



From side hustle to main hustle: The Smarta guide

**Expert advice to launch you into
full on fabulous self employment!**



European Union
European
Social Fund

Time to do your own thing?

You don't **have** to have a background in business to become a self-employed success. If you've got a bright idea you're already working on and bags of motivation, we can help you with the rest.

If you've always wanted to be your own boss, now could be the time – because if not now, when?

We've broken down everything you need to do, and we're here to help you as you go.

We'll start with making sure your idea is viable – then we'll execute.

If you're in, we're in.

Richard Myers

Founder, Smarta

Time to explore your options

By the end of this ebook, you'll be able to:

- identify whether your business idea will fit your lifestyle
- understand the basics of small business finance
- know how to research the market for your business
- choose tools to help you promote your business
- know your worth and sell without feeling sleazy.

We've already helped thousands of people to start their own businesses, take control, make their own decisions and pursue their passion projects.

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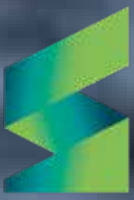
Get comfortable with selling

We are Smarta... Nice to meet you

Smarta is the place for ambitious businesses that want to learn, grow and support each other.

You'll find:

- ready-to-action advice and inspiration
- no-nonsense training
- opportunities to promote your business in our online directory
- a community of entrepreneurs who want to collaborate.

A woman with long, dark, curly hair is laughing joyfully, her mouth wide open and eyes squinted. She is wearing a bright blue scarf with fringe. The background is a blurred outdoor setting with a tree trunk visible on the right. A large, semi-transparent green diagonal shape is overlaid on the right side of the image, containing the text.

Article 1: 12 top traits of successful startups



There are lots of reasons people start their own businesses. Some start with a great idea they want to grow, others dream of escaping their day job to follow a passion, and a few just want to be the next Richard Branson.

Whatever your motivation, you'll probably share some common characteristics with fellow entrepreneurs. Ready to become the next big thing in business? Here's the combination of creative thinking and steely determination that we think all entrepreneurs secretly share.

Passionate

1

They say that if you do something you love, you'll never work a day in your life. Because people who do something they're passionate about don't think of it as work. They love it, live it and breathe it.

They don't mind putting in extra hours or working at the weekend. They believe in their business and they'll do everything they can to make it a success.



Creative

If you've got a brilliant business idea bubbling away, you're already tapping into your creativity.

2

Creativity is a vital skill for everything from product development and problem solving, to marketing and managing your time.

Creativity adds individuality and value to your business by bringing your unique perspective to bear.

Proactive

When you run your own business, you can't wait for someone else to tell you what to do. It's important to use your initiative and take a proactive approach to work.

3

Entrepreneurs are self-starters that go out there and make things happen, rather than waiting for work and opportunities to come to them.

Hard-working

Running your own business means wearing a lot of hats. Often you're CEO, marketing manager, accountant, cleaner and chief tea maker. So having a strong work ethic is essential if you're going to tackle your to do list with energy and good humour.

4

And when you have staff to share the load with, working hard sets a great example and encourages others to do the same.



5

Strategic

Being strategic is a sure-fire way to increase your chances of success. Having a strategy means knowing what you want to achieve and the steps you'll take to get there. It helps you focus on priorities that drive your business forward and eliminate anything that doesn't.

6

Disciplined

When you're used to working for someone else, the freedom of self-employment can be both liberating and daunting. With days, weeks and months stretching out ahead of you, self-discipline is essential if you're going to be productive and achieve your targets.

Self-discipline means knuckling down and doing everything your business needs to succeed, not just the parts you enjoy.

7

Decisive

Successful entrepreneurs make decisions quickly and confidently. They're not reckless. But they understand the value of making a choice and following it through. They are focused on action and outcomes, rather than endless deliberation. They make informed decisions based on available information. And if they make a mistake, they make a decision about how to fix it.



8

Financially aware

Cash is the life blood of your business. You don't need an accountancy degree to succeed. But you do need to understand the importance of financial planning.

Budgeting and managing your business cash flow will help you prosper. Business owners who just hope for the best often fare the worst... Read on for our article on budgets, cash flow and pricing.

9

Determined

You'll experience knockbacks along the way. But your determination to succeed will propel you onwards towards your goals, even when the going gets tough.

The most successful business owners learn from their mistakes. Reframing failure as opportunity is one way entrepreneurs bounce back...often bigger and better than before.

They are resilient and know that the fastest way to fail is to give up. So they don't!

10

Always learning

Successful entrepreneurs are always learning and never assume they have all the answers. They know that investing in knowledge will pay dividends.

Informal networking, training and conferences all help them stay ahead of the game. Great leaders appoint skilled staff that they listen, to and learn from, daily.



11

Customer-focused

Your customers are the heart of everything you do. Or they should be! Without customers to buy your products or service, you have no business.

Savvy business leaders know that meeting and exceeding customer expectations is their fast track to business success. They focus on improving products and processes to keep customers coming back.

