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## **TOP 20 TIPS FOR RUNNING YOUR OWN BUSINESS - INFORMATION FOR CLIENTS**

### **Walsh West Certified Chartered Accountants 2021**

#### **Advice for running a business**

Running your own business can be all of the following: exciting, draining, liberating, stressful and rewarding. Still, it doesn't matter whether you're aiming to start up a shop or become the next Richard Branson – if you follow the 20 tips below, you'll find your life, and business will be made much easier

- 1. Start small**
- 2. Keep overheads low.**

Don't spend any more than you have to on your start-up. Loads of big businesses start small:

So, before you fork out, unnecessarily, consider:

- Your office can be a laptop computer at your kitchen table
- Don't forget insurance, as your household insurance may no longer be valid if you're working from home. This is something you'll need to check with your current broker, as you may need to upgrade your insurance.
- Set up a separate bank account for your business. (If you mix up your personal account with your business account you're asking for trouble – it's confusing, extra hassle and no benefit to you at all when it comes to planning your business and life in general.) It doesn't need to be an expensive 'business' account, it can be an ordinary current account – either with your current bank or with a different provider
- If you need to send any parcels, then try comparison websites so you can find the cheapest shipping company for your needs.

#### **3. Cash Flow**

Don't assume that people will pay on time as they normally don't. Instead:



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- Cut down your waiting time by getting them to agree payment terms at the start.
- Be clear in your invoices that you will charge 8% over base rate for any invoices that aren't paid within 30 days.
- Don't spend money now on an assumption that you'll receive payment from your clients straight away. Plan your business expenditure so that you are not creating debt and are not dependent on anyone paying on time.
- Have more than one income stream – even if that means doing a part-time job or taking in ironing
- If you're having consistent problems with unpaid bills, then consider joining the Federation of Small Businesses, so you can use their legal assistance to chase your debtors.
- Forecast your revenues and calculate your run rate to understand your business health and future earnings

Starting up a new business can be hard, and any financial help can really make a key difference. If you're a new start up, look into invoice factoring options.

You can also take advantage of online accounting software, such as Xero, which makes invoicing easier to manage. Plus, there are some online incorporation services that can help you if you are learning how to start a corporation.

#### **4. Make a plan**

As the saying goes: 'fail to plan, plan to fail'.

Therefore, even if you are just setting up as a freelancer, you need to give yourself a clear idea of your monthly costs and how much profit (or other income) you must generate to keep yourself afloat

Work out what your monthly income needs to be. Make yourself a chart for the next 12 months showing the growth in revenue that you can realistically generate and be clear on how you will generate those new clients.

It is a tough thing to guess, but just the action of thinking it through will provide you with earnings goals and points to consider as you run your business.



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## **5. Network**

The more you're 'out there' touting for work the more likely you are to get the work. With the internet it's possible to meet people without leaving your desk.

Join online networking groups and forums and start giving useful advice on areas directly relevant to your business. This raises your profile in a positive way. But don't spend too much time on it – allocate a certain amount of time each week and stick to that.

Get business cards printed, get out to networking events in your area and make sure you take your business cards wherever you go – you can meet interesting and potentially useful people anywhere.

Have something beneficial that you can offer people when you meet them – make reference to it on your business card or on the website that your business card should refer new contacts to.

Do not go out and try to 'sell' your business or your service. Networking is usually a two-way street, where you create support by being useful to people who then go elsewhere and talk about you in a positive light. Do not thrust your business card at other people – ask them for theirs and do not give them yours until it's asked for. Once you've met someone send them an email within 48 hours providing something useful, or the place where they can find that useful thing (e.g., on your website). They now have your contact details and a positive association with you

## **6. Sales, sales, sales**

Do not shy away from the sales and marketing aspect of the business. Learn how to do it. Study it and practice it. You will probably find it nerve wracking at first but get through it! Question everything you do in the business, asking 'how is this going to make money?' If it will not lead to a profit, then do not waste your time doing it.

