



COULD YOU RUN YOUR OWN BUSINESS?

There's more to running a business than you might think

Most people surveyed in the UK would rather be employed (working for someone else) than running their own business. This is perhaps an indication of the risk people perceive in running a business..

This guide helps to prepare people who are considering owning their own business on whether they have what it takes to run a business

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Introduction

Starting your own business is very exciting and rewarding but is often rather daunting. It can also be a risky thing to do, so you need to make sure you understand the challenges involved before taking the plunge and launching your venture.

It is not enough just to have a good, viable idea. You also need to have the right skills and temperament to make a success of the opportunity. This factsheet helps you assess your personal abilities and resources in relation to those needed to run your own business. It includes hints and tips and sources of further information.

Assess your abilities and resources

To get your new venture off the ground you have a mountain of tasks to complete, research to carry out, things to do and people to contact. You need a thorough understanding of the information you need to find and the contacts you need to make in order to pull your start-up plan together.

Whatever your personal starting point, there are some fundamental issues you need to assess relating to your business idea, your personal aims and your own business ability.

You can start by asking yourself a few searching questions:

- Do you have the necessary capital and financial resources to start your business, to finance the purchase of any stock and equipment and to pay your general living expenses while you go through the start-up phase?
- Can you afford, and do you really want, to risk these resources? For example, you might have to take out a secured loan based on the value of your home - consider the consequences of your business failing and being forced to sell your house?
- Do you have the commitment and self discipline to get through potential hard times? There may be times when customer demands are particularly heavy and it will be up to you to make sure these demands are met. How will you cope with this and are you prepared to put in the necessary hours to meet the demands of your business?
- Are you confident that you will be able to negotiate with suppliers to get the best deal, be available and helpful to customers (at all times!), think clearly under pressure and take criticism without getting upset?
- Are you familiar enough with the level of demand your product or service will generate and will you be able to assess how this might change over time so you can adapt your business operation to deal with fluctuating demand?
- Do you have the determination to carry on when demand and sales are low?

While you may not have specific answers to these questions, it is very important for you to consider whether you can cope with the uncertainty involved with running your own business.

There is no single 'type' of person who becomes a sole trader, freelancer or small business owner, but there are some characteristics that successful 'entrepreneurs' tend to have in common:

- Logical, perceptive, well organised and responsible (good at getting things done).
- Extrovert and confident (good with customers).
- Able to communicate and get their point across (to staff, suppliers, financiers).
- Sociable, with the ability to show leadership.
- Single minded, but able to take advice.
- Flexible and adaptable.
- Quick to take opportunities (and ready to take calculated risks).
- Hard working, committed and determined ('get up and go' type).
- Tough skinned (able to handle failure).
- Individualistic (not afraid to stand out from the crowd).
- Creative and imaginative (always coming up with new ideas for the business).

This list is not necessarily exhaustive, and you do not need to have all these characteristics to be a success at running your own business. The key is to develop and adapt your own skills and characteristics as you gain more experience.

In the following table, rate yourself according to your present skills and experience, then consider which areas need to improve if you start your own business. Again, the list is not exhaustive, but you will almost certainly experience and have to deal with all of these points in your business at some time or another.

Business activity	Your ability			
	None	Poor	Fair	Good
Researching your idea or market				
Finding premises				
Preparing a business plan				
Preparing cash flow forecasts				
Raising start up finance				
Dealing with banks and other				
National Insurance, VAT and tax				
Bookkeeping				
Costing products and services				
Designing promotional material				
Writing copy for sales material				
Dealing with customers				

Business activity	Your ability			
	None	Poor	Fair	Good
Selling face-to-face				
Recruiting staff				
Employing staff				
Dealing with staff				
Purchasing stock and equipment				
Stock control				
Writing business letters				
Health and safety requirements				
Insurance and other statutory				
Consumer law				

Understand the pressures

The pressures of being the owner-manager of a small business are inescapable:

- You will be staking practically everything on your own ability. If it goes wrong, there will be no one responsible but you.
- You may have to work long hours and there will be times when things get on top of you.
- You may get into debt in order to finance the enterprise and may have to manage without a regular income if the business cannot fund your salary or drawings, especially in the early days.
- You will need to maintain your faith in your business, often in the face of others' doubts.
- If you employ people, you will need to be positive and show leadership

all the time, even when you don't feel like it.

