responsible for the amount they invest in the business.

Limited liability partnership (LLP) – partners have limited personal liability. This structure is common for professional services firms.

Corporation

- A corporation is a legal entity separate from its owners. Its shareholders are its owners.
- They pay corporation tax. This is a tax on the profits of the business.
- They can raise capital through selling shares.

Limited company

Private limited company (Ltd) – shareholders are the owners, and they have limited liability. These companies pay corporation tax.

Public limited company (Plc) – this works the same as a private limited company, except shares are sold to the public on the stock market.

Non-profit organisation

- Operate for charitable, educational or social causes.
- Might be exempt from income taxes.
- Profits must be reinvested in the organisation.

Registering your business and understanding legal requirements

When setting up your business, make sure you consider the following legal requirements.

Name and VAT registration

Get a VAT number and register your business to pay tax.

Depending on the type of business you're registering, you might also need to register your business name.

Compliance with regulations

Follow data protection laws, such as GDPR, if your business holds or uses personal data.

Make sure you comply with environmental regulations if your business impacts the environment.

Employment laws

When hiring employees, make sure that you comply with laws, minimum wage and workplace safety regulations.

If you hire any independent contractors, make sure you understand the difference, so you classify your workers correctly.

Record keeping

Keep records of all financial transactions, contracts and legal documents.

You'll need to do this for tax reasons and legal compliance.

Licences and permits

Licences are required for businesses regulated by law. For example, alcohol.

The need for devolved and local licences changes by industry and location. For example, health department permits.

Open a business bank account

Helps to manage your business' finances and keep accurate records.

You'll also need one so your business can accept credit card payments.

Insurance requirements

Public liability insurance protects against claims of injury or property damage.

Professional indemnity insurance protects service-based businesses against negligence claims.

You'll need employer's liability insurance if you have any employees.

Consult professionals

Chat to a solicitor or accountant to help you navigate complex legal and financial requirements.



An overview of funding options

There are various funding options available for start-ups. Read about each of them below and think about which could work best for your business.

1

Personal savings

- This gives you full control and shows your investors that you're committed.
- This comes with a personal financial risk and might limit the growth potential of your business.

2

Crowdfunding

- You can use platforms such as Kickstarter, Indiegogo and GoFundMe.
- There are rewards-based crowdfunding options. This is where backers receive a product or service for free.
- There are also equity-based options. This is where investors receive equity shares.

3

Bank loans, overdrafts and credit cards

- To access these options, you'll need a solid business plan, collateral and good credit history.
- There are term loans. These come in the form of a lump sum with a fixed repayment schedule.
- There's also the option of an overdraft. This is where you can access money, up to an agreed limit, as needed.
- Credit cards can be used for everyday expenses. For example, travel costs.

4

Government grants and subsidies

- You might be eligible for these through the British Business Bank or a local government programme.
- Consider your focus areas. For example, certain grants are available for innovative, sustainable and minority-owned businesses.

5

Angel investors

- This is where high-net-worth individuals invest their own money.
- This might also open the door to the opportunity of mentorship and industry connections.

6

Venture capital

- This is where firms invest pooled funds in high-growth potential businesses.
- These firms might expect a significant equity stake and influence over business decisions in return.

7

Other options

- Peer-to-peer lending – loans facilitated through online platforms, such as LendingClub.
- Invoice financing – borrowing against outstanding invoices.
- Microloans – small loans from non-profit or community organisations.

Tips for securing initial funding and managing your finances

Securing funding can be a tricky process and you might not be successful in your first pitch. Use these tips to help increase your chances of securing the funding you need to get started.

Prepare comprehensive financial documents

Outline your budget, including all start-up and operational costs.

Provide forecasts, including realistic revenue projections and cash flow statements.

Improve your personal and business credit scores

Pay bills on time, reduce debt and correct any errors on credit reports.

Network

Attend investor conferences, pitch events and join start-up incubators or accelerators.

Prepare for your pitches

Develop a compelling pitch deck that highlights your value proposition, market opportunity and team strength.

Financial management practices

Use accounting software for real-time financial tracking.

Review your financial statements regularly to make informed decisions.

Understand funding terms

Carefully review interest rates, repayment schedules, equity dilution and investor rights.

Cost control measures

Negotiate with suppliers, consider leasing equipment and outsource activities that aren't at the core of your business.

Keep track of any discretionary spending too.

Seek professional advice

Accountants and financial advisers can help you with tax planning and financial structuring.




MANAGING OPERATIONS AND TECHNOLOGY TOOLS


Tools you can use to manage your operations


Here are some popular tools and websites to help you manage your business. Make sure you explore other options too, to find what works for your business.

Project management

Project management tools will help you stay organised. They can streamline task assignments, deadlines and team collaboration. This will make sure that projects are completed efficiently and on time.


 **asana** can help you manage tasks, set deadlines and collaborate.


 **Trello** can help you visualise projects using boards, lists and cards.


 **Basecamp** combines project management with team communication.

Communication and collaboration

Communication and collaboration tools allow remote teams to stay connected, share ideas and work together in real time. This helps to enhance productivity and teamwork.


 **slack** for instant messaging, with channels for team collaboration.


 **zoom** for video calls when you have remote meetings.

 for an integrated chat feature, meetings and file storage.