12

Confident... in time

We can all picture a confident entrepreneur striding purposefully through life, head held high. And whilst that is true for some business owners, it isn't for everyone.

Maybe you're taking your first tentative steps into self-employment and you're not really sure what you're doing. Hearing that successful entrepreneurs are 'confident' isn't very helpful at this stage. So don't worry if you're not feeling confident right now. Harness the qualities described above and confidence will follow.

Feeling inspired? Ready to release your inner awesome? We're with you. Read on for our advice on working out whether your business will make the transition to main hustle you need.

Further reading: Visit our website for startup advice articles to help you map out your entrepreneurial adventure.



Article 2: What makes a good business?



Not all great business ideas turn out to be viable business opportunities, so how do you assess if yours has what it takes to flourish?

There's certainly no official 'ideas for small business' test. But start by asking if your small business concept stands up to the following questions before you go any further.

Is there a market for my business?

Thorough market research is an absolute must for new business ideas, or significantly changing businesses. If there's not enough demand for your products or services, your business will never take off enough to pay your bills.

Plus, it is really important to understand your customer before trying to sell to them. Writing a customer persona can help visualise and focus on your clients.

See the next chapter for our beginners' guide to market research.

Think about how much you'll need to sell in order to make a living. If you only make a small profit margin on your product, you'll need to sell a high quantity, which means you'll need a much greater demand.

Growing markets are going to appeal more to investors and provide better business opportunities.



Article 3: What makes a good business?



Don't forget, you are more likely to get your great business idea off the ground if it has a sound set of USPs – Unique Selling Points.

This differentiates you from competitors and makes your product more desirable. Competitor research can help you understand the market better.

Things to remember:

- It is as important to do thorough market research for a change as for a new idea
- Smaller profit margin requires greater demand
- Growing markets are preferable





Does my business make life easier or solve a problem?

Every product serves a purpose – successful businesses are rarely built on novelty value.

It could save people time, make a much-used process easier or provide them with a new luxury. It's crucial to be clear about how your product helps people, solves a specific problem or fills a gap in the market. Again, market research will help.

If your business does have an outstanding purpose that helps people then why not form a CIC - a community interest company?

Things to remember:

- Know what purpose your product serves
- Market research will help

Is my business viable?

You need to be realistic. There's nothing wrong with being imaginative and brainstorming. But your business will only work if your product is technologically possible and manufacturing costs are feasible at the scale you need. You'll also need to think about the number of staff you'll need, if you require premises, and so on.



Article 3: What makes a good business?



Unless you have lots of your own money to pour in, you probably need a business that can operate cheaply to begin with and doesn't require dozens of staff. Or you'll need to think about business finance and options for funding a new business.

It is a good idea to write a business plan to help you think through the logistics of what you're considering. A business plan is not just for a startup! We all need one!

Things to remember:

- Be realistic about what you can achieve with what you've got
- Low starting costs and fewer staff are more likely to work
- Finance options can give you money, but you'll need a business plan

Can my business make money?

Work out how much it costs for you to make your product, and how much you'll sell it for at scale. You need enough profit left over to sustain a business.

Factor in employees' salaries, expenses, administration costs, labour, transport and material costs. The smaller your profit margin, the more demand you need to make up for it. Talk to manufacturers to find out about costs.



Keep reading for our article on budgets, cash flow and pricing.

Things to remember:

- Work out all costs
- Compare with the estimated sale price
- Smaller profit margin needs higher demand

Has my business got room for growth?

There are four main strategies to achieve business growth:

- market penetration
- product development
- market expansion
- diversification

Put simply, that means:

- sell more to existing customers
- start selling to new customers
- develop new products

It's best if plans for growth correspond with how the market you're working in looks set to develop over the next few years.

Operating in an expanding sector is a much better guarantee for growth potential.

Avoid markets based on trends - you don't want your idea to become passé after a year or two.



Article 3: What makes a good business?



Things to remember:

- Make a note of expanding sectors, more products and potential locations
- Look at how your market will develop
- Growth markets preferable
- Avoid trends

Now you've put some more thought into your business idea, what do you think? If you believe your business has potential, it's time to test your theory with market research.

Further reading: How much does it cost to start a business?
What makes a good business idea?



I loved the relationships that the Learn Smarta team clearly have – you could sense the feeling of family even through the screen!

Emma Foley, wellbeing advocate

A close-up photograph of a woman with dark hair, smiling and looking down at a yellow sticky note. She is wearing an orange button-down shirt. The background is blurred, showing other people and a pink sticky note. A diagonal yellow and orange overlay covers the bottom half of the image, where the text is placed.

Article 3: What is market research? Tools and techniques for growth



Know you need to do market research but don't know where to start? Help is at hand!

Market research is an essential part of business planning. Done well, it lays the foundation for huge success. Find the right techniques for you and your business, and you'll be off and running in no time – saving time, money and tears as you go.

Why do market research?

