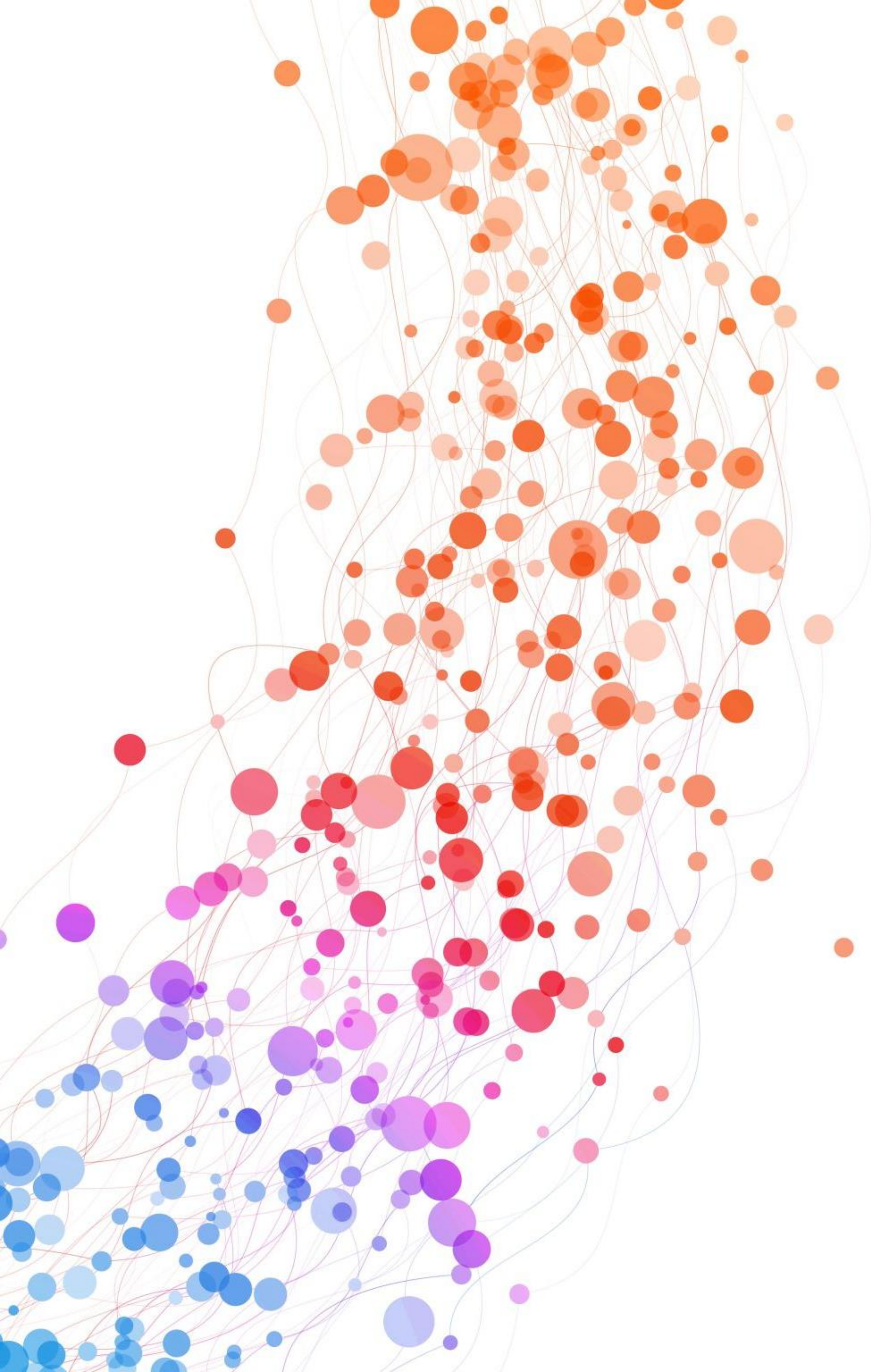


BUSINESS ESSENTIALS FOR A STARTUP PART 1

A startup is essentially a new company (legally formed or just a concept), seeking to establish itself as a self-sustaining entity.

