

Total Back Office Solutions Ltd

Are you ready to start up

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Created by Business Link on 26 June 2009 11:01
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Are you ready to start up?

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Introduction

Starting a new business is both exciting and rewarding, but it is also full of challenges. The level of commitment that you will need should not be underestimated.

The success of your business will partly depend on your attitude and skills. This means being honest about a range of issues - your knowledge, your financial status and the personal qualities that you can bring to your new business.

Commitment, drive, perseverance and support from family and friends will go a long way towards transforming your business idea into reality and will be especially important during the early days.

This guide will help you decide whether you have what it takes to set up a new business. It also provides a look at the day-to-day reality of starting a business and outlines the skills and qualities that you will need.

The day-to-day reality check

Setting up your own business requires your full commitment. Here are some of the challenges you need to think about. Another valuable way to find out about the day-to-day realities of running a business is to talk to people who are in business already.

Personal sacrifice

The physical and emotional demands of starting up in business should not be underestimated. Starting a business is a life-changing event and will require hard work and long hours, especially in the early

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stages.

Financial insecurity

There can be times of financial uncertainty and this may have a knock-on effect for both you and your family. For example, you may have to forgo holidays. You may have invested personal savings or used your family home as security and in the worst case scenario you risk losing your investment or even your home.

Loss of company perks

Setting up your own business means that you will no longer be able to take advantage of the usual benefits associated with a permanent job. This includes the loss of 'safety net' benefits such as pension rights, sick pay, paid holiday and other company perks.

Pressure on close relationships

You will need the support of your family and friends. They should be aware from the outset of the effect starting up a business will have on your life and it is crucial that they are right behind you. Their emotional backing may also need to be complemented by a practical 'hands on' approach. Discussing these issues before they arise will help.

Isolation

Being your own boss can be a satisfying experience. However, shouldering all the responsibility for the success of the business can prove lonely. Unless you develop a network of contacts, there will be no one there to bounce ideas off.

The entrepreneurial quality check

Research has shown that there are certain qualities commonly found amongst successful business people.

A typical entrepreneur will have the following key qualities:

Self-confidence - a self-belief and passion about your product or service - your enthusiasm should win people over to your ideas.

Self-determination - a belief that the outcome of events is down to your own actions, rather than based on external factors or other people's actions.

Being a self-starter - the ability to take the initiative, work independently and to develop your ideas.

Judgement - the ability to be open-minded when listening to other people's advice, while bearing in mind your objectives for the business.

Commitment - the willingness to make personal sacrifices through long hours and loss of leisure time.

Perseverance - the ability to continue despite setbacks, financial insecurity and exposure to risk.

Initiative - the ability to be resourceful and proactive, rather than adopting a passive 'wait and see' approach.

The business skills check

As a business owner you need core skills to execute your ideas to ensure that your new

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business survives in the long term.

You should start by assessing your own skills and knowledge. This will help you decide whether you need to learn new skills or draw on outside help by delegating, recruiting or outsourcing.

Key business skill areas

Financial management - This includes having a good grasp of cashflow planning, credit-management and maintaining good relationships with your bank and accountant. For more information, see our guide on [cashflow management: the basics](#).

Product development - The ability to make long-term plans for product development and identify the people, materials and processes required to achieve them. In order to make such plans you will need to know your competition and your customers' needs. See our guides on how to [understand your competitors](#) and [know your customers' needs](#).

People management - This includes managing recruitment, resolving disputes, motivating staff and managing training. Good people management will help employees to work together as a well-functioning team. See our guide on [skills and training for directors and owners](#).

Business planning - The ability to assess the strengths and weaknesses of your business and plan accordingly. See our guide on how to [prepare a business plan](#).

Marketing skills - A sound marketing approach will help you set up and oversee sales and marketing operations, analyse

markets, identify selling points for your product and following these through to market. See our guides on how to [write a marketing plan](#) and [market research and market reports](#).

Supplier relationship management - The ability to identify suppliers and positively manage your relationship with them. See our guides on how to [manage your suppliers](#) and [the supplier selection process](#).

Sales skills - Without sales your business cannot survive and grow. You need to be able to identify potential customers and their individual needs, explain your goods and services effectively to them and convert these potential customers into clients. See our guide on how to [reach your customers effectively](#).

You can get advice on any of these issues at your local Business Link. . [Find your local Business Link through our Contacts Directory](#).

The market research check

You need to research your target market and your competitors carefully.

A common misconception is that entrepreneurs who have failed simply lacked sufficient funding or did not put the right team in place. In many cases new businesses fail because they have not spent enough time on researching their business idea and its viability in the market.

There are certain criteria you can use to establish this:

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- Does your product or service satisfy or create a market need?
- Can you identify potential customers?
- Will your product or service outlive any passing trends or capitalise on the trend before it dies away?
- Is your product or service unique, distinct or superior to those offered by competitors?
- What competition will your product or service face - locally, nationally and globally?
- Is the product safe?
- Does your product or service comply with relevant regulations and legislation?
- Can you sell the product or service at a price that will give you sufficient profit?

