



Where to Start?

An A to Z Guide for Entrepreneurs

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About the Author

Alan Gleeson is the Managing Director of Palo Alto Software UK, makers of Business Plan Pro, the best selling business planning software product available worldwide.

Prior to joining Palo Alto Software, Alan worked at Barclays Plc, a leading global financial services provider. He joined Barclays Plc on their Graduate Programme in 1998 from University College Cork, Ireland and spent a number of years at Barclays in various divisions in both the business and retail banking sectors, including time at Clearlybusiness.com, an innovation unit of Barclays. He has also worked in a range of different industries around the world including stints in Ireland, USA, Australia and Canada.

Alan has an MBA from Oxford University, an MSc degree in Strategic Management and Bachelor of Commerce degree from University College Cork, Ireland and a Post Graduate Diploma in eCommerce from Birkbeck College, University of London.

Introduction

Starting a new business is a very exciting time – however, it is also very challenging. Luckily there is plenty of help at hand for those who are clever enough to look for it. Did I say clever? Yes, I did, because many entrepreneurs charge headlong into their pet projects without giving due consideration to the resources available to them. While the energy levels of entrepreneurs tend to be very high, it is important to step back, when appropriate, to ensure that the proper advice is being obtained.

For many people, a new business is like a boat sailing in uncharted territory. One can reduce the inherent uncertainty and risk with good advice, appropriate planning and a dollop of experience. The following article contains some advice and recommendations for those starting up in the UK. While not a “bootstrapper’s” guide per se, the assumed audience is UK-based entrepreneurs looking to set up with fewer than five employees and limited funding at their disposal.

Where to Start?

Start at the beginning, with solid business planning. You must resist all temptation to skip writing a business plan. Preparing a business plan is a vital first step on the journey of all entrepreneurs. Sure, it may seem like a difficult proposition, especially if it's the first time you have to write a business plan. However, the business planning process will really help you get a feel for the various elements that will determine your success, from cash flow, to sales forecasting, to your personnel structure. You skip this critical step at your own peril.

I cannot stress enough at this point the importance of getting advice. The great thing about starting a business is that there are lots of experts who are blogging about their experiences or have written about the issues they faced and some of the hurdles they have overcome. This guide is a list of some of my personal tips for some key areas in getting started in the UK, but I am not personally endorsing any of the following parties, merely signposting some resources that I know of.

Finally the links in this paper are all valid as of May 2010, however given the nature of the web some may change over time. Please do not hesitate to contact me with any comments, suggestions, errors or omissions.

Alan Gleeson
London, May 2010

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Research

Business Books

Looking for some books to help get you started? Pearson has an excellent range of small-business books you should consider. [The Essential Business Guide](#) is one title that is very popular amongst UK entrepreneurs. To avail of discounted copies of the above, please [click here](#). [Business Plan Pro](#) also contains three free eBooks related to business planning, including [Hurdle: The Book on Business Planning](#) by Tim Berry.

Business Opportunity Profile

If the industry is relatively new to you, I'd recommend you review a Business Information Factsheet or Business Opportunity Profile from [Cobweb](#). These fact sheets will help you understand some of the live issues within your sector.

Business Planning

Naturally, we recommend the best-selling business plan software, [Business Plan Pro Premier](#) (RRP £129.99) as the best means available to write a business plan (disclaimer – Palo Alto Software makes Business Plan Pro). [Business Plan Pro](#) helps you to structure your business plan, makes sure you will cover everything, and offers help at every step. Alternative methods you can use for planning include writing the plan yourself using products such as Microsoft® Word and Excel, or paying someone to write it for you. Unfortunately, these other methods either leave you staring at a blank screen, or simply help you avoid thinking through the conceptual and financial issues critical to your business. Whatever method you choose, you will find more information on writing a business plan at our [BPlans business plan site](#).

