



# 20 QUESTIONS

## NOBODY ASKS THE START-UP

**1** Find a "Mentor" a veteran entrepreneur whom has built their business from scratch & operated it for over 15 years. (If inherited has ran it themselves for 15 yrs+) Not franchisees.

**2** Study the life stories of the Great Entrepreneurs; be inspired, take notes, learn from their challenges, successes & failures.



**3** Understand your financial's better than your accountant; your operating costs, break even per month, bank balance, tax bill forecast, outstanding balances of debtors or creditors (if you don't know what these are get learning quick).



**4** Master the skills of both buying as importantly as selling for your crucial business start-up capital spend research, shop around, negotiate & haggle.

**5** Get your business name & logo right first time, secure; URL's(domains), check conflicting trademarks & brands, registered company names.

**6** Take the time to write a concise business plan, with your start-up costs, cash flow & profit & loss projections. Primarily for yourself to question the vision and viability of your business & secondary to assert your level of commitment to your bank manager or investors.



**7** With any major business decision; always follow your first instinct-follow your gut.

**8** Remember Banks are a business like everyone else & are in business to make a profit; Start-up Loans, leases, credit agreements, business terms; always read the small print, don't be afraid to ask questions (**even if it sounds stupid**) and like any agreements only sign what you fully understand. (Just like rent/lease agreements)



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**9** If establishing a Partnership clarify that both parties share the same vision, commitment and values to make the business a success in terms of time, labor and financing. And most importantly from the outset establish clearly your individual & defined roles, functions & responsibilities. (Plus who has the final decisions if you cannot agree). What is the agreement terms if you wish to part company at any stage?



**10** From the outset decide what is most important; the need & speed to start trading by raising funds yourself or put up with delays to secure public funding or grants. If you are dealing with organisations with independent consultants many may be oblivious to your need for momentum & getting your business up & running & turning a profit a.s.a.p.



**11** If you have a current day job, try & keep your day job until your business is financially sustainable. Or for as long as possible to buffer your income. This is particularly important if you are a single parent or the primary earner. If possible start by operating your business as a part-time income. This way you can test your concept & model iron out any problems and begin to build your customer base.

**12** Are you going to register as a sole trader/ partnership or limited company. What financial risks are involved with your business model? Do you have personal assets, savings you wish to protect by registering as a limited company i.e. equity in your home?

**13** Decide on your requirements & whether you need a Book keeper or qualified Accountant. Seek endorsements from individuals & experienced entrepreneurs. Find a reputable & reliable accountant you can relate to and trust.



**14** Check your credit score/personal credit report including everyone registered to your household address. Ensure you don't have any unpaid debts with lenders. If you have a low credit score simply because you have never borrowed or used lines of credit look at ways of improving your credit score. Prepare your credit report to reflect positively for potential lenders including your bank manager & suppliers (especially if you are working from home & using your home as your registered address for business).

**15** If you are a single parent or primary earner research all your financial entitlements i.e grants, loans, training grants, free rent or rates as a new business start-up. If you are a parent establish your entitlements for Nursery, after school care, Family Tax allowances etc.



**16** Before you give up your day job, if you are a homeowner with a mortgage look at your current mortgage terms & renewal period. Anticipate when your business income & profit will match your mortgage approval requirements. If you have equity in your home do you wish to utilise this now based on your current income? Will you be able to access this after 3 years of trading? (seek advice of personal financial advisor).

**17** Accurately research & cost out all your set up costs & month to month expenditure. Decide what you really need in terms of cashflow i.e. Loans or optional overdraft. Understand the nature of your business. Is your business a product or service with payment at point of sale, or are you a service based business with customers that will demand a 30-60 day account (overdraft). Alternatively can you negotiate with suppliers extended trading terms to avoid loans or overdraft.



**18** The initial period of a start-up can be extremely difficult Therefore the preparation & time taken prior to start-up is essential in terms of exhausting all forms of "Grants" available. There are still some sources of grants available in particular if you are a resident in an Economically deprived area or if you belong to a minority group i.e. Youth, Women.

**19** For anyone starting up in business without a basic knowledge of accounts or book keeping I would recommend that you enrol in a basic book keeping course or study the basic principles of Cash Flow, Profit & Loss and Balance sheet through resources on-line or from your local library. One primarily to understand the significance, necessity & function of each of them. It isn't rocket science but is essential to the success of your business.



**20** For most start-ups they start out as sole trader. This is often due to the fact that Banks are more likely to offer you finances & loans as a Sole trader or Partnership where you are personally liable for any debts. Evaluate the Pros & Cons of registering as a Limited Company vs Sole Trader/Partnership.



Empowering Entrepreneurs