Market research helps you to:

- discover the size of the market for your product
- understand the needs and feelings of your target market
- find out what, where and why they buy
- learn who else they might shop with
- identify what your competitors offer compared to you

All of this information helps you build a picture of the market you're operating in and makes it easier to develop a successful marketing strategy.

You'll be armed with vital insights to maximise on opportunities and to get your product, pricing and promotion right from the start.

It also helps protect your business against threats. You'll have a better understanding of what outside influences could reduce your chances of success, so that you can work out how to tackle them.



Article 4: What is market research?
Tools and techniques for growth



Types of market research explained

There are lots of terms you'll come across that are associated with market research. The key is to understand what they offer so you can decide which are right for your specific idea.

Primary research

This is research you conduct yourself. It includes things like talking to customers, conducting a survey or running a focus group. It gives you the chance to ask the exact questions you want the answer to.

Secondary research

This is research that someone else has already done, like existing surveys and reports, data in the public domain, or reputable sources you can find online. It can be very detailed and insightful but won't be specific to your business.

Quantitative

This is research that can be measured in numbers, eg 25% of your market is over 45 years old or 14% of the UK population are vegetarian. Hard facts can provide insights into market size and makeup, as well as back up your business case.

Qualitative

This is research that can't be measured in numbers. It is concerned with thoughts, feelings and emotions, eg when someone says your brand makes them feel happy or confused or hungry! It can help guide product development or marketing by letting you know what people think.



Article 4: What is market research?
Tools and techniques for growth



Popular market research tools for startups explained

SWOT

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It helps you focus on what you're good and bad at, as well as what external influences can impact your business.

You can also conduct a PEST analysis, which focuses in on external factors.

Customer persona

Your customer persona is a profile of your ideal customer. It helps you think about key characteristics – who they are, what motivates them, the problems they face – so you can reach out to them effectively.

Demographic research

This provides insights into the makeup of the population, their buying habits and their media preferences. It helps you understand the size of your market and how to reach them. The UK Government website has great demographic information online for free. Or you can buy data specifically designed for market research like Acorn.

Surveys

Free online resources mean you don't need to hire someone to stand on a street corner with a clipboard to conduct surveys anymore. Tools like SurveyMonkey, Google Forms and social media help you quickly canvas opinion.



Article 4: What is market research?
Tools and techniques for growth



Focus groups

This is when you gather a group of people together to talk about your business idea and the wider market. It is useful to find out what they think about existing products and services, the potential of your proposed businesses, and problems you can solve.

Internal information

If you're already trading, you could be sitting on a wealth of insights. Look at customer feedback, complaints, online reviews, and info from people who've declined services. Find out what they love or hate about what you offer; what made them buy or shy away from your product.

Commercial sources of data

You can buy data from a wide range of sources, like the Acorn reports mentioned above. You might also find reports on your specific industry or sector. You'll have to pay to access these but they can deliver valuable insights to help you segment and understand your audience.

Competitor analysis

This covers a lot of different techniques to build up a picture of businesses already serving your ideal client. Having this information helps you to know who you are up against, as well as providing insights into how they position and promote their products.



Article 4: What is market research?
Tools and techniques for growth



Do I have to do market research myself?

Not at all. If you don't have the time or inclination to do market research yourself, there are options to hire in help.

Market research agencies can speed up the process by providing access to a pool of participants for focus groups and surveys and running them on your behalf.

Freelance market researchers are also a cost-effective option if you're self-financing your startup and feeling cash conscious.

Now it's time to mix things up. The marketing mix is what you'll use to create an irresistible offer for customers and competitive advantage for your business. Let's go.

Further reading: Visit our website for more detail on market research tools and techniques:

- SWOT analysis
- PEST analysis
- Competitor analysis
- Focus groups
- Writing a customer persona
- Using surveys for market research



Article 4:
Marketing 101:
where to start when
you're growing a
side hustle



Article 5: Marketing 101: where to start when you're growing a side hustle



You've got a great product or service. You're ready to be your own boss. This could be the start of something big. But if your planning has only got as far as how you'll hand your notice in (email, letter, singing telegram?) then you need to start thinking about marketing next. !

Writing a full marketing strategy or conducting extensive research isn't always necessary. But thinking about your options for developing, promoting and selling your products will help you decide if your business plans can come to fruition. It can also help when you come to writing your actual business plan!

What does marketing mean?

Marketing is the process of understanding customers' needs and meeting those needs to make a profit. It includes a mix of activities like:

- market research
- product development
- promotion

As such, it provides a great framework for thinking about both promoting and selling your products.

People often use the word 'marketing' to mean 'promotion' or 'advertising'. But marketing is so much more. Your marketing efforts actually need to start before you've put a single item into production!



