

STARTING A HOME BUSINESS

**A BEGINNERS GUIDE
BY ADRIAN FLUX**



HELLO...

In this guide we're going to take a look at exactly what a home business is, how to start one up and how to make it a success.

Even the biggest businesses in the world started out with just a handful of people, a little cash and a good idea – and when you think about it, many of the businesses you deal with buy from came from humble beginnings.

Amazingly, over 99% of UK companies today are small businesses, with fewer than 49 employees. With successful businesses popping up all over the place and the global economy back on the rise, who's to say you can't be the next big thing?

Recent changes in government funding and an improving economy mean that the time has never

been better for those wanting to set out on their own, and the statistics show that there really is money and success to be gained from being your own boss.

That's not to say the road to success will be an easy one. Starting a business of any sort involves plenty of hard work, planning, long days and longer nights – but the rewards are certainly there for the taking.

This guide will give you a head start when setting up your home business, and with lots of planning and hard work, plus a little luck, you'll be well on your way to success.

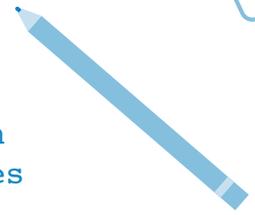
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01.

KNOWING THE BASICS

Starting your own business will be a challenge, there's no doubt about that, but it can also be exciting, fun and ultimately worth the effort for years to come.

There are no guarantees in the business world, and financial success won't be handed to you on a plate, but there are a few rules you can follow, even before you put pen to paper, to help your chances.



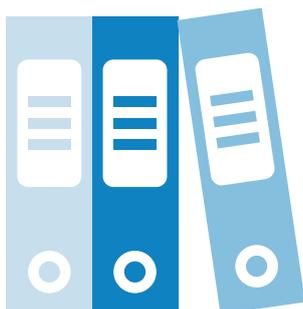
1. Plan – and we don't just mean jot a few notes down. If your business goes belly up, it can have a serious impact on your lifestyle and family, so you need to get it right. Plan every detail of your future business and never stop revising your ideas – the business world is flexible, and you'll need to adapt to survive.

2. Be confident – people might doubt your business and obstacles might stand in your way, but nothing will sink your company faster than a lack of motivation from you. Be 100% sure you're ready to commit to your new life before you take the plunge.

3. Never stop learning – if you can view setbacks and losses as learning opportunities, you're already halfway to success. Don't let problems dent your confidence, learn from your mistakes and resolve never to make them again.

4. Take advice – you can't succeed in business, or in most things in life, on your own. Many people have travelled down the same road as you are about to, so use their experience – seek out experts and mentors, take their advice and plot a careful route forwards. That said, don't be afraid to take risks and leaps into the unknown.

It's hard to overstate how important planning is when starting a business.



So many companies fail due to a lack of forward thinking, and getting it wrong at this early stage could leave you back at square one holding a troubling bank statement.

Setting up a home business is a little different from starting a regular small business. Obviously you won't need a separate office premises, and you'll probably be operating on a smaller scale, giving you the chance to get into business without some of the bigger overheads that

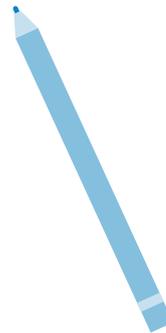
companies traditionally face. Starting a business of any kind comes with some unique hurdles to overcome, but home businesses also provide the added challenge of balancing your home and work life, and adapting your home and your family around the changes.

Doom and gloom aside, though, there's lots to look forward to in your new venture – keep reading and our guide will show you how to get there.

02.

THE PLAN

The most important part of starting a home business is planning. Yes it sounds dull and it isn't very glamorous, but without doing your research and planning accordingly, you have no way of forecasting your business or even of knowing whether you'll be able to get off the ground.



First of all, you need to analyse the local market, and your place in it. If you're setting up in a small town and there are 10 established businesses already offering the same service as you, you're going to have a fight on your hands. Check papers, local shopping centres and even simply ask family and friends to see if they know of anyone offering similar services to you.

These days it's worth considering the global market too. Businesses run from home are well suited to trading on the internet, selling crafts online, offering freelance services etc. so don't only look at the businesses local to you. A quick search should reveal local businesses, whilst there might also be online business directories you can view.

