



How to start a business in seven simple steps

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So, you've got an idea and you're full of ambition - but how can you make your business dreams a reality?

1 Step 1: Do your research

Whether you've spotted a gap in the market, or there's something you think you could do better, it's important to understand the market you'll be trading in. Before you jump straight in, take the time to step back and research your industry.

- Which sector are you going into?
- Who will your competitors be?
- Who is your ideal customer?

5 ways to get started

1. Build a picture of your **target audience** by figuring out who your product or service is aimed at. Think about who they are, as well as their interests, motivations and behaviour. This 'customer persona' will be invaluable when it comes to branding and marketing your business.
2. Create a free survey with [Google Forms](#) to carry out **customer research** and learn more about how people interact with products or services in your industry.
3. Imagine a typical **customer journey** and how someone would go from learning about your business to becoming a paying customer. Put yourself in their shoes and think about how someone may engage with your business.



4. Define your **unique selling point (USP)** and find your niche. What makes you stand out from the crowd? Is your product new and innovative? Are you breaking the mould with your approach to sustainability?
5. A **'SWOT' analysis** sounds complicated, but it's an easy way for you to get your strengths, weaknesses, opportunities and threats down on paper. This way, you can plan how to maximise your opportunities and prepare for any potential obstacles.

<p>Strengths What do you do well?</p>	<p>Opportunities What opportunities are available to you?</p>
<p>Weaknesses Where can you improve?</p>	<p>Threats What could negatively affect your business?</p>

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Step 2: Decide on your structure

When it comes to setting up your business, there are a number of options. The structure you choose will have an impact on factors such as how much tax you pay, the level of risk to your personal assets and your access to business finance.

There isn't a requirement to register a business to make it official, but you do have a responsibility to [notify HMRC](#).

Here are the five most common business structures:

Sole trader (Self-employed)

If you're an individual and run your own business you can register as a sole trader. This means you can keep all your business' profits after you've paid tax on them. You're personally responsible for any losses your business makes.

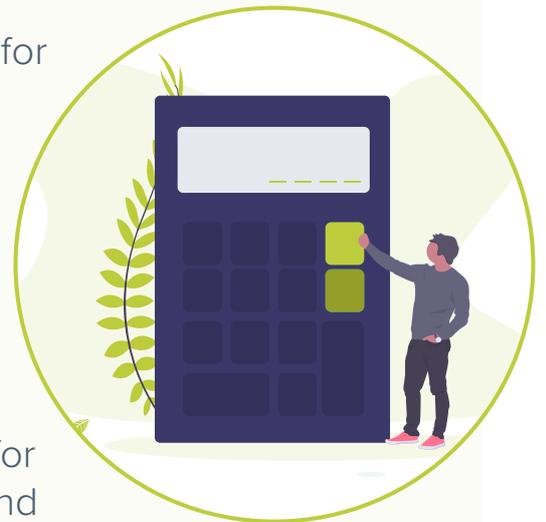
HMRC offers a [calculator](#) to help you budget for your tax payments as a sole trader.

[Find out how to set up as a sole trader](#)

A limited company

A limited company can be classified as limited by shares or limited by guarantee. A limited by shares company usually operates for the purposes of turning a profit, has shares and shareholders and can keep any profits it generates after paying tax. A limited by guarantee company has guarantors rather than shareholders and invests profits back into the company. These organisations are commonly known as 'not for profit'. Limited companies often operate under a trading name which is usually the name of the business.

[Find out how to set up a limited company](#)



A limited company gives you plenty of options in the long-term when it comes to finance and specialist schemes for small businesses, such as R&D tax credits for innovative businesses.



A business partnership

A business partnership is where one or more individuals personally share responsibility for the business. This includes shared responsibility for losses the business makes and costs related to the business, as well as profits the business makes.

[Find out how to set up a business partnership](#)

A social enterprise

A social enterprise is a business which exists to help people or communities. Social enterprises can operate as a limited company, a charity, a cooperative, a sole trader or business partnership, as well as a community interest company (CIC). Each category has different rules about how your business can operate, and you should think carefully about which is best for your business.