## **7. Avoiding borrowing if possible**

Lots of government pamphlets for new businesses devote pages to different forms of borrowing. Ideally though, here is what you should do:

- Try to grow your business organically. Use your own savings, or earnings from another business or income stream to fund it.



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- Barter services rather than paying for them – offer up your skills in one area in exchange for someone else's in another.
- If you want to go big time straight away and feel you need external funding to do it then put together a professional business plan and discuss it with your suppliers, customers, prospective customers and other 'known' potential investors before stepping into the shark-infested waters where venture capitalists and 'angel' investors roam. You can compare and get advice, as well as finding out the daily routines of some of the most successful people on the planet!

## **8. Set up passive income streams, where possible**

This is money that comes in when you are not working.

- Consider incorporating Google AdSense on your website (these are adverts generated by Google that are relevant to the content on your website)
- Think about writing an eBook on different elements of your business subject and selling it on your website, eBay, and elsewhere on the net.
- Automate as much of the selling process as possible by installing PayPal payment on your site and having non-physical products that don't require any human fulfilment such as delivery or packaging etc – PDF zines, comics and documents for sale are ideal for this.
- Affiliate marketing with Amazon Associates is ideal if you discuss products on your website. If readers choose to buy a product that you have mentioned through a link on your site, then you get a small percentage from that purchase.

## **9. Get online**

If you have not already, get online. Use online services such as WordPress and Wix to build a website that is totally free.

Once your website's up and running, here is how you can keep visitors returning to your site:

- Create a community of people by providing a genuinely useful, free, newsletter that's sent out regularly.
- Provide useful content on your site that gives your potential clients the first couple of steps in addressing a problem that they might have.
- Include audio and video on your site and use that content on YouTube and similar sites to promote your site.
- Provide an easy response mechanism (e.g., blog comments or an email address) so you can find out what your community thinks and wants..



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- Optimize your website for search engines (aka SEO). This is especially important for small local businesses.

### **Do not buy advertising just because you are offered a deal**

If you need to advertise (and it's better to promote yourself for free to start with) make sure your advertising is targeted, specific and within an advertising budget. Before exploring online marketing packages, think about the following:

- Work out who your customers are, where they are, where they live, what they read, what worries them and what excites them.
- Work out what the message is that you want to communicate so the right people will take action right away.
- Decide what is the best medium to use to communicate this message to your market.
- Take no notice of calls from advertising salespeople from publications you don't know, even if they're offering serious discounts and start telling you about all your competitors who are advertising with them.

### **10. Have an exit strategy**

Serious business owners set up with an exit strategy in mind from the start as this allows them to plan the business and know why they are doing it – only then can they effectively plan how they are going to achieve what they want.

Acknowledge why you are in business – what is the lifestyle that you want to achieve? Is this business going to help you achieve this? And at what point will you know that this has been achieved?

What kind of profit level do you need to reach to command a decent fee, and what will you have to do to create that profit? At what point will you want to sell the business or hand it over to your kids to run?

### **11. Give people what they want**

Do not make the mistake of being blinkered about what you want to produce/sell. You have to be very aware of what your potential and existing customers want – not just what you think they want.

Do speak to potential customers – before you start up your business and as an ongoing habit. Take them to lunch, pick their brains, ask them what they want and need, what they hate and what they would pay extra for. Do keep a realistic perspective of what is selling as your business



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develops. Is there a side-line product or service that is very popular and takes less effort than the main offering? If so, focus more effort on it. Do be honest with yourself about what works, what does not and why you are in business. If you have to make enough to pay the rent, you need to be brutally honest about the success or failure of products pretty quickly.

## **12. Keep your finances in order**

Admin is a drag, everyone hates it – but it must be done. In college, you could get finance homework help, but now you have to face the harsh reality.