Article 5: Marketing 101: where to start when you're growing a side hustle



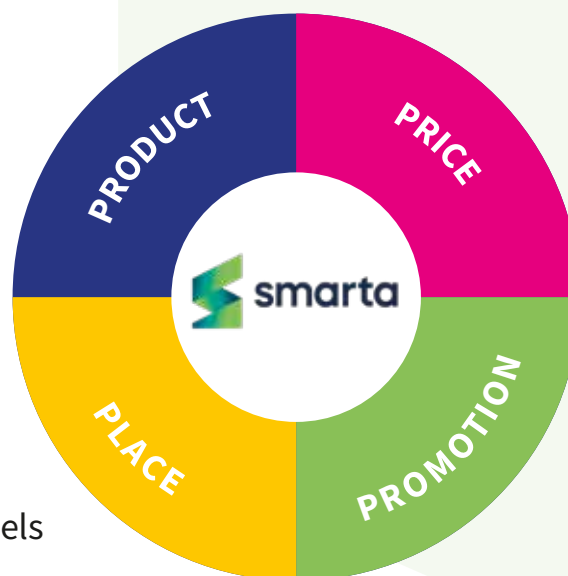
Applying the marketing mix to your startup

A helpful way to think about marketing is as a mix. The marketing mix is made up of different elements which, when you combine them, create a competitive advantage for your business. There are lots of variations but traditionally there are four key elements.

- Product
- Price
- Place
- Promotion

The 4Ps Marketing Mix

- Features
- Branding
- Quality
- Packaging



- Profit
- Perception
- Payment terms
- Discounts

- Sales channels
- Premises
- Franchising
- Distribution

- Sales promotion
- Advertising
- Publicity / PR
- Personal selling



Article 5: Marketing 101: where to start when you're growing a side hustle



Product

This is the most important part of the marketing mix. Having a great product or service that people want to buy is the cornerstone for starting a successful business. Market research – such as focus groups and surveys – can help you develop and refine your product.

It can also help you develop your marketing messages; the information you're going to communicate to potential customers to get them excited about what you offer.

Remember that customers don't just buy features, they buy benefits, so make sure you highlight both.

For example, someone who buys walking boots is buying features like waterproof fabric and sturdy soles. But they're also buying benefits like a healthy lifestyle, outdoor adventures and warm feet!

Shifting your mindset from what you can make, to what your customer needs, is the first step to creating a desirable product or service.

Price

How much are you going to charge for your product? At its simplest, you can work out how much it costs to produce an item and add on a percentage for profit.

But savvy startups think more strategically about price.

- How will perception of your price affect sales?



Article 5: Marketing 101: where to start when you're growing a side hustle



- Will your price seem too high for your target customer?
- Or will it look suspiciously low?
- Would people prefer to pay more for a brand that is perceived 'high end'?
- Or is there a gap in the market for an affordable option?

Can you use a lower price to undercut competitors and win customers quickly?

Or offer a buy-one-get-one-free offer to attract customers without cheapening your brand?

Read on for our article on budgeting, cash flow and pricing to find out more.

Place

Place just means how and where customers buy what you sell.

For product-based businesses, this can mean physical and digital spaces where customers buy your items, as well as distribution channels.

For service-based businesses, it means where people purchase and experience your service (for example, customers of a web-based service experience everything online).

There are so many options to consider and there's no one-size-fits-all. It is important to think about where your ideal customer is likely to shop and what is realistic for your business.



Article 5: Marketing 101: where to start when you're growing a side hustle



You may want to have a high street shop but starting at your kitchen table and mailing out your products might be more practical and cost-effective in the beginning.

Here are some places / ways you might be able to sell physical products.

Shop / cafe

Having a physical premises on the high street can be a great way to sell products. You'll catch passing traffic and be able to showcase everything you offer. But overheads can be high.

Pop-up shop

Pop-up shops are a temporary retail space that you take over for a specific short period of time. Often, they spring up around holidays (Halloween, Christmas) to sell products that aren't in demand all year round. They're a good way to enjoy the benefits of a high street shop without the long-term commitment.

Market stall

If you dream of channelling your inner Eastender, a market stall can be a fun and affordable way to sell direct to the public.

Specialist fairs

Trade fairs, craft fairs, Christmas fairs etc are all great options for people who want to reach relevant customers or maximise sales at certain times of the year. You can do these alongside other sale efforts, such as direct mail or running an online shop.



Article 5: Marketing 101: where to start when you're growing a side hustle



Mobile premises

Lots of businesses are mobile. Think coffee carts, street food vendors, pet groomers, car valeters. Investing in a van, truck or even a tuk-tuk can be a great way to catch footfall without investing in a shop. Or to take services direct to your customers.

Online shop (owned by you)

For product-based businesses, selling via your own website is a relatively affordable way to reach your market. And because you own the site, you won't be subject to commission or selling fees. However, you are responsible for the cost of building and maintaining the site, and you won't have a readymade market of shoppers and browsers.

Online shop (owned by someone else)

There are lots of platforms where you can be online and selling fast. Gumtree, Facebook, eBay, Amazon, Etsy and others provide a free or low-cost way to promote your products. However, you will be limited in terms of presentation and be bound by their T&Cs.

Vending machines

Traditionally associated with snacks, drinks and sanitary products, vending machines can be used to sell all sorts of items.



