

**Better Business Series**

**How to Start and Run  
Your Own  
Business**

*M. Mogano*

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*M. Mogano*

**Graham & Trotman**

A member of the Kluwer Academic Publishers Group  
LONDON/DORDRECHT/BOSTON

First published in 1980  
Second edition published in 1982  
Third edition published in 1982  
Fourth edition published in 1983  
Fifth edition published in 1985  
Sixth edition published in 1988

Graham & Trotman Limited  
Sterling House  
66 Wilton Road  
London SW1V 1DE  
UK

Graham & Trotman Inc.  
Kluwer Academic Publishers Group  
101 Philip Drive  
Assinippi Park  
Norwell, MA 02061  
USA

© M. Mogano, 1980, 1982, 1983, 1985, 1988

British Library Cataloguing in Publication Data

Mogano, M. (Mike).

*How to start and run your own business.*—6th ed.

1. Great Britain. Small firms. Organisation—Manuals

I. Title.

658'.022'0941

ISBN 1-85333 093 0 Series ISBN 1 85333 088 4

Library of Congress Cataloging in Publication Data

Mogano, M (Mike) <sup>a</sup>

*How to start and run your own business*

Includes index

1. Small business—Great Britain—Management—

Handbooks, manuals, etc 2. New business

enterprises—Great Britain—Management—Handbook

manuals, etc

I. Title.

HD627.M64 1985 658 022 0961 88 9996

ISBN 1-85333 093 0

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Typeset in Great Britain by Bookworm Typesetting, Manchester  
Printed and bound in Great Britain by Billing & Sons Ltd, Worcester

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## CHAPTER 1

# Making a Start

You've taken the first step — to successful management of your own business. By taking advice.

You will succeed with the determination which you obviously possess, a lot of the right kind of advice and a little bit of luck, to which even Rockefeller would admit.

Perhaps you are already in business. This chapter is specifically aimed at the employed man, or woman, who has yet to make up his or her mind. To decide whether or not to take that gigantic step to going it alone.

But if you are already part of the exciting way along that road, don't skip this chapter. Use it to re-assess yourself and your changed situation. It may make your passage a smoother one.

### **Weighing up your present situation**

Sit down and take a cold, statistical look at yourself, your job and your environment.

Break it down and take stock of all the many benefits which you currently enjoy and which, in your search for pastures new, you may be overlooking.

Your major asset will almost undoubtedly be job security although naturally this will be very dependent on your occupation. If you are unfortunate enough to be unemployed, then the security factor is irrelevant.

Do you work set hours, or, considered another way, are you fairly certain at what time your next meal will be?

This is just one of a number of 'assets' which you may have to forego if you intend to take the path of self-employment. Let us look at some of the others.

Does your job attract 'perks', such as a company car, luncheon vouchers, cheap travel or goods, or even just a subsidised canteen?

These are all worth hard cash and, if working for yourself, will have

to come out of profits, your new form of income.

What about pension rights? Leaving a pensionable post is an expensive exercise if you go before the natural retiring age.

To what degree of stress are you subjected? This will without doubt increase dramatically if you work for yourself.

Perhaps you have some degree of responsibility; almost every job includes some, despite the apparent lack of it. We will assume that you want a lot more!

Your statutory rights are important and cannot be ignored in today's legislative society. Laws tend to be in the employees' favour, and you will thus become subject to them instead of being protected by them if you 'change sides' and become an employer. (See Chapter 5.)

If you have a Trade Union behind you, this can prove a powerful ally in times of dispute, sickness or accident. If you become a 'boss' it may become a force with which you will have to contend.

Finally, still looking at the favourable aspects of your present job, have you ignored companionship and, possibly, congenial working conditions? Both could disappear, at least initially, if you become a 'one-man band' working in less favourable conditions.

## Looking on the bright side

'If I've really got all that', you might be saying, 'Why should I risk it all to make the change?'

But then, there *are* a lot of things missing, aren't there?

Freedom of choice will be high on the list. Freedom to work in an area which appeals to you and to devote as many hours as you wish to your new business — which will be many more than you are now putting in!