[Find out more about social enterprises](#)

An unincorporated association

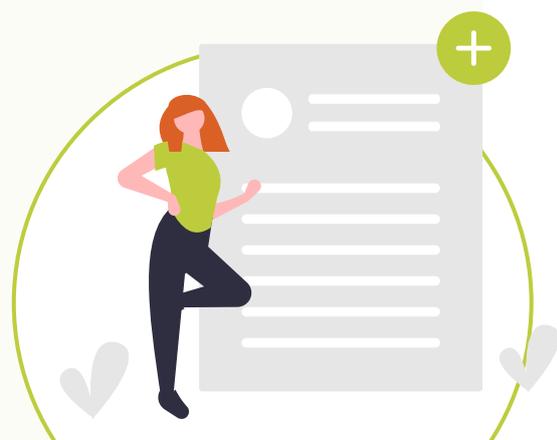
An unincorporated association is a group of people who come together to operate for reasons other than making a profit. These associations are often voluntary groups or sports clubs. Although not a business, members are responsible for any debts and obligations and if the association does start to trade and turns a profit, it will have to pay and file returns.

[Find out more about unincorporated associations](#)

Make paperwork a breeze!

FSB members have access to an online library of over 1,100 legal documents, fact sheets and templates via the [FSB Legal Hub](#), as well as a [dedicated FSB Tax and VAT advice line](#).

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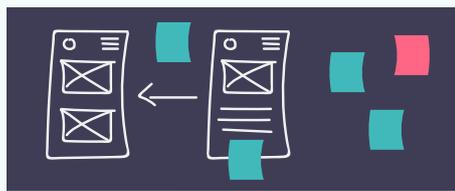


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Step 3: Choose your name and logo

Your name and brand identity say a lot about who you are as a business, especially when you're just starting out.

Use the research you did about your industry, competitors and market in step one to help you decide on a name, logo and branding that fits with your vision.



Little things make a big difference!

An email address with your business name, like `me@companyname.co.uk`, boosts your credibility with customers, suppliers and even finance applications.

What's in a name?

- **Keep it simple**

Make sure people will be able to remember you when they need your products or services! Avoid confusion with long or hard to spell names.

- **Check online**

Is someone already using your name? Is it available for a website domain or on social media? Do a quick search to make sure your name is available across different platforms.

- **Growth mindset**

Sure, you might be starting off small with one or two offerings, but don't box yourself in. Think about your plans for your business in the years to come, and the brand you want to be in the future.

Need inspiration? Ask your friends for suggestions or use free name generators online for ideas.

Design your logo

Your logo is the first step in designing the brand identity of your business. It's the symbol for your businesses - it sets you apart from the competition and defines who you are.

- **Who are you as a business?**

Your logo will have an impact on everything you do - it's the first thing employees, connections and potential clients will see.

- **What is your messaging?**

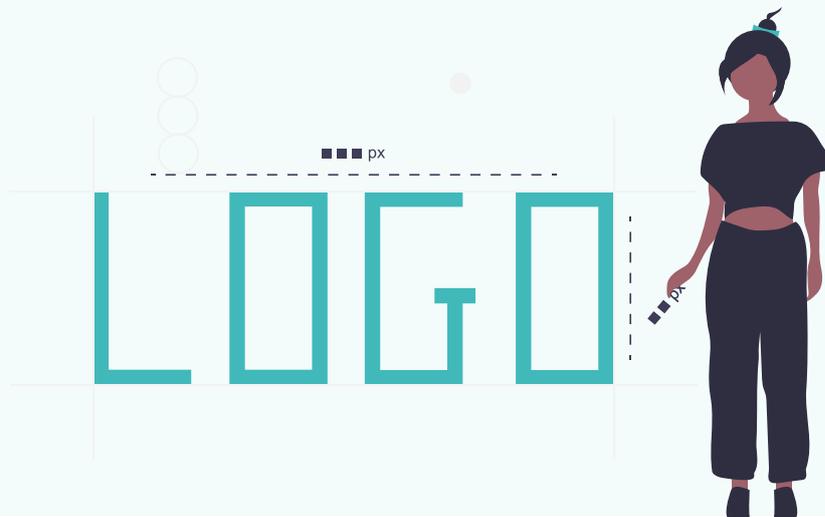
Think about how you want to position your business and how your logo relates to your offering.

- **What are your brand colours?**

Your colour scheme should tie in with the overall look and feel of your business. Choose a limited palette for maximum impact.