Try to find out as much about your competitors as you can. If you're lucky, you won't have many, or any, and you can find your place in the market, otherwise you're going to have to find and exploit your USP.

Unique Selling Point is a term thrown around a lot these days, but it really does make a difference. Work out what makes your business stand out from the crowd, and really push that angle. Plan everything around promoting your business as a unique experience; you don't want to blend into the crowd.

Once you know how your business will fit into the market place, and how you'll make your name, consider what your aims are for the

business. Setting goals for the future allows you to plan where you think you should be by a certain date and to monitor your progress, just make sure to keep your goals both realistic and flexible.

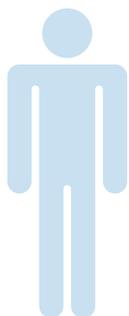
Finally, as a combination of your aims and USP, you should try to clearly define what your business will do. Just as a shop might focus on one type of item, and a restaurant on one cuisine, you should be able to clearly explain what your business offers. Making your focus too broad could lead to confusion for customers, or people overlooking your business for more bespoke services.



03.

THE IMPORTANCE OF NETWORKING

Going back to what we mentioned in the basics section, seeking advice from experts and other local businesses is essential. Whether you do it online, at conventions or business forums, networking with similar local businesses will give you access to knowledge and resources that you couldn't get on your own.



Many towns and cities, even villages too, have business groups working together, often with regular meetings which you can attend to ask questions, meet people in similar situations and seek advice at. You can also read trade magazines, often with question and answer sections, and use online forums and resources for help – though these don't replace old-fashioned networking meetings.

Once your business is up and running you may even find that you can work and trade with local businesses to help each other. {a good place to talk about Business Link, Chambers of Commerce, BNI, and other networking groups?} Establishing connections and relationships early on will help to cement your place in the local business community, and help people to remember you when they need you.

CASE STUDY



NAME: Mrs H Sykes

LOCATION: Devon

BUSINESS: Bed & Breakfast

What made you choose to set up your business at home?

"I've always wanted to run a B&B, and after my son moved out having a spare room in the house made me think about finally setting one up. I had a choice between running one in my home or buying a new property, but the lower start up costs of a home business convinced me in the end."

If you could start your business again, what would you do differently?

"Setting up my B&B has been a real adventure, but the first

few months were some of the most stressful in my life. For people just starting out I'd say the trick is to plan, plan and plan again!

"I hadn't considered what impact setting up shop in my home would have, and it took a little while to get to a stage where I could keep my home and work separate, despite being in the same building. I'd tell anyone looking to do the same to speak to people who already run similar businesses and find out exactly how they cope with keeping the boundaries between work and home."

04.

WHAT'S IN A NAME?

Your business' name is the first impression your customers will get of you. Companies can be called practically anything, within reason, and names take many different forms, whether they're family names, clever phrases, short or long names.

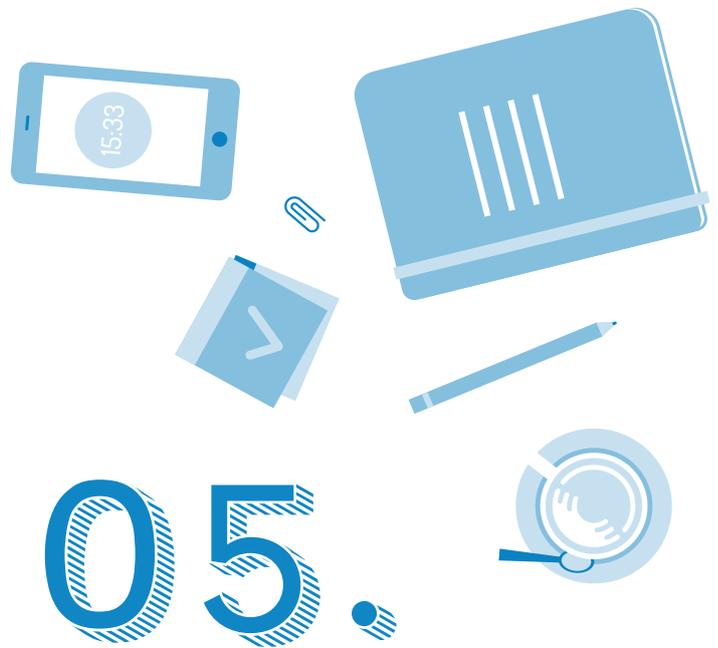
It's worth considering who your customer base is likely to be when you choose your name; will they be the kind of audience who responds well to a traditional name, or a more quirky, modern choice?