TOP TEN MISTAKES

1. **Lack of Market Research:** Failing to conduct thorough market research can lead to a misalignment between the product or service and the target market's needs.
2. **Poor Planning:** Neglecting to create a comprehensive business plan and strategy can lead to a lack of direction.
3. **Lack of Financial Management**: Overspending and not planning.
4. **Ignoring the Importance of Marketing:** Not investing enough time and resources in promoting the business.
5. **Neglecting Customer Care** : No customer relationship management; failing to prioritize customer satisfaction can result a negative reputation.
6. **Not Defining Unique Value Proposition:** Failing to clearly define the unique value proposition of the business can make it difficult to differentiate from competitors.
7. **Poor Team Building and Leadership:** Hiring and retaining the right talent is critical.
8. **Ignoring Legal and Regulatory Compliance:** Neglecting legal requirements can lead to penalties and legal issues.
9. **Overestimating Early Success:** Work out the risks and mitigate for them.
10. **Lack of Adaptability and Innovation:** Embracing innovation and being open to evolving the business is essential.

KEY STEPS

Time Guide

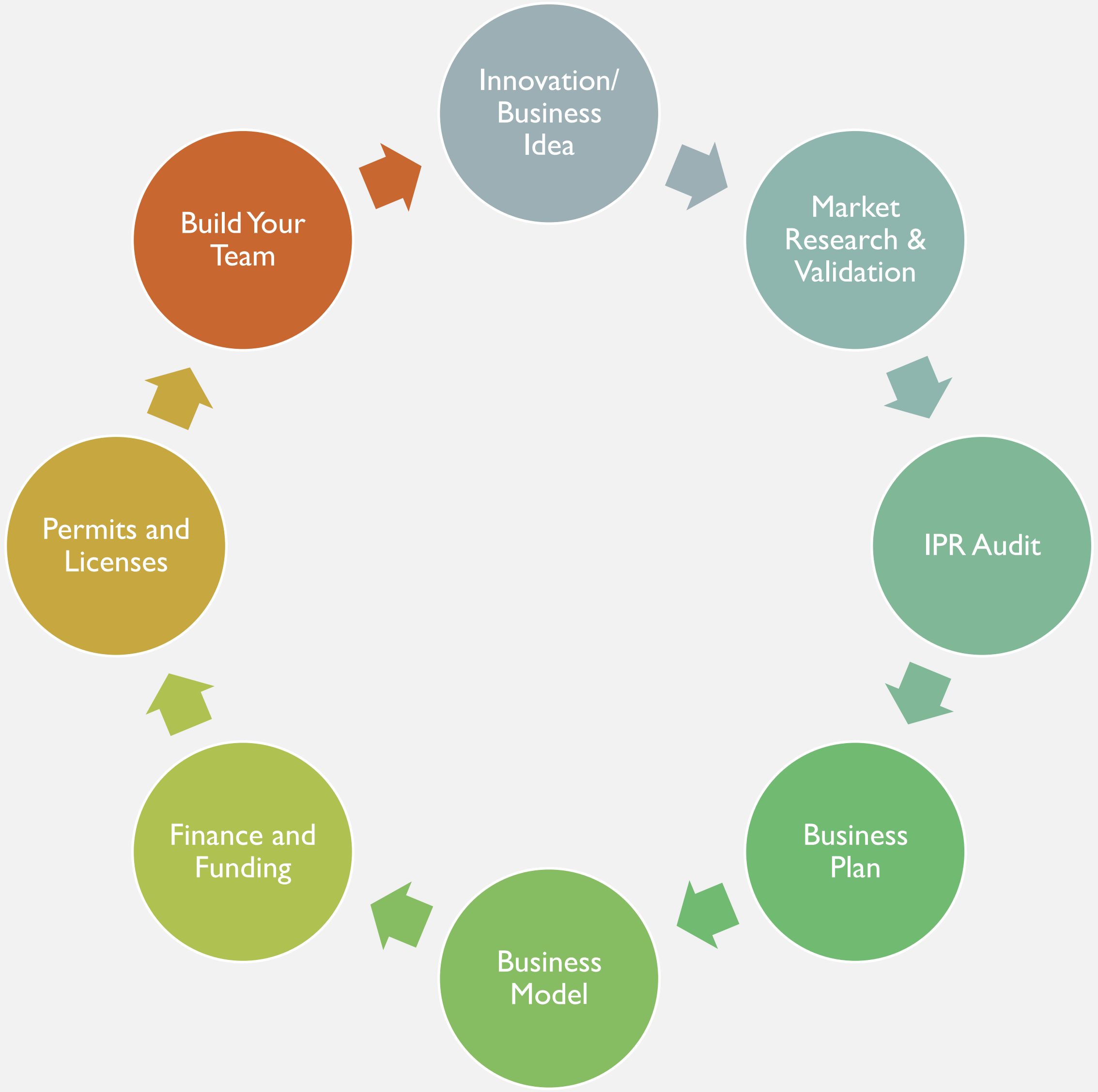
Average Start Up takes 2 years

Register your company: 1 day

Market research: 3 months

Secure investment: 6 months

File patent: 2.5 years



References:
https://reports.raeng.org.uk/entrepreneurs-handbook/stage-1.html
Starting and running a business for dummies: Colin Barrow

MARKET RESEARCH
IDEA VALIDATION

Key Questions	Does anybody want this product?
Is the market large enough to be worth the time and effort?	Who are your competitors?