- **What will it look like online?**

You'll need different variations of your logo for your social media profiles, across the web and in other marketing materials.



Free and affordable tools

Don't worry if you're not a graphic design guru! There are plenty of free and easy-to-use tools online to get you started, or you could enlist the help of creative friends or family.

How can I protect my branding?

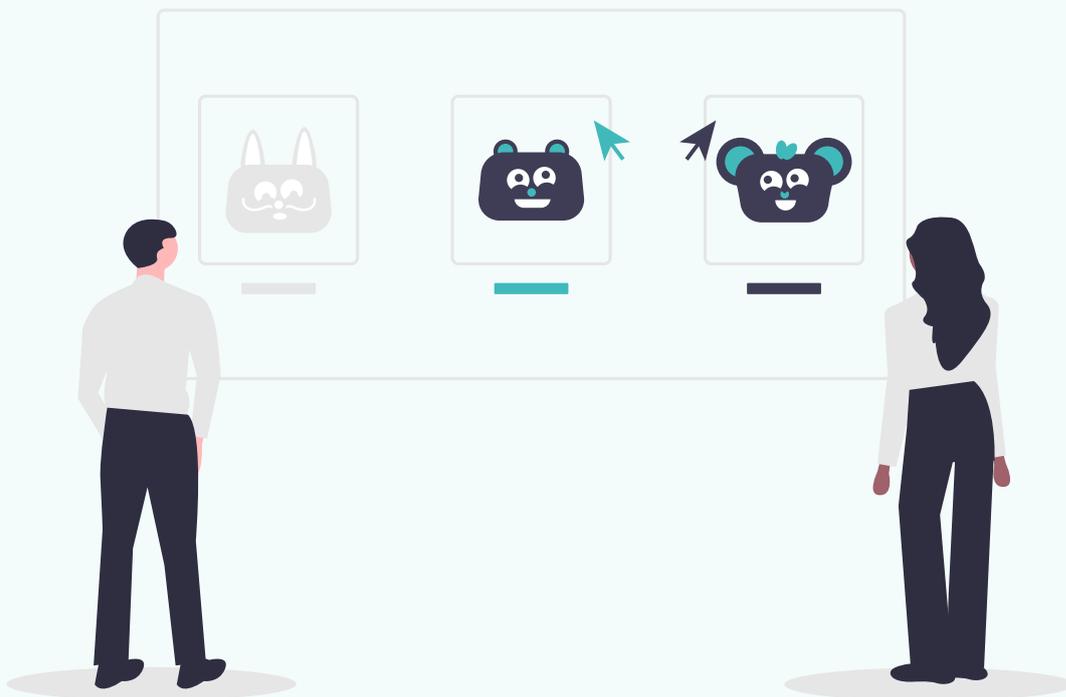
Now that you've done the hard work and got a catchy name and an attractive logo, what stops someone from stealing it?

Trademarking can help protect your intellectual property. It covers logos, colours and words. The [government website](#) explains the process of registering a trademark in the UK, and what qualifies for registration. You can also [check if something has already been trademarked](#).



Confused by the small print?

[FSB Legal Hub](#) offers in-depth guides on trademarks, patents, copyright and designs, and intellectual property rights. Our members have access to a 24/7 legal helpline to answer all your questions, no matter how small.



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Step 4: Writing your business plan

What is a business plan?

A business plan is a written document that includes a brief description of your business. It looks at the objectives, strategies, sales, marketing and financial forecasts of your business.

It's a useful summary of your business that sells your ideas and ambitions to a potential customer, supplier or even staff.

Why do I need a business plan?