Startup Advice Websites

A number of specialist small-business websites exist in the UK. These offer a range of products and services and also contain articles, small-business forums, tools and calculators. The main ones to look at are [Startups](#), [UKBusinessforums](#), [Startup Donut](#), [Bytestart](#) and [Smarta](#).

Finance

Accountant

Speak to an accountant early on in the process. They can help you decide the best legal structure for your business, explain your obligations in terms of VAT, Corporation Tax, etc., and also advise you on other financial obligations. Aims Accountants are a well-known group of accountants that have offices around the UK and are ideal for start-ups.

Accounts

You must get a grip on your finances from day one – don't assume it can be all outsourced to your accountant or bookkeeper. I would recommend taking a look at products such as Intuit's [QuickBooks](#) or Sage [Instant Accounts](#) as well as some of the newer 'Software as a Service' offerings such as [Kashflow](#) or [ClearBooks](#).

The bottom line here is that certain things, such as cash flow management, are often neglected by entrepreneurs. If you have to pay for things up front and only receive cash 30 days later, you will have a potentially crippling financing gap. By ensuring you invoice promptly and manage accounts receivable/debtors, you will be in a better position to ride out any credit problems.

Bank Account

You will also need to open a bank account. There are many different banks providing good opening offers for start-ups, so do your research. You can also follow threads on websites such as [UK Business Forums](#) or [Bytestart](#) to read reviews from current customers. Naturally, it is vital that the bank is offering a competitive range of products and has a good online

presence so you can manage your accounts online. While you are researching bank account options, speak to them about other financial services products, such as company credit cards and merchant services (the ability to take credit card payments). Whatever you do, keep business expenses, costs and accounts completely separate from your personal ones.

Free Stuff!

All start-ups tend to be very careful with finance – after all, there are all these outgoings set against uncertain income. From a provider perspective, new businesses can offer a lifetime of purchasing, so they are very attractive as customers. When you are sourcing products or services you'll need to run your business, the key is to assess the nature of the competition in the industry, and then to see if any providers are prepared to offer free trials, etc.

Funding

There are numerous different ways to finance a business. The bottom line here is that you do need to consider which options best suit your needs and your aspirations. You can find a lot more detail regarding the types of financing available in the Financing a Business section on our [BPlans website](#). There is also a collection of free financing PDF's available at [BPlans](#). Finally, as with all larger decisions, it is worth involving a professional, such as your accountant, when deciding upon the optimal financing arrangement.

Bootstrapping

Bootstrapping is simply the name used to describe the process of starting a business without external

Finance

funding such as venture capital (VC). The aim of bootstrapping a startup is to maintain a strict discipline on cash flow by managing costs very closely and by trying to get the company up and running as cheaply as possible. By ensuring as low a cash burn rate (rate at which a company uses up cash) as is feasible, you increase the chances of your business succeeding. Similarly, without any debt repayments or obligations to shareholders, you can afford to be more flexible with your ideas. You can find more information about bootstrapping [here](#).

Workspace

Homeworking

Homeworking, i.e. working from a home office, is an increasingly popular means for people to start businesses in the UK. There are a number of advantages to this, not least the fact that overheads are kept down as the entrepreneur seeks to establish a ‘proof of concept’-generating sales to demonstrate that there is indeed a demand for the product or service. There are a number of specialized websites that help advise people looking to start a business at home. [Enterprise Nation](#) is one free resource in the UK to help you start and grow your business at home.

Premises

With the increase in entrepreneurship, there has been a growth in the facilities available, from offices from the likes of [Regus](#), to people working from home offices, to short-term lets. It is worth taking some time to work out both your immediate requirements and requirements you might have 6–12 months down the line. Be prepared to negotiate terms – have a walk around the building and try and assess occupancy levels. Obviously this will give you a feel for your bargaining power. Most office rental options will include phones and Internet, but make sure you have flexibility to leave if it just does not work out. Many providers will be keen to lock you into a 24-month contract with two to three months of rent up front. There has been an increase in [hotdesking](#) operations, which offer you more flexibility if you are a new business and have yet to generate sufficient sales to suggest that you will have a guaranteed income to support longer-term commitments. One of the few benefits arising from the recession is the huge number

of vacant offices around the UK, which will really serve to strengthen your hand when negotiating.