Think about what similar businesses to yours use too – you don't want anything confusingly similar, but company names tend to follow trends, and customers can get a good idea of what you offer and what kind of business you are simply from reading your name.

Finally, think about how you can market your name in the future. Some names, particularly catchy, funny or short names, lend themselves well to modern marketing – letting you use pictures, radio and other means to capture people's attention. Using traditional or family names, meanwhile, will help you to promote the idea of a friendly, local business, earning customers' trust without the need for flashy marketing techniques.

There are some clear-cut rules on what your business can't or should be called – nothing confusingly similar to another business, for example. There is also a list of 'sensitive' words which can't be included in your name and you can't imply any connection with an official body or have a name that other people might find offensive.

Full information on the official guidelines around choosing a company name can be found on the [companies house website](#).



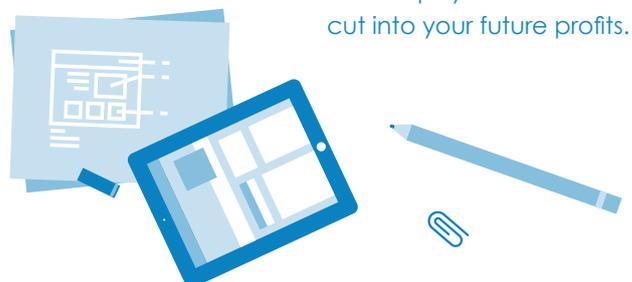
05.

TOOLS OF THE TRADE

If you're looking to start a home business, we can assume that you have an idea about what will be involved in providing your products or services. Whether you're making crafts, offering manual work or providing online services, your business is unlikely to be one you can run with absolutely no equipment or tools.

Many people forget to take into account the cost of tools when they start their business. A laptop and office supplies, craft equipment and actual trade equipment can set you back hundreds, if not thousands, of pounds – taking a big chunk out of any start-up capital you might get.

It's worth planning ahead and purchasing any tools you might need prior to leaving your existing job, or at least setting aside money for them. In most cases you will also have the option of renting tools – and whilst this will remove the need for upfront cash to begin with, recurring rental and interest payments could cut into your future profits.



CASE STUDY

NAME: Mr J Turner

LOCATION: Cardiff

BUSINESS: Web Design



If you could start your business again, what would you do differently?

"It took me a few months to realise that holding business meetings in my study at home was holding me back and giving off an unprofessional vibe. As soon as I started meeting clients in coffee shops or their own offices I started getting a much more positive response from people, and soon after I set up my own office space at home to remedy the problem for good."

How have you handled your finances since starting up?

"Thankfully, doing freelance web design meant that the start-up costs were pretty low, except a bit for computers and software. Getting off the ground with marketing took more money than I'd expected, but local business groups were really useful with both networking and pointing me in the right direction with my finances."

"I was warned early on by other business owners to get proper insurance for my home, as a few had suffered break-ins and not been covered for business use. I got my insurance through Adrian Flux, which was quick and easy, so I'm covered in case something happens to my equipment or my work in progress – something vital for any business I think."

06.

YOUR FINANCES

Despite all your best intentions, a business lives and dies by whether it can make money.

You might offer the best products and services in the area, but you won't be in business long if you can't make money and keep drawing in customers. Likewise, you likely won't even be able to get your business started without an injection of cash and some public interest to begin with.

There are several ways you can fund your initial business start up, but they broadly split into two options, self-funding and external funding.



SELF-FUNDING

As the name suggests, self-funding involves funding your own venture by using your savings, a mortgage or by selling property.