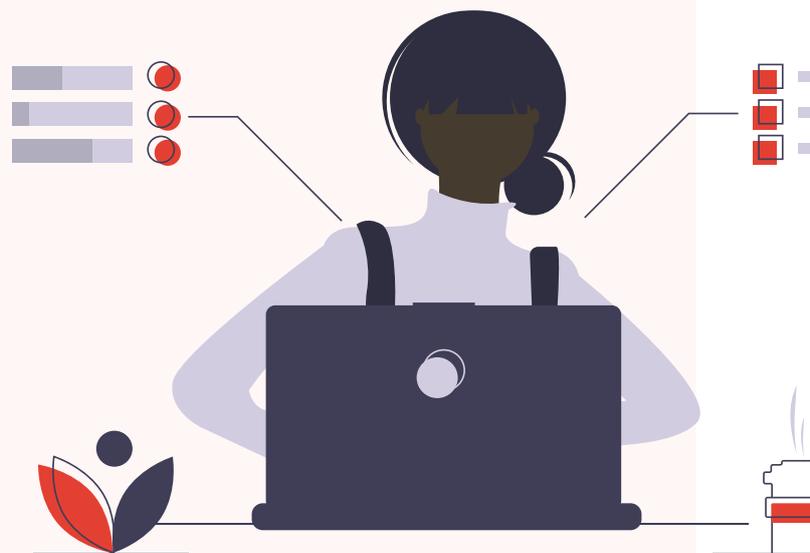
Your business plan will help you to:

- Visualise your long and short-term goals and objectives
- Measure your progress and performance
- Clarify your business idea or proposal
- Spot potential problems before they happen
- Understand how your business can grow

Thinking of applying for a start up loan?

Banks and finance providers usually require a business plan from start ups as part of their loan assessment process.

If you're looking to apply for business finance, FSB members can access **FSB Funding Platform** for free, where you'll get a simple two-page template to complete and have support every step of the way of your start up loan application journey.



Business plan template

Aside from the basic details about you and your business, the following questions can help you plan for success if you're not looking for finance. It's time to get your post-it notes and highlighters out, and map out your future business!

1. Summary

What does your business offer?

What are your business aims?

2. Background

Why do you want to run a business?

What are your qualifications, education and work experience?

Are there any training courses that could help you run your business?

3. Products and services

What products or services will you be selling?

Who is your ideal customer?

How will you produce the product or service?

Who are your suppliers?

How will your customers pay?

Do you have a premises and equipment?

How will you market your business?

4. Finances

What are the costs for each product and service?

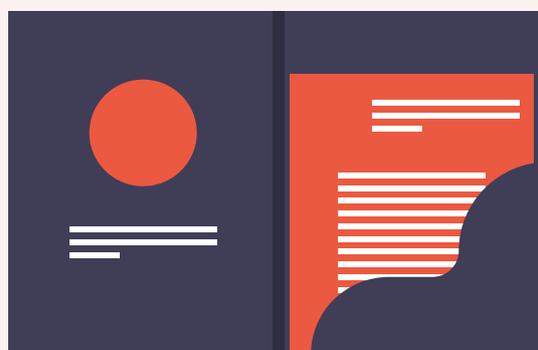
How much will you need to pay suppliers or manufacturers?

What are your outgoings for staff, premises, bills and suppliers?

What are your financial forecasts for the next 12 months?

Ready to start your detailed plan?

FSB members have access to a downloadable, in-depth template and guide for writing a business plan through the FSB Legal Hub.



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5 Step 5: Figure out your finances

Running your own business means you'll be responsible for handling the finances. It can be daunting, but balancing the books and making sure the numbers add up is crucial.

Here's some tips for how you can start off on the right foot.



Open your business bank account

Although it's common to use a personal account for business purposes when you're self-employed, there are many benefits of having a business bank account.

- **Save time** and **manage your money better** by separating your personal finances and your business finances from the start.
- **Make your accounting tasks easier** by quickly identifying business related transactions. When tax deadlines roll around, you'll be far **more prepared**.
- With some banks, using personal accounts for business is against their terms of service, so you may have problems later down the line.

As an FSB member, you get access to an FSB Business Current Account, provided by The Co-operative Bank. It gives you free everyday banking for the duration of your membership.

Do I need an accountant?

From bookkeeping to tax advice, having an accountant on board can take away the stress of managing your business' finances, and help you to stay compliant.

Hiring an accountant when you're getting your business off the ground can be costly.



As a start-up, it's possible to manage your own books and keep track of your expenses with simple Excel spreadsheets or online accounting software.

However, when tax return season rolls around, it's helpful to have expert advice on hand!

FSB members can access our online library of legal documents, fact sheets and templates on the [FSB Legal Hub](#), to help guide you through the process.

Invoicing your customers

If a customer doesn't pay upfront for your product or service, you'll need to work out a framework for invoicing - and stick to it!