To expound, and to expand upon, your own ideas becomes a refreshing incentive. To put into practice all those thoughts rushing through your head will spur you on towards your goal.

At last the decisions — and the responsibilities — will be yours. The buck will fall into your lap — and stay there.

One of the major considerations enticing people to want to work for themselves is the thought that, finally, they will be properly and more adequately rewarded for the skill and expertise they know they possess.

This is the most misleading incentive of them all.

Cash considerations should be put squarely to one side until all the remaining factors have been carefully considered and analysed. If by that stage your mind is not firmly set upon taking the plunge, don't do it.



If you allow potential financial advantages to sway you, you will almost certainly come unstuck. At some crucial point — and there will be several — your slight lack of confidence, determination or one of the other major factors will plummet you to despairing depths and set you on the road to disaster.

For this reason, money aspects are not in the main considered at this stage; they reappear at the end of this chapter.

You should now be obtaining a much clearer insight into what you really have now and what you stand to lose, or gain, by going it alone.

## Write it down

The comparisons so far are naturally general and you will be more interested in your own specific case.

This is not too difficult if you have some particular line of employment in mind. This, again, can be quite wide in its scope at this point and you will soon spot 'gains' and 'losses' if you draw up a 'league table' such as the one below.

From experience I find that factory employees form a high proportion of those starting their own businesses and, quite often, their vehicle is a small store in a suburban run of shops. Let us look at these two extremes.

Factory Worker	Shopkeeper
<i>Geographical area</i> Mainly industrial	Perhaps of your choice?
<i>Immediate place of work</i> Factory	Shop
<i>Hours worked</i> Say 8 a.m. — 4 p.m. five days a week. Some overtime?	60/70 hours per week very likely. Certainly Saturdays and perhaps Sunday mornings. Unsocial hours.
<i>Holidays</i> 4 weeks annually, plus Bank holidays?	Probably none in the first few years, unless a relative stands in. Bank holidays will have to be worked in certain trades.

---

**Factory Worker****Shopkeeper**

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*Working atmosphere*

Noisy, crowded, smelly, stuffy?

Should be clean and reasonably airy. But don't forget that some of the backroom jobs may be less pleasant, e.g. cutting up bacon.

*Type of work*

Monotonous?

Varied but certainly busy at times, boring at others.

*Companionship*

Probably very good.

You may be on your own for a lot of the time, although customers will be there to talk to.

*Responsibility/Leadership*

Nil or little?

Absolute!

*Administration/Organisation*

Dependent upon responsibility

Again, very full. Book-keeping, V.A.T., P.A.Y.E., etc.

*Daily Travel*

Car/Public Transport? Cost factor? Time 'wasted' — perhaps 30-60 minutes daily.

If you are living over the shop, no problems here.

*Leisure and Lifestyle*

Evenings and weekends free at the present to follow social life? Enough surplus earnings to save for occasional luxuries?

Restricted, perhaps, to Sundays and half a day weekly. Remember that stock purchases have to be organised, books made up. Profits may need to be ploughed back in the early years. Some leisure pursuits will have to be abandoned.

*Prospects*

Limited?

Further qualifications needed for promotion? 'Dead men's shoes' syndrome?

Can be unlimited and subject to personal capabilities and financial resources only.

---

You will see that financial considerations feature only lightly in this assessment. They must be viewed more fully later and not cloud your judgement at this point.

You should now be clarifying certain criteria in your own mind and, hopefully, be approaching that vital decision whether or not to strike out on your own.

## What about YOU?

It has been said that the person who works for himself is a breed apart. One who possesses certain rare qualities, many of them entirely instinctive, enabling him to survive in today's highly competitive and unfriendly, complex business world.

How are you going to know whether you are a member of that exclusive club?

We have compared above different practical facets of two occupations. Now, let's try analysing the real YOU!

No psychiatrist's couch is needed, just an unlimited degree of unadulterated honesty on your part. One person you cannot cheat in an assessment test is yourself.