Market research can play an important role in answering many of these questions and increasing your chances of success.

How much research you do will depend on the time and funds you have available. You could:

- informally canvass the opinion of friends
- talk to industry contacts and colleagues
- survey the public about whether they would use your product or service
- ask customers of competing products what improvements they would like to see
- set up focus groups to test your product or service
- monitor what your competitors are doing
- look at what has and hasn't worked in your industry or market niche
- study wider economic and

demographic data

The more information you have, the better placed you will be to make your business idea a success.

For more information, see our guides on [market research and market reports](#) and how to [write a marketing plan](#).

You can also [download a newcomer's guide to market and social research from the Market Research Society \(MRS\) website \(PDF\) - Opens in a new window](#).

The financial commitment check

Securing the right financing for your new business is crucial, as there is no guarantee that your business will make money for you straight away.

You should aim to have **sufficient reserves** to last you for several months without an income from your business. For tips on how to keep afloat during the early months of your new business, see our guide: [how do I survive until my business is off the ground?](#)

You need to be honest about your start-up capital reserves. If there is not enough money to see you through until your business begins to make money, then you are not ready to start up. Being realistic at this stage is likely to save a lot of pain. If you decide to launch your new business without enough funding behind it, keeping it afloat will prove extremely difficult. For more information, see our guide on how to [choose the right finance when starting up](#).

Are you ready to start up?

There are many different sources of potential start-up funding, including bank loans, overdrafts and private loans. **Use our interactive tool to find and secure the right finance for your business needs.**

For expert help, contact an accountant, small business adviser or your bank manager. For more information, see our guides on how to **choose and manage an accountant.**

Find out if you've got what it takes

Starting up a business requires a considerable investment of time, funds and energy. Before you begin, you need to honestly assess whether you really have what it takes and how well you think you might handle the risks involved.

You may want to consider the following questions:

- Are you prepared for the personal demands of setting up a new business?
- How well do you handle uncertainty?
- Do you have a positive attitude?
- Are you prepared to take chances and gamble on your ideas?
- Do you have any of the key qualities of a typical entrepreneur?
- Do you have an absolute determination to succeed?
- Can you bounce back from setbacks?
- Are you able to delegate?
- Do you have core business skills?
- Are you prepared to spend time carrying out in-depth market research?
- Do you have sufficient funds to set up a new business?

- Are you willing to draw on expert help when you need it?

Very few entrepreneurs can claim to be strong in all of the areas required. The key is to make the most of your assets and take action to address any gaps. This could include learning new skills yourself or drawing on outside help by delegating, recruiting or outsourcing.

Ultimately, you are the only person who can decide whether you have what it takes to make your dream of starting a business into a reality.

Here's how I decided I was ready to start up my business

Paul Kruzycki

Ales by Mail Ltd

Paul's top tips:

- "Really understand what you are giving up by leaving a job such as paid holiday, company car and so on."
- "Find information wherever you can, especially on the Internet."
- "Be organised and methodical in your paperwork."

Paul Kruzycki discovered an entrepreneurial streak while running a not-for-profit charity convention and he decided to set up his own venture. When he did, a cautious approach to the launch of his real-ale mail-order company, Ales By Mail, proved important in giving the business a sound start.

Are you ready to start up?

What I did

Research the business proposition fully

"I continued working full time as a building surveyor while I developed my business plan, built contacts and got my idea to a stage where I felt I could get it off the ground. I wanted to prove fully to myself that the business could work.

"I also knew that if I wanted to get finance to help me start up I would need to answer some tough questions such as who are your customers, where will you advertise and so on.

"I spent a lot of time talking to people in the industry and finding information on websites - seeing how other people were doing things, at what level and how differently."

Take the opportunity to work part-time to provide a financial buffer

"My research showed that Ales by Mail couldn't pay me a salary at first so I decided I needed to save at least six months' living expenses. Then an opportunity to work as a property consultant came up.

"I now do that two days a week and spend two days on Ales by Mail. On the fifth and sixth days I work on whatever needs doing most urgently.

"I'm building the business on a tight budget and am going for slow growth. My consultancy work allows me to take this approach."

Consider domestic circumstances

"I spent 18 months preparing to start the

business. There were things that needed to be resolved before I gave up my job. For example, I needed to wait until my house had been refurbished so that I could work from home.

"I've had a lot of support from my wife. Knowing I can go to my family after a bad day and receive that support helps me remember that the decision I made was the right one."

What I'd do differently

Think about the impact of routine paperwork

"Before starting up I'd find out more about the organisational aspects of running a business. I underestimated the amount of time needed to deal with tax matters, chase up clients and do all the other bits of paperwork. "

[Read more case studies that describe first hand how people tackle real-life challenges and opportunities](#)

Helplines

Business Link Helpline

0845 600 9 006

The Chartered Institute of Marketing General Enquiry Line

01628 427 500

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[Download market and social research guidance from the MRS website \(PDF, 36K\)](#) - [Opens in a new window](#)

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[Local business support on the National Federation of Enterprise Agencies website](#) - [Opens in a new window](#)