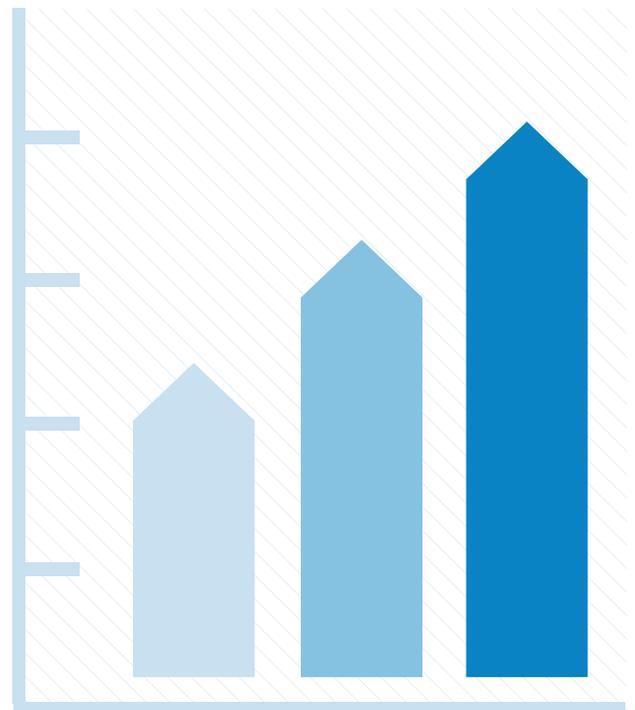
You could also including money from friends and family under self-funding, as although they are external they are likely to be less strict creditors than banks or investors.

Whilst a lot of people fund their business by mortgaging their house or taking out loans secured against cars and other high-value items, there is considerable risk attached. By taking out loans against your property you run the risk of losing them if your business fails, potentially leaving you homeless or in a lot of debt - so don't take this option lightly.



EXTERNAL FUNDING

External funding for businesses is mostly made up of money from professional lenders and investors, including banks and venture capitalists. Most lenders will impose strict criteria on businesses they work with, so you will need to know your business plan and your figures inside out before you get any cash. Speak to your bank to find out about their business lending, or consult with local business groups to see what works best in your area.



You can also often receive funding from national and local government in the form of both loans and grants. Many of these funds are used to encourage growth in certain areas, so seek information from local authorities to find out how much you could be eligible for, and how to apply.

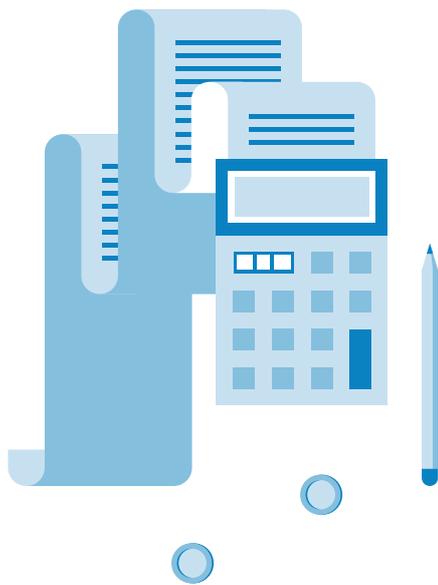
One final, more modern way of financing is though crowdfunding. You might be familiar with the concept already, and news stories often circulate about new technology or design being crowdsourced, but the method can also be used to fund new businesses.

Two commonly cited websites are [Crowdcube](#) and [Seedrs](#) both of which allow people to invest in new business ideas. These sites can be used by new businesses owners to both draw in small investments and to help create conversation about your ideas. Some of the more savvy business owners who use crowdfunding have managed to get far more than their initial investment goal simply by combining unique ideas with clever pitching - making this medium ideal for businesses willing to think outside of the box.

07

PAYING YOUR TAXES

Once you've got your hands on some start-up funds and found your feet in the business world, you should be ready to start making a profit. Though it is nice to see your hard work turning into cash, you will sadly also have to start paying tax on your business' earnings.



Exactly how much tax you will owe, and how you go about paying it, will depend on your business structure. For sole traders, the most common business type for solo home businesses, you will need to register for VAT once your annual turnover exceeds £77,000, though you do have a responsibility to declare your income and tax regardless. Even if you are the only employee of your business, and definitely once it starts to grow, you must make sure you are registered for all necessary forms of tax, and National Insurance.

Larger businesses and smaller limited companies will usually use

an accountant to deal with their financial responsibilities, though bear in mind that this in itself costs money. Check with your local council about your tax requirements, or visit www.businesslink.gov.uk/taxhelp for more information.

