

## TOP TIPS

- 1 Find free business advice before you start.
- 2 Do some market research.
- 3 Keep records of all spending and payments.
- 4 Check with your insurers and planning authorities.
- 5 Tell the Inland Revenue and pay National Insurance contributions as a self-employed person.
- 6 Decide on a business format – sole trader, partnership, or limited company.
- 7 Cost your time and set a realistic price.
- 8 Make sure you have enough money – costs will be high, payments slow and cashflow irregular in the early days.
- 9 Find some customers.
- 10 Tweak your product – can you offer better goods or services?



“Some people thinking of downshifting think about how they can refocus finances and lifestyle,” says Fowler. “Where huge equity gains have been made on properties, people often think about selling their home and relocating to a cheaper house or area to enable them to release capital.”

As founder of the Supper Club for London-based entrepreneurs, business advisor Duncan Cheatle has seen businesses both thrive and flounder, and knows some of the pitfalls. “Do it for passion, not money,” urges Cheatle. “Things don’t happen overnight, so do something you feel passionate about.

“Don’t do something with an exit and a fortune in mind – you’ll probably fail,” he adds. “This was commonplace during the dot.com era where people came up with ludicrous business ideas to be delivered by inexperienced teams.”

And many fledgling businesses go under through being undercapitalised. “Businesses often spend too much time and money

chasing the wrong form of funding from the wrong people with inappropriate terms and then raise too little,” says Cheatle. “But sales always take longer to close, and working capital requirements can fluctuate far more than you might expect, so don’t go overboard but do get enough cash. Otherwise you’ll spend all your time raising money and not growing the business. Cash is king – manage it well.”

In response, NatWest has just launched a flexible loan for businesses, which allows payment holidays.

Cashflow is vital, agrees Barclays’ Louise Fowler. “Managing finances and the sensible use of credit is crucial to managing carefully, as having more time on your hands while not being tied to restricted hours of work could enable more of a social life without the bank balance to support it,” she warns. And keeping on networking is important to growing your business, say experts – as well as helping you avoid the isolation that many home-based

workers feel.

“Develop a comprehensive plan,” adds Fowler. “You need to plan how you’re going to tackle all areas of turning your hobby into a business. This plan should then act as a guide and measure your progress. Prioritise the changes so that living life becomes the reward rather than money and wealth. And put money aside for the taxman and a rainy day rather than that must-have luxury.”

And while in theory you need to get a new business off the ground as fast as possible, in practice many take time to build, says Cheatle. “Get out there and sell from day one,” he urges. “You can always adapt designs, but you need a reference client to build sales from – even if you initially offer them a reduced rate, a free product or service. Winning clients takes time – sell, tweak your offering, then sell again. Nothing can replace experience, and you don’t want to alienate potential clients by getting it wrong.”

Budding entrepreneurs like Jon know they could make a good living from their interest – and know too that turning it into a business means dotting the I’s and crossing the T’s. “There’s loads of potential there if you’re organised,” he points out, “but I wanted to move on. If I wanted to go back, though, I know it would always be there.” ●

## CONTACTS

Barclays produce a free guide to starting and running your business – tel 0800 028 4002

NatWest direct business banking 0845 603 0110

Lloyds TSB [www.success4business.com](http://www.success4business.com)

Federation of Small Businesses [www.fsb.org.uk](http://www.fsb.org.uk)

[www.supper-club.net](http://www.supper-club.net)

[www.fabriverpool.com](http://www.fabriverpool.com)

For financial advice on your doorstep, visit [www.pfmagazine.co.uk/adviserfinder](http://www.pfmagazine.co.uk/adviserfinder)