- There will be times when you need to be tough and prepared to discipline employees or make difficult demands of your suppliers.
- There will be times when you feel lonely and isolated.
- You need to be polite and helpful even when an awkward customer is giving you a hard time.

This may sound like a nightmare, but you need to be the sort of person who can face and deal positively with such challenges. Above all, you need plenty of confidence in yourself, with the energy and mental toughness to get through the bad times.

Skills and qualifications

Technical skills

Apart from your business and personal skills, customers and lending institutions will be more comfortable if (and in some regulated sectors may require that) you have the right qualifications. If you are considering starting a business, it is important to check whether you need specialist qualifications before you start up. Knowing the basics may not be enough to obtain the licences you require or to receive accreditation with trade associations. For example, to run a chiropractic business in the UK, it is mandatory to undertake formal General Chiropractic Council (GCC)-approved training.

You can find out if formal standards or qualifications are required from the trade association or professional body that relates to your industry or sector.

The Directory of British Associations may be available at your local city/central library, alternatively try the Trade Association Forum (www.taforum.org) for further information.

Business skills

Business skills are essential if you do not already have them. It is important to understand the principles of running and managing a business, including marketing, strategic planning, accounts, personnel management and so on. Ideally, aim to get some basic training in business administration before you start.

If you have no general business experience, it may be worth taking a business start up or management course or taster session, which may be free of charge or offered at minimal cost. Contact your local enterprise agency or adult education college for details of courses available in your area.

The Institute of Leadership and Management (ILM, part of the City & Guilds group) provides a Level 3 Award and Certificate in Starting Your Enterprise, which covers finance, market research, legislation and regulations and preparing a business plan. The course is delivered at centres around the UK. For details of your nearest centre and course fees go to

<https://www.i-l-m.com/Information-for-centres/ilm-qualifications-portfolio/ILM-retired-VRQs>.

Learn direct also provides courses on starting a business. Go to <http://www.learndirect.com/business/> for more details.

Leadership skills

If you are happy for your enterprise to remain small, you can continue to concentrate on the daily 'nuts and bolts' without worrying about personnel management issues. However, if you expect the business to grow, you will inevitably have to employ people and your leadership and management skills will be vital.

Many promising enterprises fail to grow because their owners do not have these skills. Consider whether you would benefit from further training or support in this area.

Selling skills

All businesses require an element of selling. Initially it is important to persuade people to support you, and it is crucial to be able to win over potential customers. It is possible to learn basic selling techniques, but being outgoing and articulate, reliable and approachable are equally important for success.

Organisational skills

In order to trade effectively, small businesses must be well organised and administratively efficient. It is important to organise yourself and others, plan

ahead, manage your time and have the discipline to meet deadlines and statutory commitments.

Family commitments

Many people who make a success of starting their own business have the backing of their family - even if this is only in the form of moral support. You will be under pressure, often working long hours. Your family must be prepared for the impact this can have on family life. Also ensure that your family can deal with the risks that small business ownership can bring, especially in terms of lower income in the initial stages and maybe even the implications of the business failing.

Hints and tips

- Carry out an honest assessment of your skills and abilities.
- Get advice about your business idea, and your own capabilities, from an experienced business adviser.
- Talk to your family and consider whether you can face the pressures involved in running a business.

Attend a business start up training course.

Small Business Resources

Add value to your brand by generating catch business and product names like Amazon, Google, Coca Cola, Yahoo, Blackberry and many more using the same business name generator used by top business and product naming companies: <http://www.businessnameidea.com>

Generate more leads, cash flow and profits for your business and pay only based on results. This web site connects small businesses with top traffic web sites like Google, Facebook, Youtube to generate constant flow of traffic and leads: <http://www.intelwebsolutions.com>

Information and tools for small business to help entrepreneurs develop and market their business and ideas: <http://www.2-small-business.com>