Do you have a Unique Selling Point (USP) that will make you competitive	Where should you insert yourself into the market, and who is it best to sell to?

Market opportunity or market demand; test for your innovation's economic feasibility.

A high-level, desk based, version of this should be conducted at the outset.

- Total Addressable Market (TAM)
- Serviceable Obtainable Market (SAM)

- Get out and talk to potential future customers (customer engagement)
- Explore different sectors for your innovation.
- Attend conferences and startup events to meet people
- Create partnerships
- Do the sums – unit sales, potential customers, budget, market share.

BUSINESS MODELS

HOW WILL YOUR COMPANY MAKE MONEY.
CHOOSE THE APPROPRIATE STRUCTURE FOR YOUR BUSINESS PLAN FOR PROFITABILITY

- **Business to Business – B2B.** Selling product or service to another business.
- **Retailer** – Conventional shops, restaurants, retail - retail premiss or internet
- **Manufacturer**
- **Service Industry** – no physical goods; consultancy, hairdressing, sport, health.
- **Franchise**
- **Leasing**
- **Subscription**
- **Freemium**
- **Distribution**

How Do I Build a Business Model?

There are many steps to building a business model, and there is no single consistent process among business experts.

In general, a business model should identify your customers, understand the problem you are trying to solve.

Select a business model type to determine how your clients will buy your product, and determine the ways your company will make money.

Tip: Instead of reinventing the wheel, consider what competing companies are doing and how you can position yourself in the market. You may be able to spot gaps in the business model of others.