In addition to registering your business for tax, you will need to make sure that you hold a licence for whatever you are doing. Some business types, especially catering companies or those handling certain substances, will also need to register with local authorities so that they can check you comply with relevant regulations.

CASE STUDY

NAME: Miss W Crick
LOCATION: Newcastle
BUSINESS: Dog Groomer



What are the benefits of running your business from home?

"A lot of people choose to run dog grooming businesses in special work premises, but having mine at home means I'm always on-hand to cater to the dogs night and day. Sometimes dogs need to stay overnight, and people can't always drop off or collect their animals during normal work hours either, so being at home gives me much more flexibility than other businesses get."

What's the biggest piece of advice you'd give to someone just starting out?

"I'd advise anyone looking to start any sort of business to think about running it from home, rather than going straight to getting business premises. Many people I've met during this process have been convinced that home businesses are only for freelancers or craftsmen – but that isn't the case.

"Home businesses have pros and cons, of course, but in my opinion the flexibility that having a home business offers can't be beaten – you keep your own hours, you can spread work out throughout the evening and night, close your doors to the public when you need and much more too.

"It might impact on your home a little, but provided you don't mind the disruption you can save a lot on start up costs and bring something to the table that customers can't get anywhere else."

08.

HOME AND BUSINESS INSURANCE

One of the most important and most overlooked aspects of a business' finances is its insurance. In larger companies, insurance will often be handled by a finance team, so it's unlikely to be something you've ever dealt with before, but it is essential to keep you, your property and your employees covered.

You probably already have standard home and contents insurance, but you won't be covered for business use. As soon as you start to run a business from the property, the risk increases and your cover needs change, meaning all of the tools and equipment you've bought need to be insured, your stock and produce covered and so on.

Depending on your business size and the facilities installed in your home, you may also need insurance for clients, customers and employees

visiting your office. Larger businesses will have cover in case of accidents at work and harm to visitors, and without that insurance you could face a hefty bill when something does happen.

Certain businesses could even need a specialist home business insurance policy, particularly catering businesses and those requiring potentially hazardous substances to be stored in the home – in addition to any special licenses and regulations that must be followed.

To ensure that you receive the cover you need and that you are getting the most competitive price, you can visit an insurance broker.

It's also worth reassessing what high-value items are in your home, as some tools and business equipment can cost thousands of pounds and would need to be specified on your insurance. Securing business insurance for your car is also useful to allow you to drive to meetings, visit clients and attend business events.

Great Insurance deals for your Home Business

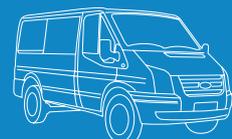
Adrian Flux know the importance of home business insurance, that's why we are dedicated to finding you a great policy tailored to your specific requirements and driving history. Call us today for a free, no obligation quote.



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Authorised and regulated by the Financial Conduct Authority

Home Business Insurance



Benefits available include:

- Full cover for home-based workers & home offices
- Cover for business computers & laptops
- 24 Hour claims hotline with counselling support
- Domestic Assistance Helpline
- Discounts for alarms and security locks
- Discount when you take Buildings and contents cover



09

PREPARING YOUR HOME

With a business plan to follow and some money in the bank, it's time to look at where you will actually be doing your work.



Working from home might conjure up images of you with your feet up on the sofa, half watching the TV whilst lazily sending some emails, but the truth is that failing to separate your home life and your work can have a very negative impact.



Compared to working 9-5 in an office, working at home actually gives some people too much freedom and can lead to a loss of motivation. It's hard to pinpoint exactly what keeps people motivated (as if your time and money investment wasn't enough), but there are a few changes you can make around the house that will help keep you focused.

Setting up a tidy office space in your home to work in, away from distractions, is essential. Whether you set up in a spare room, your garage or your garden shed, it doesn't matter – as long as you are away from anything that will keep you from working, and that includes family members.

The use of outbuildings is a perfect way to separate your home and your business. By clearing out

your shed, garage or outbuilding, you can make an office space completely free of distraction and set up how you need it, rather than working around pre-existing kitchen or living-room furniture. Provided the site of your business is on the same property deed as your home, you should also be able to get insurance to cover both – so even if your office is a separate building from your home, you'll still be covered for business use.

