

10 tips to consider before starting up a new business

Here are some tips for anyone who is thinking about setting up a new business.

1) Why are you starting up a business?

Setting up and running a business is a time consuming task - you need to be dedicated and focused and able to structure your time in order to be successful. The rewards of starting up your own business can be great, but think carefully if you have the attributes and right sort of personality to cope with going it alone.

2) Company Structure

You will need to decide what business structure you will trade under (sole trader, limited company, Limited Liability Partnership or partnership) and what obligations and responsibilities you will have as the owner of a new business.

3) Skills

Identify your skills and particularly your weaknesses. Be honest and ask friends and colleagues for input. If you are less hot in certain areas, hire people with complimentary skills or seek professional advice when you need it.

4) Funding

Even if you have the best idea in the world, you are unlikely to make a killing instantly. Be conservative with your funding estimates and either save enough money to keep you going while the business goes through its initial stages, or present your bank manager with a well thought out business plan and request sufficient start up funds.

5) Competition

Never underestimate it. Thoroughly research the competitors in your chosen industry. Identify any weaknesses they may have and try to ensure your product or service is a cut above theirs. Competition is a very healthy thing, but you need to do constant research and never be complacent.

6) Marketplace

Make sure that there is a market for your product or service. Just as Texaco wouldn't build a petrol station next door to two others, a startup business should ensure that the market for buyers or users is strong in the area he intends to set up in.

7) Business Plan

Even if you never consult the plan again this is a useful tool, it is amazing how many thoughts and ideas can evolve if you put all your thoughts down on paper in a structured format. Not only will you require a well thought-out plan when seeking funding or new business partners, but a decent plan will help you focus on your goals and ensure you are less likely to stray from your real priorities.

8) Staff

As your business expands, you may well need to hire people to manage certain aspects of your operation. You need to ensure they have the right skills for the job. Above all, you need to be able to "click" with the people you work with.

9) Seek Professional Advice

When running your business, a few words with a trusted adviser (accountant, lawyer, business adviser) can make the difference between success and failure. Before hiring a professional, you should visit several to compare and don't necessarily make the decision based purely on price.

10) Don't be complacent

The biggest causes of failure for start ups are - setting your sights too high, not researching your market thoroughly, hiring the wrong staff and not putting enough funds aside for contingency. Keep an eye on these potential pitfalls at all times to keep your business in check!

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