NAMING YOUR BUSINESS

Rules for choosing a company name

Different rules for different business types. Outlined on GOV.UK

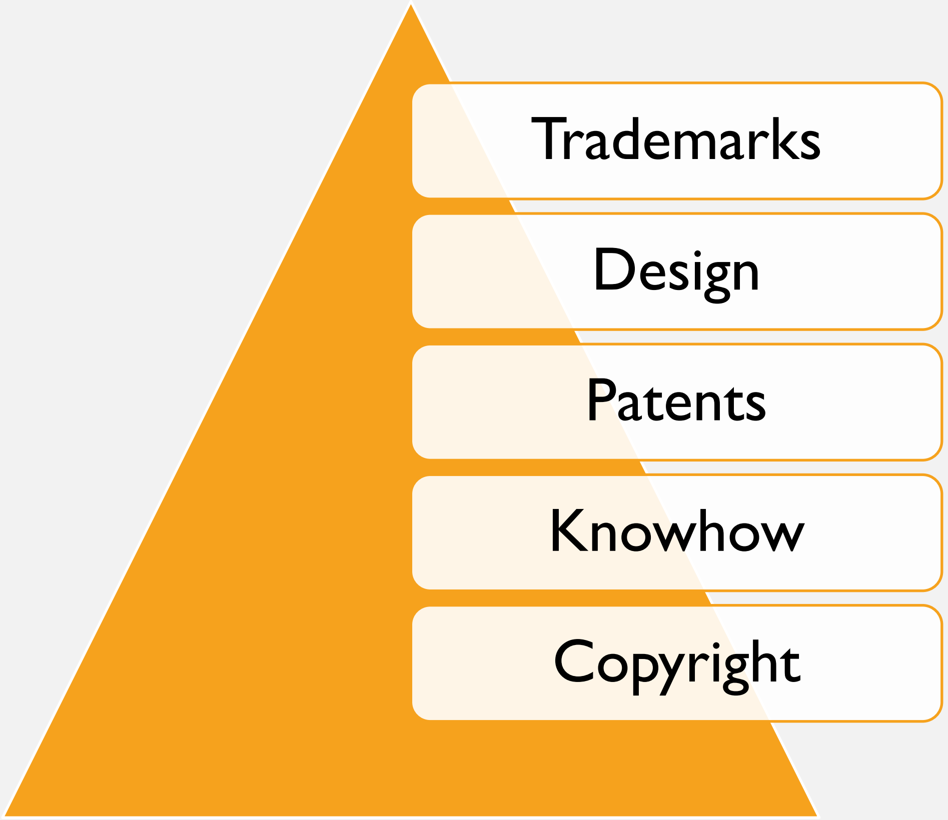
- Already in use – trademarked?
- Legally acceptable?
- Is it suitable for different markets, not restrict you if you want to diversify.

WONKY

https://wonkycoffee.com/pages/about-us (previously Oddcoffee, trademarking infringemen

INTELLECTUAL PROPERTY (IP)

Can your innovation be protected?
Can you turn your idea into Intellectual Property which only you have a legal right to use or allow the use of?
Who contributed to it (yourself, others, academics, funding bodies, corporate sponsors etc.)



Trademark – a symbol used to identify goods. Fee for 10-year registration is £200. https://www.gov.uk/how-to-register-a-trade-mark

Design Detailing – Register through Intellectual Property Office, £70 for 10 designs. Not a functional design but a shape or decorative feature.

Patent: Contract between inventors and the state.. Can take 2-3 years.

- Check if there is a pre-existing patent. Search British Library and the European Patent Office.
- Use a Patent Lawyer. Costs can be around £15k, with annual renewal fees around £500.
- Keep your idea confidential until you have a patent

Knowhow: Not strictly a form of property in its own right, often treated as a form of intellectual property. Information that can be protected under the law of confidence, confidentially agreements/non-disclosure agreement (NDA). For example, processes, methods, techniques, or drawings.

Copyright – protect against copying of original artistic and creative works. On item put © with authors' name and date. https://www.gov.uk/guidance/enforcing-your-copyright

IP
PATENTS
TRADEMARK

- Patent attorney (substantial costs, increasing with time)

Example patent: https://patents.google.com

Trademarks (®, ™) : https://www.gov.uk/how-to-register-a-trade-mark

CREATE A COMPREHENSIVE BUSINESS PLAN

A SOLID PLAN IS CRUCIAL FOR ATTRACTING INVESTORS AND GUIDING YOUR BUSINESS.