Make sure you:

- Put money aside for your forthcoming tax bill.
- If you can, speak up front to an accountant (recommended to you by someone you know) about how much you should put aside for tax and other similar issues.
- However, if you are just starting up, you probably won't have to pay VAT as you're allowed a £85,000 turnover before you have to pay it. If you are planning on going over that then you will have to contact HMRC to register for VAT.
- Keep good records of your incoming and outgoing revenues, your receipts and other related information. Again, if you speak to an accountant, they will give you guidance on what files to keep, how to organise them and what to do to keep your accountancy bills down.
- Accountants too expensive? Though a good accountant is invaluable, you do not necessarily need one when you are first starting out. Plenty of people do their own accounts on paper or using an Excel spreadsheet.
- Accountancy software like Xero, sorts out your invoices, cashflow management (very important) and even sends you reminders of unpaid invoices. It is an online service and has an annual or monthly subscription charge.

## **13. Outsource, where possible**

Now that we have entered the virtual world, it's getting cheaper and more efficient to outsource large chunks of business.

A virtual assistant can do everything from responding to calls and emails through to bookkeeping, serious business research, and web development for around £10 an hour. Search the internet for Virtual Assistants and test three at the same time with small, but very similar tasks. Rate them in terms of value for money, accuracy, responsiveness, and common sense (this is very important).



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#### **14. Use targeted marketing**

This is an extension of tip number nine (do not buy advertising).

Work out a detailed profile of your target market: where they live, what they read/watch/listen to, if they have children, if they drive a car or own a home, whether they're professionals, in a particular business sector or part of the country. Work out an interesting and relevant letter or email blast to send to these people offering them something genuinely useful up front. Put a time limit on the special offer so that they have to take action.

#### **15. Get into a niche**

Do not try to enter a competitive market that requires a great deal of capital and experience. If you are reading this, then you probably don't have the capital and experience combination that will be required! Stick to something that you either know a lot about already or something that really interests you so that you will want to find out a great deal about it. If you carve out a niche and personalise it (e.g., be friendly and talkative on your website or in your correspondence), this will differentiate you from everyone else in your market. Combine this 'difference' with your market knowledge and the fact that you are in a relatively small market and your chances of success will be increased.

#### **16. Get mentors**

You become like the people you associate with so associate with people who are like minded. Join appropriate industry associations – these will also give you the lowdown on relevant industry threats, opportunities legislation and the like. Meet or converse with other entrepreneurs who have nothing to do with your market sector. They will be happy to share solutions and encouragement with you in a way that your current friends cannot because they do not really understand what you are going through or why

#### **17. Take time off**

Setting up a new business can be a 24/7 activity and it is very tempting to spend all your waking hours in the office. But to make sure you are not overstretching yourself, re-charge your batteries every so often.



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Book time off for yourself in your diary (including evenings off to do a sport or socialise). Set hours that match with your most productive times and allow yourself to spend time with your loved ones – they will need to know when you are not going to be working! Revisit your tasks and see what you can outsource cheaply (see tip eleven). Prioritise tasks and see what you could ditch – temporarily or permanently. Be brutal and honest about this – do not do certain tasks because you enjoy them, do what brings in a profit

### **18. Be selective about who you spend your time with**

So, you have got your mentors. Do not undo that good work by spending time with people who are dismissive of what you are trying to achieve. Do not spend too much time with people who make you question your goals and ambitions. People will always criticise what they do not understand; find someone who you can teach and help. That is when you really learn and it is one of the most rewarding elements of being in business.

### **19. Get what you can for free**

Make a habit of looking for a free (or at least cheaper) way of doing what you need to do. Contact colleges and universities to find people who want to build their CV or portfolio and will do free or cheap work on websites, photo shoots, design etc. Put an advert out to schools and colleges, as well as social media networks, for work placements and internships if you feel there are jobs that can be learnt fairly quickly and that will benefit the person doing them even if only through the experience of the real world.

Keep talking to other entrepreneurs, government agencies and business organisations to find out about free things you could get your hands on.

### **20. Enjoy what you do**

Running a business should be creative, satisfying, and enjoyable. It is a chance to express yourself, meet interesting and creative people, potentially make a lot of money, and create a whole new life for yourself.





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