Office Equipment

The cost of equipment has come down a lot in recent years, largely as a result of increased competition and price transparency. People nowadays would not even think twice about sourcing office equipment from the likes of [eBay](#). Again, it is a matter of personal circumstances. Are you going to be receiving onsite client visits? If yes, then it will be necessary to purchase good quality equipment. If, on the other hand, you are running a website without visitors to your physical location, the aesthetic qualities of the equipment are not as important.

Communications

Instant Messaging

Along with email, instant messaging (IM) has proven to be one of the most used online applications for businesses. By opening a messaging account, you are adding an extra communication tool to your portfolio, ensuring you can communicate effectively with colleagues and customers in real time. If you want to offer an IM service to your customers, you can add applications such as [LivePerson](#) to your website. If it is just for in-house communication, free products such as [Yahoo! Instant Messenger](#) will suffice.

Phone system

With [Skype](#) you can make Internet calls to whomever you want for free (assuming they also have Skype) or for a small fee if to a landline. Again, it is ideally suited to startups who want to keep the cost of calls down. And like instant messaging, is ideally suited to facilitating communication when people are geographically dispersed. You can also create a Skype number for various different countries which can be routed to mobile phones.

Twitter

[Twitter](#) is an online service you can use to let your followers know some information about what you are doing, what you are thinking or what you are planning on doing. There is a 140 character limit to what you post (called a tweet). It is useful for you to secure a Twitter account for your company name which you can use as an extra (free) marketing resource. There are a number of similar tools you can then use to manage your account, including [Tweetdeck](#), which enables you to monitor 'key words' on Twitter also. This way you

can monitor what is being said about your brand name and respond as you see fit.

Websites

Practically every business nowadays creates a Web presence to market their wares. Regardless of your business type, there is no excuse for not having a website. Thankfully, it is a very competitive marketplace so the cost of getting online has come down significantly in recent years. You can buy a simple software product on Amazon such as [Website X5 \(Incomedia\)](#) or have someone like [Venda](#) build and host your website for you. It is worth doing a review to assess the quality of competitors' websites (systems like [WebsiteGrader](#) can help you undertake this analysis). You can then use these to help you map out the sections you require.

Fax

Don't waste your money buying a fax machine. Instead, subscribe online to an electronic fax service from the likes of [eFax](#). The number of people sending faxes has declined significantly with the advent of email, but in some professions they remain an invaluable tool. Once you set up, be sure to sign up for the [Facsimile Preference Service](#) to ensure you are on the list of those opting out of unsolicited faxes.

Google AdWords

The Google search engine is one of the most powerful ways to market to customers. When users search for products such as 'Business Plan Pro', the results contain a mix of 'organic listings' and 'paid for' listings (also known as 'Pay-per-Click'). Organic

Communications

listings are simply the list of website links Google decides are important. These cannot be influenced by paying more to Google so as to make you appear at the top of the rankings, but only through search engine optimisation (SEO). Paid-for listings are the links that people pay for. The beauty of this setup, from an advertiser's perspective, is that you only pay for adverts that are clicked on. The [Google Adwords](#) system also supplies significant amounts of data, so you can manage budgets, track Return on Ad Spend (ROAS) and so on.

Domain Names

A domain name is the name that people type into their Internet browser to get to your site; for example, you would type www.paloalto.co.uk to get to our main company site. Having a good domain name is an asset, and ideally it will positively represent your company or product name. After that, it is a case of deciding which countries you want to have websites for. Most UK websites will end with '.co.uk' whereas '.com' is the main domain suffix in the U.S., called a '[Top-level domain](#)'. You can order domain names in the UK from providers such as [Net Benefit](#); again however, as it is a commodity offering, shop around for the prices and offerings you want.