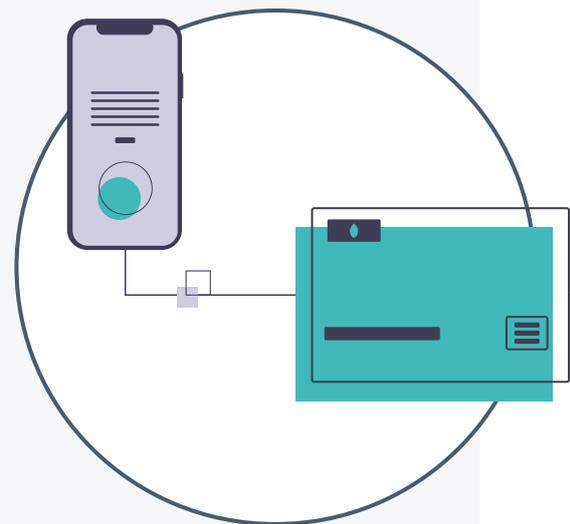
One of the biggest pitfalls as a new business is too much flexibility with invoicing. Inconsistent payments can create cash flow problems for your business. This leaves you in an uncertain position, unprepared if you're hit with an unexpected expense and less able to plan for growth.

Know what you will charge customers for

Set limits on what you actually do for customers

Be clear about what you expect to be paid, and when

Avoid bad habits when dealing with late payments from the beginning with [FSB Debt Recovery](#). With an easy step-by-step process and downloadable resources, we can help you control your cash flow from day one.



How to finance your business idea

A start up loan is a government-backed personal loan available to individuals looking to start or grow a business in the UK. It allows you to borrow up to £25,000 per company director.

Get help applying for your start up loan

FSB members can access [FSB Funding Platform](#) for free, where you'll get a simple two page template to complete and have support every step of the way.

So you know what to expect, here is a list of what to think about as part of your start up loan application journey.

Your business and objectives

- ✔ Put your best foot forward when pitching your business.
- ✔ Be clear about your goals in the first year and beyond.
- ✔ Be realistic about how much you want to borrow.
- ✔ Align your expenses with your objectives and don't overspend.

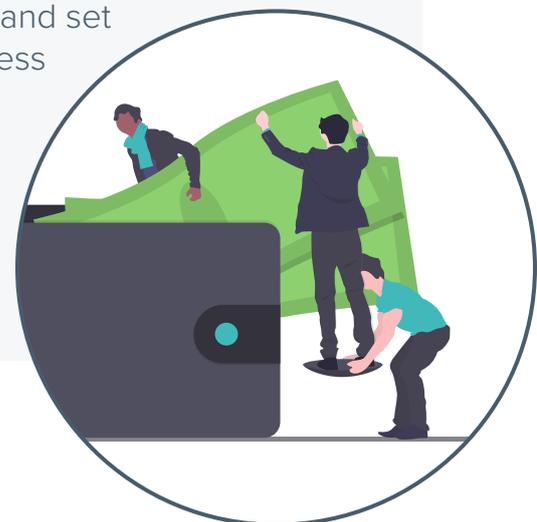
Your skills and experience

- ✔ Don't be shy about your previous experience in business or a given sector!
- ✔ Training and formal qualifications are required in some industries, but real life experience is a plus for lenders.
- ✔ Be clear about your knowledge gaps and build training or mentoring into your plan.

Back-up plan

- ✔ Make sure you have a Plan B that lets you keep a cool head when faced with unexpected events. How would you meet your personal expenditure, loan repayments, as well as any long-term liabilities in relation to the business, in the event your business were to fail?
- ✔ Set a personal survival budget, plan for the worst and set expectations, especially if you're going into business with others.

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Step 6: Work out where you're working from

You've done your research, ticked all the legal boxes and now you're ready to find a home for your business venture. Whether you plan to rent an office space, set up a shop or run your business from your kitchen table, there's a few things to bear in mind.

Are you insured?

Regardless of where you're working from, it's a good idea to sort out your business insurance from the beginning. And if you're working from a home office, it's best to check with your insurance that you're covered.

Property insurance covers claims concerning your business premises, but there are other types of insurance you might need:

- **Public liability:** Covers claims involving people outside your company.
- **Employers' liability:** If you plan to employ people, this is a legal requirement.
- **Product liability:** Covers claims concerning your products.
- **Professional indemnity:** Covers claims involving your services.