Article 5: Marketing 101: where to start when you're growing a side hustle



Promotion

Promotion is how you attract the attention of your ideal customer. You've already worked out the perfect product to offer, priced it attractively, and sorted out how you'll sell it. What now? Unfortunately, customers won't just arrive by chance.

You need to plan a range of promotional activities to let them know who you are, what you do and how you are going to make their lives better. Here are some common approaches to promoting your business.

By the way, this list isn't exhaustive, even though you might feel worn out reading it!

Social media advertising

Social media advertising is an affordable option for most startups, which can get your message in front of a highly targeted audience. But there are lots of options.

Think about where you can reach your customers most effectively. Facebook and Instagram might work for selling directly to customers, but Twitter and LinkedIn might be better for reaching out to businesses.

Online advertising

You might consider advertising on webpages your customers are likely to visit (for example, if you sell dog food, you might advertise on the website of a national chain of vets). Or you could pay Google to boost your website to the top of the search results when people search on certain phrases.



Article 5: Marketing 101: where to start when you're growing a side hustle



This is an expensive option for popular keywords (like 'dog food') but could be very effective for highly targeted keywords like 'organic dog food for small breeds'.

Content marketing

The aim of content marketing is to attract customers to you. You do this by creating and sharing content designed to appeal to your ideal customer online.

Think about what your ideal customer might be searching for online and publish content that answers their questions. For example, a children's clothing company might publish blog posts on fun days out for families.

Content marketing requires a commitment to producing content consistently and on an on-going basis to build your brand and reputation.

Traditional advertising

Traditional advertising still has a lot to offer small businesses. Offline advertising options include: local press; TV and radio; billboards and public transport; cinemas and shopping malls; and leaflet drops.

Special offers

This covers any kind of special offer that you use to increase sales. BOGOFs, discounts, time-limited offers, competitions... The sort of thing that makes you fill your basket with bargains – and things you never knew you needed – every time you go to the supermarket.



Article 5: Marketing 101: where to start when you're growing a side hustle



Social promotion

One way that many small businesses use sales promotion is via social media. If you've ever 'liked, shared and commented' on a post on Facebook to win a luxury food hamper or weekend glamping, you've had first-hand experience of a social sales promotion!

In fact, this type of sales promotion is particularly clever because it builds the business's audience too and improves the reach of future posts. Win- win! Check out our social media planner.

Influencer marketing

Have you ever bought something because a celeb or blogger uses it? That's influencer marketing in action.

It's powerful for a number of reasons: chosen carefully, influencers provide a targeted route to your ideal audience; people are more likely to trust the opinion of a third party than your own marketing; and many people want to be like their favourite influencers.

Direct marketing

Email lists, direct mail and cold calling are all examples of direct marketing. Some of them have a bad rap, but conducted ethically and within legal guidelines, they can be a great way to speak to your target market.

You'll need to consider who you want to target, how you'll acquire your list, what you'll offer, and how you'll receive and process orders.



Article 5: Marketing 101: where to start when you're growing a side hustle



Word-of-mouth

People are far more inclined to trust what other people say about you, rather than what you say about yourself. So encouraging positive word-of-mouth is a helpful way to build trust in your brand.

Positive referrals don't have to come from influencers with thousands of followers.

Two easy ways to get existing customers to become advocates for your brand are:

- Online reviews – Ask happy customers if they'd leave a review on your Facebook page or an external site like TripAdvisor (online word-of-mouth is sometimes called word-of-mouse!)
- Referral programme – Encourage your current customers to find new ones for you. A good example is when your gym offers you a free month for every friend you introduce.

Public relations

Although PR is traditionally included in the marketing mix, it is actually a discipline in its own right. Find out more at www.cipr.co.uk

See how your marketing can turn your lightbulb moment into a business breakthrough? But wondering how you're going to make ends meet? We've got this covered. Read on for our guide to funding a burgeoning business.



Article 5: Guide to funding a new business



Even the most cash-generative companies need funding to start or grow. If you're considering business finance, you need to find an option that provides the capital you need to suit your ambitions. You also need to ensure it has repayment terms to suit your growth and which you, as an individual, are comfortable with.

Personal investment

Investing your own money to kickstart your business can be the natural first step to financing your dream.

It can be quicker and easier than applying for finance.

If you're starting a new business, you need to be confident that it is going to succeed. Investing your own money is a great way to test your commitment to your concept.

Pros

- Easier than applying for other forms of finance – no lengthy application process to navigate or hoops to jump through
- You don't have to produce a business plan – this saves you time, admin and potential stress
- You don't have debtors or investors to worry about
- No interest to pay

Cons

- You may have access to less money than if you applied for other forms of finance – this may reduce your potential for growth
- You don't have to produce a business plan – business planning can help you work out the details of your business and refine them
- You may worry about using your rainy day funds instead
- Your lifestyle / budget may be impacted by funding your business



Things to consider before investing your own money in your business...