Email

Once you get a website up and running and are receiving traffic to it, you will need to manage email from the 'Contact us' page. While it is tempting to route email to an Outlook account on an individual computer, this has many drawbacks: it's not accessible remotely, you may have uncoordinated

customer responses, and what happens if that computer is down for whatever reason? There are a number of new innovative solutions available that enable remote online access. We at Palo Alto Software were so dissatisfied with the other email solutions we tried that we built our very own product! It is called [Email Center Pro](#) and there is a free trial available at the website.

Blogs

Blogs have become increasingly popular as a means for companies to communicate. Blogs are typically news posts that tend to be more informal than the typical corporate blurb you find on most websites and are updated frequently. However, before you implement a blogging strategy, you need to consider the likely demands on your time that will result, as maintaining blogs can be very time-consuming. Similarly, an empty blog sends out all the wrong signals, so someone in your company will need to commit to writing stories for the blog to ensure it remains up-to-date. If you're interested in learning more, take a look at [WordPress](#), a popular blogging platform for both personal and corporate blogs.

Marketing & PR

Logos and Branding

You will need to design a logo and brand for your company. While the start-up stage is often characterised by expense after expense, it is important not to cut costs with your brand. Assuming you'll have a website; it is worth getting a designer to create a site brand template and logo to ensure a professional feel. You can see how effective this can be by viewing our business planning UK website [BusinessPlanUK](#) created by [Imagist](#) in London.

Marketing Plan

Once the business is set up, you will need to market effectively so as to attract customers. A marketing plan will help you understand your ideal customer, focus on the correct areas and prioritise marketing activities. Palo Alto Software produces [Marketing Plan Pro](#), which is ideal for the creation of a marketing plan.

PR

'Public relations' is a broad term for activities that help get your name out in the open. It is a vital part of any marketing initiative, and for smaller companies it can be managed in-house. For helpful tips on managing your public relations efforts, visit the Public Relations section of the [Mplans website](#). When you finally launch your offering, a press release should be issued to draw attention to the offering. These press releases are fairly standard and can be released through websites such as [Daryl Wilcox Publishing](#).

Trade Marks

The annoying thing about registering a Trade Mark is that it can be a costly and drawn-out process. Nonetheless,

it is important to ensure that the brand name you have chosen is not already in use. One quick way to check is to use Google to see if there are any obvious conflicts that show up in search results. After that, it is a case of securing a trade mark for your product within certain geographic areas. Obviously you will also want to ensure that the trade mark is available as a domain name, so people can find you. There are numerous companies that can help with trademarks including [RM Online](#).

Business Cards

Business cards can easily be ordered online from the likes of [Vistaprint](#) or [MOO](#). There is no reason not to be creative with the cards, to try and help your card stand out from the pack. A business card should contain the name of your company and contact information, at the very least, and once you get them printed be sure to carry sufficient quantities with you. The next step is to go networking and to attend events such as [Growing Your Own Business](#) and [Business Start-up](#) so as to get your name and your card out there.

Digital

Antivirus Software

All computer users should have an antivirus package in place (at the very least) to protect against computer viruses, etc. Software packages are available online and from stores such as [Amazon](#) and [PC World](#). Market leaders include [Norton](#) and [McAfee](#), but there are also good, lower-cost alternatives available, such as the offering from [AVG](#).

Data Backup

Given the extent to which your business may rely on computers, you should put a data backup system in place. There are two main options: remote backup to an online server, or backing up to an external hard drive. Again, there are pros and cons to both methods. The cheaper option is probably to buy an external hard drive such as those offered by [Seagate](#), but there will naturally be limits to the amount of storage these hold, as well as security concerns related to the fact the backup is often held on-site. These come with a USB connection, so you simply plug it in and back up the files to it; in essence you are just copying the files to another device. If your business takes online orders or has any significant digital data needs, you will likely want the additional reliability, scalability and security of a remote, online automatic backup. There are a myriad of data backup providers out there. It is really a commodity offering, so either get a recommendation from someone or go with a lower cost provider.