When it comes to laying out your workspace, try to think about how offices are set out in places you've worked previously. You'll need plenty of light and space, a good comfy chair, a desk and room for all of your equipment. Having a noticeboard or whiteboard can help to keep you organised, and making sure your office space has a good Internet and phone connection is also a must – something to consider

if you do look at working in an outbuilding.

If interior decoration isn't your thing, take a look online or in design and office magazines to find out what other people are doing, and pick elements of designs that you like. Alternatively, find out who decorated the offices of other local businesses, and ask to see a portfolio of their work.

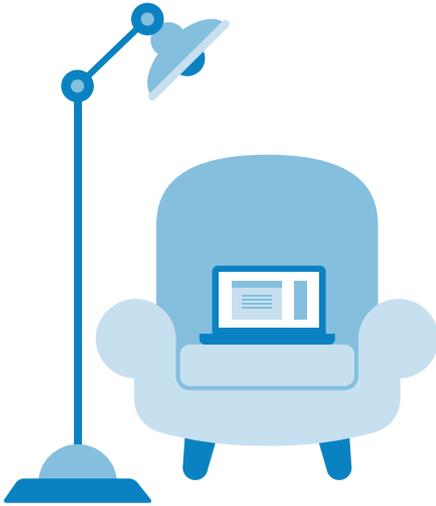
Decorating and furnishing your office might not be the most glamorous aspect of running a business, but it is worth the effort; you'd judge any other company based on its offices, so why not your own? The space that you work in will be the focus of every working day from now on and you'll spend countless hours in there, so it needs to be the best you can get.

10.



MEETINGS AT HOME

Though it varies depending on what type of business you are running, chances are you will need to hold some meetings; whether with clients, customers, employees or anyone else. To hold meetings at home you not only need to be comfortable allowing people into your house, but also have the facilities and the correct public liability insurance to do so.



For some less formal business sectors, casual meetings at home around the kitchen table would be acceptable, but more professional sectors, such as accounting, will need a proper meeting environment. When setting up your home office, consider allowing space for a table and chairs and having an entrance to your office that doesn't lead people through your house.

Alternatively, holding business meetings in coffee shops and bars is increasingly common, and a good way of getting out of the office and meeting people on neutral ground. Many cafés and bars will allow you to work on their premises, and most offer free Wi-Fi, provided you keep buying drinks.

CASE STUDY

NAME: Mrs A Cleeve
LOCATION: Southampton
BUSINESS: Recording Studio



What made you choose to set up your business at home?

"I've owned a three storey house with a basement for several years, letting out two of the floors as flats, and always felt like the basement just wasn't living up to it's potential. A friend and I have spoken about setting up a recording studio for a long time now, and one day it finally clicked that the basement was the perfect place to do it.

"We looked at buying or renting a building to set up the studio in, but the initial cost of getting somewhere would have eaten into our budget for equipment, marketing and everything else – so ultimately it just made sense."

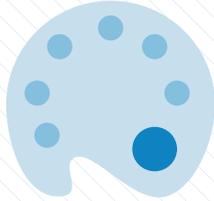
Who were your biggest supporters in the early days?

"Setting up a studio took a considerable amount of know-how, and a small fortune too! Our friends and families were a massive help to us both, and the bigger picture they were able to see was really helpful. It's so easy to get drawn into a project and not see where you're going wrong, so having someone on the outside to help is invaluable.

"We got in touch with people who ran similar businesses too, and attended a few events and trade shows as well. I thought that people might be a bit reluctant to share their secrets with us, but everyone we met understood what a struggle it has been and we found them really keen to help out newcomers to the industry."

CASE STUDY

NAME: Mr P Shelley
LOCATION: Cornwall
BUSINESS: Artist & Gallery Owner



What are the biggest challenges you've faced in your business?

"As an artist working from home, and sometimes selling my paintings at home too, the biggest struggle I had in the beginning was setting up something like a mini-gallery area in my home that I was happy for the public to visit.

"To start with it felt quite like my home was being invaded when I opened up the gallery room, but I quickly learnt to set up a separate room with it's own entrance, so that people could visit without actually walking through my house. I think it's vital to keep your home and work apart, and I've felt much more comfortable in business since I found a solution that keeps my home private."