- **Keep your pots of money separate** – make sure you have a separate bank account to keep track of personal vs business funds
- **Keep things simple** – transfer a lump sum over to your business account rather than moving dribs and drabs Be careful – evaluate the risks of investing your own money before committing
- **Protect your assets** – make sure you won't lose vital assets such as your house or retirement savings if something goes wrong
- **Know your bottom line** – know your personal survival budget to keep your head above water as you start your business

Should I ask friends or family to invest in my business?

Maybe, if you take proper precautions. If you have family or friends who are interested in investing in you and your business, tread carefully. There's more than money on the line; relationships can be affected if things go wrong.

- **Make it formal** – put things in writing to avoid misunderstandings or disagreements in the future



- **Be clear** – make sure you both understand whether the money is a loan, investment or gift

Bank loans

Many high-street banks offer business loans to help companies invest and grow.

However, since the financial crash in the noughties, they can be more risk-averse and often favour limited companies over sole traders.

The good news is that lots of challenger banks and alternative lending schemes have emerged to fill the gap in business finance. Like Transmit Startups and Transmit Growth Loans.

You'll need to be able to show any lender that your business is ready for investment and you'll be able to afford the repayments.

What do I need to apply for a business loan from a bank?

- A detailed business plan
- Clear sales projections
- A robust cash-flow forecast
- Accounts and tax returns (if applicable)

Can a new business get a business loan from a bank?

Yes. But it can be trickier, as many banks look for evidence of past trading to assess loan applications. If you are a new



business, it might make more sense to apply for a specialist start up loan.

Start up Loans:

- a personal loan you use to finance your business
- are specifically designed for brand new businesses

Good start up loan providers can also help you:

- write your business plan
- prepare realistic financial projection
- get your business off the ground through mentoring in your first year

Grant funding

Some non-repayable business grants do still exist, but they are rarer than they were fifteen years ago.

They are usually only available for businesses that meet certain criteria, such as:

- meeting an urgent demand
- solving a problem
- improving social mobility

Applying for grants can be highly competitive and you need to be prepared to make a strong case for your business.

Remember to research eligibility criteria and consider hiring a consultant to help maximise your chances of success.



Which businesses are most attractive to grant-making organisations?

Most grants are available in one of the following sectors:

- research and development (R&D)
- employment and training
- environmental schemes
- businesses providing opportunities for young people

Who offers business grants?

Sources of business grants include:

- the government
- your local authority
- your local enterprise partnership and/or growth hub
- the EU

Private equity

Private equity is when business angels or venture capitalists provide financial investment in exchange for a share of your company.

What is private equity?

You'll receive a much-needed cash injection for your business, as well as benefiting from your backers' expertise and contacts. This can help you manage and grow your business.

It's likely there will be a planned exit identified, at which point the investors will expect to have realised their return:



a deadline by which they want to remove their money and predicted profit.

To attract private equity, your business should have the potential to grow exponentially over the next three to five years and deliver a good return on investment.

How do I find an investor?

There are a number of agencies who will make introductions between businesses and potential investors. But be prepared for a change in dynamic once the business grows from your 'baby' into a full-grown firm. It is a very different set-up when you have a board of investors calling your decisions into account.

What is the difference between an angel investor and a venture capitalist?

Angel Investor

- Invest their own money in your business
- Invest at an earlier stage of business development
- Smaller budget than venture capitalists
- Take a smaller percentage of your business than venture capitalists
- Take a supportive role in your business (such as mentoring)

Venture Capitalist

- Invest money from a professionally managed fund of investors
- Invest in more established businesses



- Larger budget than angel investors
- Take a larger percentage of your business than angel investors – usually a minimum of 20%
- Take a very proactive role in your business (such as board membership)

Crowdfunding

Crowdfunding is one of the newer ways to fund your business. It's brought real change to the world of startup finance, as well as the lives of business owners who've benefited from it.

What is crowdfunding?

Crowdfunding is when people who need money post about their idea or issue online and ask investors to make a contribution towards it.

This usually takes place via a specific crowdfunding platform, which helps the people build and promote their appeal, whilst taking a small cut of the money raised.

One of the great things about crowdfunding is that it doesn't just raise money, it raises your profile too.

As you circulate your appeal online, you reach people who are passionate about your product or project. They share it with their contacts and your appeal can snowball into success.

Plus, you may build an audience eager to buy from you when you do get your business off the ground.

If your appeal really takes off and goes viral, you might find



yourself a crowdfunding success story that raises a fortune and grabs the headlines too.

But only a small minority of crowdfunding appeals are successful. Approach the opportunity with the same care as you would any source of business finance to maximise your chance of success.

So, which option feels right for you? However you finance your business dream, you'll need to get to grips with business finance if you want to make a go of things. Read on for our guide to budgets, cash flow and pricing.

I loved the really creative way the course was delivered and produced. They were so welcoming, friendly and happy to help

**Helen Stuart,
Knitted Up North**





Article 6: Getting started with budgets, cash flow and pricing



Article 7: Getting started with budgets, cash flow and pricing



Building a business from scratch requires hard work, determination and money. It's not exactly the stuff of daydreams but getting to grips with cash flow and finance is really important.