With so many parts of your business to consider, and so many policies and packages on the market, making the right choice for your business can be difficult.

FSB Insurance Service helps FSB members find the right insurance for their business, providing expert advice and no-obligation quotes.



Stay safe

When running a business from home, health and safety should be taken as seriously as when operating a company from an office or factory.

Carry out a risk assessment by making a note of hazards and the changes you can make to lower these risks. Look at everywhere you'll be working, including your kitchen and bathroom, just as you would if you were checking the safety of an office building.

Ask yourself questions like:

Is there enough room to work?

Is there enough space for my equipment or storage?

Can I enter and exit all rooms without difficulty?

Is the lighting efficient?

Is there anything obstructing the floor?

Is it comfortable to sit and work for long periods of time?

Can I access what I need in the room without difficulty?

As an FSB member, you can download a detailed risk assessment template from the [FSB Legal Hub](#) to make sure you stay on the right side of health and safety law.

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Step 7: Getting your business online

It's time for the most important (and exciting) step: finding customers! The world of digital marketing, social media and ecommerce websites can seem overwhelming, but they are invaluable tools, especially as a new business.

These simple tips can help you start your online journey.

Create your website

Think of your website as your virtual shop front.

It's where your potential customers can stay in the know about new products and offers, as well as find out more about your business and read testimonials.

Online website builders make it easy to set up and customise your online storefront. Be sure to do your research about pricing and features to find the best fit for your business.

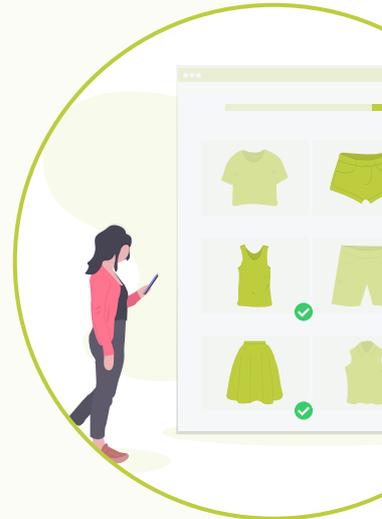
Level up your social media

Building your following on social media will help you advertise your business on a budget.

With a well-planned social media strategy, you can grow your audience, discover new customers and send them to your ecommerce website.

Use your market research and the customer persona you created at the beginning of this guide to work out which platforms are best for your business. Is your audience fanatic about Facebook, or is Twitter more their cup of tea?

Visit our [Skills Hub](#) to master your digital marketing, get savvy with social media and learn more about running your own business.



Get noticed on Google

Search engines like Google use complex algorithms to rank websites and their content. They use a number of factors, like relevancy, speed and authority. It does this to give searchers the results that best match their question or search term.

Search engine optimisation (SEO) is the process of designing your website, and its content, to appear near the top of the list in search results.

If you're a beginner to SEO, don't panic! [Google Digital Garage](#) has a library of free online courses you can take to learn more about keywords and being found in the search results.

Consistency is key. Having a plan and tackling your website little by little each week will go a long way in helping it stay updated.

Here's some bitesize tasks you could do:

- Write a blog post about your new product launch

- Share recipes or how to guides

- Update a page with new information

- Add links to new products

Set up your online payments

Of course, having online payments set up is key for selling your products or services online!

No ecommerce business is complete without a way of offering secure payment options to customers. Your website should offer safe ways for customers to pay online, such as with a credit card or PayPal.

With [FSB Payments](#), you can have peace of mind that card payments are taken safely and securely, wherever you're doing business. FSB members have access to real time information about sales and more ways for customers to pay with confidence.

Next steps...

There we have it - you've started on your business journey and are one step closer to your first sale!

With the right expertise, advice and guidance at your disposal, you'll have all the tools you need for success. [Learn more](#) about how FSB membership can support you and your start-up business every step of the way.

About FSB

Our mission is to help smaller businesses achieve their ambitions. Established 45 years ago, FSB is the UK's largest grassroots business campaigning group, which ensures the voice of small businesses is heard at the highest level across the UK, as well as providing vital business services and products to our members.

For more information
and to join, please visit:
www.fsb.org.uk/join-us