What moments in your business are you most proud of?

"When I first opened my gallery I was overwhelmed by the positive response of the community. I had expected friends and family to attend the launch, but my networking with local businesses meant that far more people came than I'd dared to hope – it showed me that getting in touch with, and making friends with, local businesses is so important when you're just starting out."

11.

DEALING WITH WASTE

Waste has negative connotations for all of us, rightly so, and it's something we should all strive to reduce. Regardless, it is inevitable that your business will produce some, whether it is food waste, paper, chemicals or waste from any production methods you use.

Business waste disposal is a highly regulated area, and depending on what your business is much of it won't be able to be disposed of in household bins. Failing to properly dispose of your waste can land you with hefty fines, and potentially even more serious consequences. Check with your local council to find out more about their waste disposal procedures, and what steps you need to take.



13.

NEXT STEPS

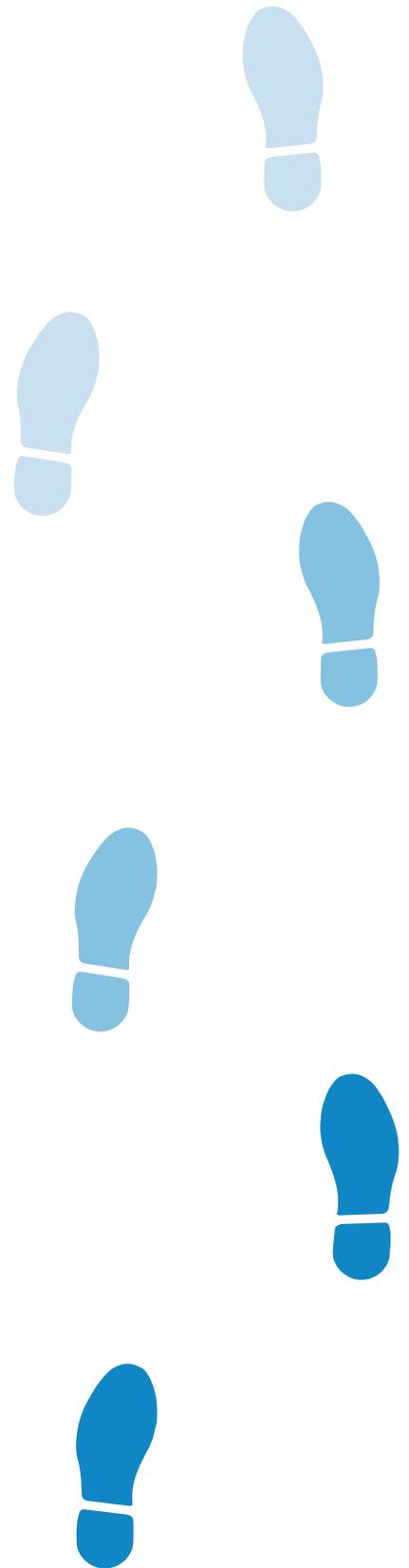
With a plan in place, finances in order and customers queuing up, you should be ready for your business to start growing. For many companies this means hiring staff, moving into an office and expanding your customer base, though for some it might simply be working longer hours or attracting bigger clients.

However you try to expand your company, keep in mind the plan you made in the beginning; many companies fail because they either expand too quickly and ambitiously or don't plan ahead effectively. Keep referring to your plans, expand steadily and keep asking the advice of experts, and hopefully your business will last for many years to come.

As well as following your plans it's important to keep track of your finances. Though you won't be burdened with office rental like bigger companies, the cost of materials, marketing and taxes can still take their toll. It's important to also make sure that you are paid sufficiently from your business, and compensate yourself for your success – anyone who survives setting up a business certainly needs rewarding.

Expansion brings many new challenges not covered by this guide, the hiring and firing of employees, renting or owning office space and the logistics of running a large business to name just a few. Many guides to assist with business growth are available from your local council and from government websites and the Internet in general.

Hopefully this guide will help to kick-start your business plans and provide an overview of all the stages and elements involved in creating a solid company. Visit the Adrian Flux website at www.adrianflux.co.uk/home-business for more guides related to home businesses, home insurance and car insurance.





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INSURANCE SERVICES

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