Cash flow problems cause many startups to go bust within the first 12 months. And often that could have been avoided with some honest, up-front planning.

So be prepared to unleash your inner accountant and create a budget that will help your business blossom year-on-year.

Budget

A business budget shows you what it's going to cost to run your business, estimates how much money you'll make, and shows the cash balance you have left. It will help you plan future spending, allowing you to predict when you'll have cash to invest in growth and development. As such, it is a business essential.

But where do you start when you have no existing data to work with? When you're just starting out, your budget may involve a little wishful thinking and crystal ball gazing. But don't let this deter you from doing it. An educated guess is still more helpful than blind financial faith.



Article 7: Getting started with budgets, cash flow and pricing



There are three elements to your budget.

Start up costs

What is it going to cost to set up your business and start trading?

Think about:

- materials and production costs
- facilities and equipment
- staff salaries
- marketing costs

You'll probably fund these up-front expenses through lending, so your monthly budget must include loan repayments and interest.

Take a look at our business startup costs article for more information.

Ongoing expenses

Each month you'll have fixed and variable expenses. These are the costs you'll need to cover each month by making sales.

- Fixed expenses don't change and are easy to budget for: utility bills, rent or mortgage, loan payments, professional fees.
- Variable expenses change and include things like materials, shipping costs and production costs.

Monthly sales

This is guesstimate territory. Try to be realistic about what's achievable, especially when you're starting out.

Don't forget that you might receive payment for sales a month or more after supplying them. A small proportion of customers may not pay at all or need a refund. Base your budget on an estimated collection rate for your industry.

Once you have these figures worked out, you subtract your expenses from your sales. This gives you your cash balance – the ready money you have to keep business flowing.



Article 7: Getting started with budgets, cash flow and pricing



Cash flow

Cash is the lifeblood of any business. It flows in and out as sales are made and bills are paid. It is always on the move.

What is cash flow?

The difference between incomings and outgoings is your net cash flow. Your aim is to have positive net cash flow. That means you've got more coming in than going out.

It provides you with the money to cover your expenses – and invest in growth, if that's what you're working towards.

Note that cash flow isn't the same as profit and loss. You can have profit on paper but lack cash in the bank, as money flows in and out of the business.

Why does cash flow matter?

Cash flow matters because your business needs cash to cover your expenses while you wait for invoices to be paid – or to receive funds other ways, like payment of a Start Up Loan.

Without the money to buy materials or pay staff, you'll no longer be able to make products or deliver services, which means you won't be able to make any more money.

Managing cash flow can be particularly tricky for startups because:

- they often have upfront costs to pay for before they start making sales
- it can take time to start making sales when you're a new business



Article 7: Getting started with budgets, cash flow and pricing



- suppliers sometimes ask for early payment from startups (because they don't yet have a track record of making timely payments)

This is why it is especially important for startups to be savvy about their finances and monitor them closely. So, don't bury your head in the sand.

Tackle cash flow head-on – and thank us later.



Incoming cash

- Loans received
- Sales made
- Invoices paid
- Interest received



Outgoing cash

- Materials
- Wages
- Premises
- Insurance
- Tax
- Interest paid

Cash flow forecasting

Forecasting helps you plan and predict your net cash flow. It will always be an educated estimate but can help you stay on track, avoid problems and keep cash flowing freely.

It may also be a requirement of lenders so they can assess your suitability for loans. So, it is a good habit to develop.



Article 7: Getting started with budgets, cash flow and pricing



Cash flow forecasting can help you:

- identify if there's going to be a shortfall and adjust your plans accordingly
- make sure you've got enough money to pay what you owe others
- keep track of what you're owed and when it is due
- prioritise your spending

This will help you avoid negative net cash flow by working within your financial limits.

For example, if an invoice hasn't been paid yet and you're short on cash, you might decide not to take on a new project that would incur a high level of up-front costs.

You might also change your invoices to offer a discount for early payment or require immediate payment.

When you're ready to start forecasting for your business, we've got an article on how to make revenue forecasts.

Pricing

Pricing is important because:

- it determines how much profit you'll make
- can impact how people perceive your product



But without any prior experience or market share, some startups struggle to work out prices for their products.

It can be tempting to set a low ‘introductory’ price to attract customers or gain market share by undercutting the price of competitors. But this is a risky strategy because:

- you may not make enough money to make your business viable
- you may struggle to raise prices once you’re established for fear of losing custom
- competitor prices may be based on processes and efficiencies you can’t match
- competitors may retaliate and you get stuck in a race to the lowest price possible

It makes more sense to work out an accurate price for your products, based on your business needs, and to use these from the start.

How can you work out what to charge?

Pricing can be a dark art. Price too highly and you may deter people from buying. But price too low and they might think your product is low quality. So, where do you start?

Profit-based pricing

If you base your price on what an item costs, you simply add a certain amount of profit onto the production cost of an item. This is a simple way to plan pricing and can deliver a predictable level of profit. But you may be vulnerable if outside factors force you to reduce your prices.



