

You have got a great idea, which you want to turn into a successful business. So who do you turn to for business advice?

Well on this factsheet, we have put together some information about a range of key business questions. We hope you'll find it useful in getting your business off the ground.

Business ideas come in many ways – perhaps you have spotted a potential gap in the market, have a technical skill around which you want to build your own business, an exciting new idea for a product or service, a hobby that you want to turn into a business or perhaps you want to run a franchise. Wherever your idea has come from, one of the first things to consider is research.

Even good research cannot provide guarantees about the future but it can give you some idea about whether your business idea is feasible or not and whether the business will be viable. But before the research, perhaps you should ask yourself some particular questions...

The personal dimension

- Having explored this idea in full, do I really want to go through with it?
- Can I work all the hours needed?
- What will my family think about it?
- What happens if I break a leg or need a holiday?
- What income do I need to survive on and be able to keep running the business?

Researching your market – customers, competitors

Will you have enough customers? Will you make enough money?

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Here are a few other possible reasons for researching your business idea:

1. Because you need money and the person with the money is insisting on a business plan with some research in it.
2. Because you want to borrow some money from your family or friends. Even if they are not insisting on a business plan and research, you owe it to them to do all you can to safeguard their money.
3. Because you are looking for a route to market – a way to get, or to increase, sales.
4. Because you need something to guide your decision making.
5. To find information to help you put a price on your product/service.

6. To identify new opportunities, new products, new ways to sell.

Most people only think about doing customer research – but there are plenty of other things that you need to know about as well. You need to know the market inside out – that's customers, competitors, key players, importers & exporters, finance players - local and national.

If you don't have this all-round knowledge, you won't be able to get the most from your business and it will indicate to other people that you are not fully committed.

Writing a business plan

Not everyone is happy about doing a business plan. Often, they can't see the point of planning and don't want to do it.

We don't want you to waste your time with business planning if there is no point to it: we would rather you got on with the business of making money.

So, let's consider first things first. Why plan?

- Some finance providers – like banks – won't lend you money unless you can show them that you have thought about your business and have a plan in place. Their experience is that a business with a plan is more likely to succeed and pay back any loans.
- A Business Plan can help you to test the viability of your business idea without risking and/or spending money.
- A Plan can help you to focus your ideas.
- It will help you to decide the best structure for your business.
- A Plan can provide a yardstick against which your business performance can be measured once you start up. Business planning is most effective when it is an on-going activity.

But most importantly, preparing a plan makes you think about your business and check that you are doing all that you can to make it successful.

Introduction

- What is my business?
- Why should the person I want to read this plan be excited by it?

My Business

- What will it make or do?
- Is it profitable?
- What type of business will it be – limited company, partnership, sole trader or other?
- Why have I chosen that structure?
- What are my business aims and objectives?
- Who will be my suppliers?

The Market

- Why is there a need for my goods or services?
- Why will people choose to buy from me in preference to my competitors?
- Who exactly will my customers be?
- How much are they prepared to pay?
- What do I need to charge?
- How many customers am I likely to get?
- What evidence do I have for likely sales?
- Who are my competitors?
- What are their strengths and weaknesses?

Marketing Strategy

- How am I going to attract customers?
- What is the best way to inform them of my goods or services?
- What are the costs of marketing to my customers?
- Do I have the skills to do this or do I need to 'buy' in?

Sales Strategy

- What is my route to market – wholesale, retail, business to business, direct marketing, telesales, door to door?
- Can I sell or will I need help?
- Can I cope with peak periods?
- Who deals with sales queries if I'm out on the road selling all day?
- What after-sales support do I need to provide?

Resources

- What will it cost to get the business up and running including:
 - Premises – rates, power, parking, security...
 - Equipment – production machinery, computers, telephones...
 - Transport – petrol, tax, insurance, repairs...
 - Insurance – professional indemnity, employers' liability...
 - Legal – contracts, data protection, health and safety training...
 - People – staff wages, National Insurance.
 - Stock or materials ...
 - ...And anything else I need to buy?
- What skills does the business need to begin with, and to grow?
- Have we got all those skills or do I need to employ staff, get experts, seek help, and take up training?
- Where is the best place to locate the business?
- Can we afford that location? Are premises available?
- What are my legal obligations – Employment, Health and Safety, Food Hygiene, and Environment?

Financial

- How much money will I need as working capital?
- How much will I need to borrow?
- How much am I investing directly in the business?
- Do I need to set up credit card payment facilities and what will that cost me?
- How much credit will suppliers give me?
- Who is going to do the accounting and bookkeeping?
- Do I need to be VAT registered?
- Have I got a sales forecast, and a cash flow forecast?
- Have I done a profit and loss forecast?
- What do I do if a customer doesn't pay?

Remember, starting a business is easy; running a successful and profitable business can be challenging.

Links

www.businesslink.gov.uk
www.telegraphbusinessclub.co.uk
www.businessclassified.co.uk
www.bytestart.co.uk

Please note:

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