Imagine you are ready to meet your maker and only perfectly honest answers to the following third-degree test are going to issue you with the passport for entry through the pearly gates, although in this case your passport — if all the stamps are in the right columns — will allow you to turn at the crossroads towards the sign reading — 'Self Employed this Way'.

### *Temperament*

What kind of attitude do you possess? Are you easy-going, prepared to accept the status quo and somewhat annoyed when changes cloud the horizon?

Or are you eager for new challenges, ready to adapt, and accept improvements?

### *Leadership*

Have you a preference for taking orders, or giving them? Do you find it frustrating to have to accept instructions from others when you feel that, left alone, efficiency would result if your own ideas were followed?

Do you feel competent in dealing with subordinates, or is every awkward instruction creating tension in your breast?

Could you competently deal with unsavoury decisionmaking such as the giving of notice to a colleague? Or would such thoughts be undermined by allowing your heart to overrule your head?

### *Willpower*

If a goal has been set, is your willpower of sufficient strength to strike at achievement without wavering? To set your course and not allow minor crises to upset you?

Past personal experiences should come to mind, pinpointing your success, or otherwise, in reaching previously set goals.

'Stickability' sums up the necessary attribute here and, granting some adaptability, you should know whether you can honestly tick the 'Yes' or the 'No' column.

### *Confidence*

This is essential. Without it, some of the other factors will lack the strength of character we seek in order to succeed.

Do you have confidence in your own ability and does this confidence come over when dealing with others, whether subordinates, peers or customers?

We all tend to sum up a newcomer in the first thirty seconds of speaking to him and it is within that vital fraction of time that you must 'sell' yourself.

### *Security*

Are you a believer in personal and family protection, in the form of a secure salaried position, or are you ready to face insecurity in the hope that its rewards, mentally and financially, will in time be to your advantage?

This risk factor is, of course, the greatest one and for a family man or woman, there are considerations beyond one's own skin.

### *Health*

Working for yourself produces great demands on both mental and physical resources. Can you withstand such pressures?

Stress will undoubtedly increase and there will be little time for sick leave!

### *Family Aspects*

Husbands, wives, children all feature in the plan you have in mind; have you carefully considered each one? Schooling, holidays or a change of home may all prove upsetting and the psychological as well as the practical angle should be analysed, preferably in a 'family council'.

### *Expertise*

Most human beings are particularly good at something and both natural as well as technical abilities should be listed.

Attributes in the manual, intellectual and organisational fields call for investigation as well as a close look at your own hobbies and interests. These can invariably provide clues as to the type of individual you are.

If you have no practical experience of the field you hope to enter, you may well be wasting your time. No amount of enthusiasm can cover up a lack of knowledge.

Have you tried working for, say, six months in a shop on a part-time basis, if you aim to enter retailing?

You will need more than technical expertise to run your own operation and several bodies today specialise in training would-be entrepreneurs in such skills as marketing, planning, personnel and finance.

The Business Education Council runs a series of courses for people interested in being in charge of their own concern, whether it be a restaurant, a manufacturing outfit, or, indeed, any commercial enterprise.

In the case of would-be shopkeepers, you would be taught the principles of buying, display, book-keeping and so on.

Three different courses cater for those with less than four 'O' levels or C.S.E.'s, those with four or more, and for students with one or more 'A' level.

Alternatively, some forward-looking universities (Durham is one) have set up internal business schools in collaboration with the Training Services Agency. Eighteen-week courses are available for managers who wish to set up their own business. The Open University also runs a 'Start Up Your Own Business' course based upon work books, audio cassettes and video tapes, and covers marketing, financial and production techniques. Students will be allocated to an adviser for up to nine months and will have to make a presentation, at the end, of their business plan.

Catering for all tastes are the Manpower Services Commission's New Enterprise Programme, its Small Business Course and its Self-Employment Courses.