Customer relationship management (CRM)

CRM tools help you to manage customer interactions, track sales pipelines and improve customer satisfaction by centralising customer information.

 **salesforce** offers comprehensive CRM for sales, service and marketing.

 **pipedrive** offers sales-focused CRM with pipeline management.

E-commerce

E-commerce platforms provide you with everything you need to launch and manage an online store, from payment processing to inventory management.



is an all-in-one platform. It can be used by online stores to do things such as payment processing.



is an open-source platform for customisable e-commerce solutions.

Marketing

Marketing automation tools help you to streamline and scale marketing efforts. So you can reach the right audience at the right time across various channels.



is an email marketing and automation tool.



can be used to schedule and manage social media posts across platforms.

Human Resource (HR)

HR management tools can simplify processes like your payroll, benefits and recruitment. Helping you to effectively manage your growing teams.



can manage your HR, people management and health and safety.



offers easy to use HR management tools.

Data analytics

Data analytics tools provide valuable insights into website traffic, user behaviour and business performance. Having these insights will help you to make data-driven decisions.



tracks website traffic and user behaviour.



visualises data for insights and decision-making.

Automation

Automation tools help you to streamline repetitive tasks and integrate various apps. This will free up some of your time and help to reduce the amount of manual work required across your various workflows.

 **zapier**

can connect apps to automate workflows. For example, it can automatically add new form entries to a spreadsheet.

 **Notion**

offers similar integration and automation capabilities.

Inventory and supply chain management

Inventory and supply chain management tools help you track stock, manage orders and streamline logistics. This means you can make sure that you have enough of your product to fulfil your orders.



tracks inventory levels, orders and deliveries.



manages inventory with multi-channel support.

Customer support

Customer support systems can help you to manage customer enquiries and engage with users effectively. This will help you build strong customer relationships and resolve issues quickly.



is a live chat and customer engagement platform.



provides customer service software for managing enquiries.



Implementing small, sustainable practices

To grow sustainably, focus on 3 pillars - finances, operations and people.

Stabilising your finances involves having a positive cash flow, managing your debt and securing scalable funding options.

On the operational side of things, try to streamline processes, reduce inefficiencies and maintain strong supplier relationships.

When it comes to people, invest in talent development to build a resilient team. Create clear career paths for your team and foster a positive work culture so they stay with you.

How to develop a strategy for growth

Set clear goals

Identify long-term objectives and measurable milestones for growth. Make sure these goals align with your business' finances, operations and people power.

Customer and market expansion

Explore new markets and customer segments through market research. Develop targeted marketing campaigns and change your product or service offerings to meet the needs of diverse audiences.

Scalability

Implement scalable processes and technologies. This means you can do more, without it costing more. Automation, cloud services and CRM systems will help you manage growth without overwhelming your operations.

Financial management

Make sure you have access to money for expansion, whether it's through retained earnings, loans or investors. Look ahead and consider what you might need to pay for and keep a close eye on your cash flow.

People management

Prioritise employee development and create a culture that supports innovation. Consider leadership training, team building and performance-driven incentives to align people's goals with the business.

Operational efficiency

Keep assessing how you do things to make sure your systems and processes can handle increased demand. This might include improving supply chain management, enhancing product delivery systems and refining customer service processes.

Risk management

Identify potential risks that might hinder growth – whether they're financial, operational or related to people. Mitigate these by creating contingency plans, taking out business insurance and maintaining financial reserves.

Steps to get started

1

Finalise and validate your business idea

- Complete any remaining market research.
- Adjust your concept based on feedback and data.

2

Develop a detailed business plan

- Use templates to make sure all sections are covered.
- Get feedback from mentors or business advisers.

3

Make sure you're compliant

- Complete all registration processes.
- Make sure you're following all the legal steps for your business type.

4

Secure funding

- Prepare financial statements and projections.
- Approach funding sources with a convincing and well-prepared pitch.

5

Set up operations

- Choose and implement the appropriate technology tools.
- Establish operational procedures and policies.

6

Launch your marketing

- Build your website and optimise it for search engines.
- Don't wait too long to build your website. And don't forget to factor it into your budget too.
- Start to create content and generate social media engagement.

7

Network and build relationships

- Join industry associations and local business groups.
- Attend events and workshops to expand your network.

8

Don't stop learning

- Regularly review your business plan and strategies.
- Be ready to make changes based on performance data.

Extra reading, websites and resources

Here are some websites and resources to help you manage your business. Make sure you explore other options too, to find what works for your business.

Books

- [The \\$ 100 Startup by Chris Guillebeau](#)
- [Good to Great by Jim Collins](#)

Websites

- [Santander Breakthrough](#)
- [SmallBusiness.co.uk](#)

Online courses

- [Santander Open Academy](#)
- [edX](#)

Templates and tools

- [Canva](#)
- [Business Model Canvas](#)

Podcasts

- [The Diary Of A CEO with Steven Bartlett](#)
- [The Next 100 Days Podcast](#)

Business insurance

- [AXA UK - business insurance](#)
- [Hiscox UK - business insurance](#)

Energy comparison

- [Bionic](#)
- [Business Energy Comparison](#)

Government resources

- [GOV.UK](#)