Article 7: Getting started with budgets, cash flow and pricing



Brand value-based pricing

An alternative approach is to base your price on what a customer is willing to pay. Customers may be willing to pay much more than the actual value of the item (think designer clothes). This can deliver higher levels of profit but requires savvy strategy to increase the perceived value of your brand.

Time and experience-based pricing

If you're service-based and charging for your time, look at what your industry averages are. Take into consideration your levels of experience and expertise, and make sure you're comparing yourself to the right people.

Remember that for every hour of your time you can charge for, you'll likely spend at least another hour winning that business and doing all of the associated admin that comes with it – invoicing, and so on – so factor that in too.

By understanding these three key elements of financial planning, you'll be better prepared to weather any financial storms. It may seem daunting, but we've got your back. Our start up loans come with business mentoring included as standard, so there's always expert advice on hand.

Onto arguably the most important part of your business. People can feel uneasy when it comes to sales. But without sales, you haven't got a business. So read on for our guide to sucking it up and selling.

Further reading: Take a look at our finance and funding articles for more information on business finance.



Article 7:
Selling for people
who feel queasy,
sleazy and uneasy
about sales



Article 8: Selling for people who feel queasy, sleazy and uneasy about sales



If the thought of selling makes your skin crawl, you're not alone. Many entrepreneurs feel uneasy, queasy and downright sleazy when they think about making sales. But without buyers, you have no business, so it's time to get comfortable with selling your wares.

Everyone sells

Business makes the world go round. Without businesses selling to other businesses, the corporate world would collapse. And, as individuals, we need products to survive and thrive.

So don't feel guilty about the part you play in this. Embrace what you have to offer and the benefit you bring to others.

Your business IS sales

When you do something you love, selling your product can feel secondary to the fun you're having. Painting portraits, building websites, catering weddings...this might be something you'd happily do for free.

But without sales, you just have a hobby. If you want to build a business doing what you love, you have to make sales. Sorry about that.



Article 8: Selling for people who feel queasy, sleazy and uneasy about sales



People want what you offer

You know that you have a great product or service. You've done your market research and know it meets a need, solves a problem or puts a smile on someone's face. So why do you feel guilty about introducing people to it? Why not upsell extras that will add more value? Your ideal customer is going to be over the moon to find out what you offer. So get out there and make their day.

Enthusiasm is contagious

You know that you have a great product or service. You've done your market research and know it meets a need, solves a problem or puts a smile on someone's face. So why do you feel guilty about introducing people to it? Why not upsell extras that will add more value? Your ideal customer is going to be over the moon to find out what you offer. So get out there and make their day.

Selling doesn't have to be sleazy

Selling gets a bad press. You might be picturing a dodgy car salesman selling clapped out bangers, or a double glazing company forcing their products on unwilling buyers. But when you are at the helm, you get to choose how to sell. If you feel really uneasy, work to an ethical code that makes you more comfortable. For example, you might decide you'll never email a lead more than twice or choose not to cold call.



Article 8: Selling for people who feel queasy, sleazy and uneasy about sales



You don't have to spam

Still worried you're spamming people with your emails or alienating people with your advertising? Make sure your marketing is targeted to people who can really benefit from your product or service. That minimises the risk you'll be annoying people and maximises your chance of generating interested leads. Win-win. (Obviously, you'll also follow any legal requirements such as GDPR too!)

You can pull as well as push

Selling isn't just about pushing your product out to people. It is about pulling people to you too. By raising awareness of who you are, what you do, and the benefits that brings to your target market, you can generate leads in a way that feel less 'salesy'. Networking in person and online can introduce people to your product. And content marketing through blogs and ebooks is a great way to attract customers to you.

It's ok to find your happy place

It is very important that you know where your customers are and make yourself visible in that space. That might be with a physical shop, a social channel or a certain networking event. You may have to push yourself out of your comfort zone and do things you're not used to. But within these parameters, you can choose to focus on sales methods you find more enjoyable, such as online selling or attending trade fairs.



Article 8: Selling for people who feel queasy, sleazy and uneasy about sales



There's nothing wrong with knowing your worth

Many people feel uncomfortable talking about money, especially asking for it! But the bottom line for your business is whether it is profitable or not. Not placing the right value on yourself, your services or your product will reduce your chances of success. So know what you need to sell for, set your prices and stick to your guns. Because you're worth it!

And there you have it. Our whistle stop tour of starting a business. From concept testing and product development, to marketing and making sales. We hope you've found it useful.



Learn Smarta was a really positive and supportive environment. The whole team was brilliant and were happy to answer any questions.

Annie McCourt, FigWigs Tea

Are you looking to make your business Smarta?

Are you looking to take the first steps in starting your business? Smarta can help.

Smarta is the place for ambitious businesses that want to learn, grow and support each other.

You'll find ready-to-action advice and inspiration, no-nonsense training, opportunities to promote your business in our online directory, and a community of entrepreneurs who want to collaborate.

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