Business Model Canvas

Business Plan

Business Planning

- Have a clear list of objectives and milestones; build towards an end goal.
- Outline your goals, target market, value proposition, revenue model, and operational strategy
- Keep it simple. Investors don't necessarily have specialist knowledge, so portray your innovation as a solution that meets an unmet need.
- It will take time, 6-24 months.
- Putting pen to paper is helpful.
- Know your plan inside out!

BUSINESS PLAN STRUCTURE, EXAMPLE

Executive Summary:
A persuasive one-page summary of the key points for your investors.

Market Analysis:
What need will your product address? How is it better, cheaper or faster than existing solutions? What is the competitive landscape? Is the addressable market big enough? Is it controlled by a few players? Is there a healthy growth trend?

Market Access:
How will the target market learn about your product? Which sales and distribution channels will you use? How many prospective customers or key players have you spoken to?

Technology Plan and Innovation Development Strategy:
What are the technical or R&D challenges to bringing the technology to market, and how will they be addressed? Does your tech lend itself to opportunities for multiple products or platforms?

Business Model:
How will the model be actioned. How will you realise cash from the business or achieve an exit for investors?

Corporate Governance Plan:
The framework for the way the business operates. What is the corporate governance and board structure? Where do you get professional advice (legal, finance etc)?

IP Strategy:

The intellectual property may be your main (or only) asset. How are you going to protect it? Is broad patent coverage possible? Are there background patents owned by others?

People Plan:

What skills do you need and how will you find them? Who is on board and what is their track record? Is it inclusive?

Risk Analysis:

Explore best-case and worst-case scenarios.

Look at what the main milestones will be, and how you will adjust if they are missed. Explore when you will need further funding.

Financial and Operating Plan:

Well thought-out and clearly presented financials are essential.

You should usually include at least a three-year summary of the profit and loss account, balance sheet and cash flow projections.

Investors will certainly ask these questions and will be pleased if you address them.

REAL BUSINESS PLANS

- https://www.gov.uk/write-business-plan
- Several other online templates
- Examples: https://www.shopify.com/uk/blog/business-plan-examples

BUSINESS TYPES

Three main types of self-employed business:

sole trader, partnership and limited company

- Each type of business differs in terms of the paperwork you must complete, the tax you must pay, the way in which profit is distributed, and your personal responsibilities if the business makes a loss.
- If you are going to earn more than £1,000 in a tax year you need to register your business.
- Most start as sole trader, but at point register for VAT (value-added-tax) move to a Limited Liability. Must register when profit above £90k.
- Can change your legal structure at any time.

Types of Organisations

Sole trader – owned and managed by one individual

Register as self-employed with HMRC If earn more than £1k per tax year (unlimited liability)

Partnerships – two or more people. (unlimited liability)

Limited Companies

Register at Companies House, £12 and takes around 24 hours. Ownership divided into shares to a shareholder, (limited liability)

Private Limited Company, usually smaller and not on stock market

Public Limited Company, larger business on stock market

Not-for-profit/ Social Enterprise / Cooperatives

(reinvest profits to achieve objectives). E.g., Big Issue Foundation, Eden Project.

Charity: Need to meet very specific or strict guidelines.   Attain income through grants and donations rather than trade.   (A charity may have a social enterprise connected to it trading goods)

STARTING A BUSINESS UK (1)

- https://www.gov.uk/set-up-business
- Set up a limited company steps: https://www.gov.uk/limited-company-formation
- Register company (companies house): https://www.gov.uk/limited-company-formation/register-your-company?step-by-step-nav=37e4c035-b25c-4289-b85c-c6d36d11a763

AFTER REGISTRATION

- Companies house: https://find-and-update.company-information.service.gov.uk/
- Companies house webfiling: https://ewf-legacy.companieshouse.gov.uk//seclogin?tc=1
- Confirmation statement annual submission (£13)
- Filing company accounts annual submission (accountant cost starting from £2,000); corporation tax (£££)
- If no financial activity, option for dormant company