Google Alerts

Once you have identified your main competitors and the main search terms people use to find your goods or services, you should set up alerts. [Google Alerts](#) is a

free process that emails you alerts when your chosen terms show up. This is a no-cost way to monitor the activities of competitors and competitive providers, as well as keeping an eye on your own brand terms.

Google Analytics

While Google is best known for its search engine, it has been adding to the breadth of its service offerings over the past few years. With [Google Analytics](#), you add some tracking code to your website which enables you to obtain rich data about the behaviour of users on your site. Marry this to [AdWords](#) and you can really get a bird's-eye view of user behaviour vis-à-vis the effectiveness of your marketing. The best thing is that it is free with the only real drawback being that Google does get access to all of your user behaviour data. (That said, Google's self professed motto is 'Don't be Evil')

Google Reader

[Google Reader](#) is a powerful, free, online tool from Google. Essentially it enables you to manage Really Simple Syndication (RSS) feeds. The easiest way to understand this is to consider how you monitor competitor sites or blogs without an RSS feed 'push system'. You'd need to keep going back to the sites to see if they were updated. Sometimes they would be, other times they would not. With an RSS feed reader you get sent the changes to the sites as and when they happen, e.g. when a new article is published. Hence you can look over hundreds of site updates in one place, and every time a new article is published on one of the sites you are following, you automatically get the article in your reader.

Digital

Once you get a website live, the next challenge is to get traffic to it; using search engine optimisation (SEO), pay-per-click adverts, social media, and making sure your existing customers know the URL, among other things. Getting traffic will be one of the key strands of your online marketing activities.

Finally, you should also ensure frequent testing using low-cost solutions from the likes of [CrazyEgg](#) and [UserTesting](#). You may also want to employ a simple tool such as [Are My Sites Up?](#) to get alerts in case of website failures.

Broadband

Fast Internet connectivity is vital, given the importance of the Internet for all businesses. Again, it's a case of shopping around to assess which provider will give you the best options for your circumstances. It is worth noting that the cost of broadband is related to the speed plus the download size, so it is important to consider your likely usage before choosing your service. One of the most competitive packages (*as of Spring 2010*) is [Plusnet](#) with packages from £5.99/month.

Legal

Insurance

It is vital to be adequately insured from day one. This is particularly important if there are obvious risk areas, such as public access to your premises. In such instances, you will need Public Liability Insurance. It is also worth undertaking a risk assessment to understand where insurance is needed across the business. Obviously, buildings and other assets such as vehicles will need to be insured. If you are providing a service where people will be relying on your advice, you may also need Professional Indemnity Insurance. Thankfully, the insurance market is pretty competitive so it's a case of just shopping around.

Legal Structure

The main legal structures in the UK tend to be Limited Company, Sole Traders and Partnerships. Again, the type of business you are in will play a role in helping you decide which best suits your needs. I would recommend that this is something with which your accountant helps you, as there are various financial and accounting pros and cons associated with each. To understand more about the legal structures that you should consider, [click here](#).

Summary & Conclusion

Starting a new business is a very exciting time. It is not a time to make snap decisions, when investing a small amount of time can set you on a solid foundation. Thankfully, countless other people have experienced the same things you are going through now, and there are plenty of resources available, if you know where to look.

This guide is designed to help signpost some of the key resources you need to consider to maximize the chance of survival while not 'breaking the bank'. As you will undoubtedly have heard, the first few years of a new business are the most challenging. While this guide was not designed to be exhaustive, I am hopeful it will have helped in some small way to reduce the challenges you face.

Finally, it is worth noting that the above recommendations are personal and are not based on any commercial relationships. One problem I feel that entrepreneurs in the UK face is the reluctance of some advisors to recommend services, given a desire for impartiality. I disagree with this notion, and feel that recommending a few providers is a much better option. Hence, where I have used products or services I have benefited from or are familiar with, I have recommended them.

Good luck with your new venture.

Alan Gleeson
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