The first of these is especially designed for people who are determined to set up a new business which will quickly grow into a sizeable venture. A comprehensive grounding in business strategy is provided by each of the Glasgow, Durham, Manchester, Warwick and London University Business Schools. Each programme runs for about 4 months and the principal elements covered include:

- How to present your business idea.
- The need for a business plan.
- Researching the market.
- Costing, pricing and selling.
- Forecasts, budgets and cashflows.
- Raising funds.

London and Manchester Business Schools offer these courses on a part-time basis.

The Small Business Courses are shorter (8–10 weeks) and are run for the M.S.C. by universities, polytechnics, colleges, regional management centres and private consultants. All costs are met by the Commission which also pays a weekly allowance to participants.

Self-Employment Courses are aimed at men and women who want to earn their own living rather than setting up business ventures; i.e. 'one-man bands'.

All three types of course are available only if you are 19 or over, unemployed or willing to give up your job and have not been in full-time education for at least two years. Disabled people may be able to avoid some of these conditions.

Application can also be made to the M.S.C. to benefit from its Management Extension Programme, which provides a small business owner with a seconded, experienced manager to help with the development and implementation of a project likely to lead to the firm's growth or an improvement in its fortunes.

A very successful innovation has been the Government's Enterprise Allowance Scheme whereby a weekly grant of £40 for a year is paid to unemployed people who set up their own business. Applicants must have been out of a job for at least 13 weeks and receiving unemployment or supplementary benefit. They must also be in a position to raise £1,000 themselves, if necessary by borrowing it. The Open University runs an Open Learning Programme for a fee of about £400 complete with a local tutor.

Whatever type of business you have in mind, make a determined attempt to gain grass-roots experience of its basic principles before you commit yourself. This could be the best move you ever make.

## Summing Yourself Up

You should now have a much clearer picture of the real YOU. Having stripped the social varnish from the somewhat different exterior that we all tend to exhibit in today's rat-race climate, you should be left

with your genuine qualities and abilities.

Whilst there is probably no such entity as the ideal entrepreneur, you are certainly going to need generous helpings of the following ingredients:

### *Determination*

Crises there will be in abundance. Only strength of character will pull you through. Goals must be set and nearly all else thrown to the winds in the determination to achieve them.

Self-employment is not for the faint-hearted, nor for the easily influenced where a safer path becomes available.

Grit and a certain degree of dogmatism must be your cornerstones; never let them crumble.

### *Practicability*

This you will almost certainly already possess. Now prepare yourself for an abundance of planning, setting down, achieving and then more planning.

Everything you do must have an air of confidence about it. Be practical in every decision, however small, for it is in the sum of dozens of minor decisions that success will come about.

One of Henry Ford's early decisions was at what price level he would aim to sell — and look what he achieved.

### *Judgement*

Linked with the practical nature of your approach will be your own evaluation of things. How you arrive at your decision will be partly inbred but more importantly influenced by your own experiences.

For that reason don't expect to make correct decisions every time. But do make a decision; self-employment is not for the 'fence-sitter'.

If it proves erroneous, but salvageable, your business may suffer a little but your experience will have widened. Next time your judgement will be that much more precise.

### *Enthusiasm*

Sackfuls of this will help you through but the other assets you will need are not enough alone without a mixture of zeal.

Everything must be done with a song in your heart, even when you feel down. There is no time for the 'blues'.

Enthusiasm tends to be contagious and if you are building a team around you your energy will rub off as a bonus to the united effort.

Hard work there will be plenty, but an enthusiastic frame of mind will ease it along.

### *Flexibility*

Although a determined path must be followed, an adaptable approach is vital in the light of changing events.

The market may swing in a different direction, a new product could arrive or government interference may affect your attitudes. Be ready for — and don't be afraid of — change.

Diversification normally involves a major upheaval but there will be, along the line, opportune moments for re-analysing your methods.

If outside factors indicate the advantage of a swing of emphasis, make your move boldly. Don't wait for your competitors; by then it may be too late.

### *Integrity*

Most businesses grow from within, i.e. satisfied customers come back for more, and, in time, recommend your product or service to their friends.

Such continuity demands an absolute faith on their part in your integrity.

Faulty goods will have been instantly, and unquestionably, exchanged. Mediocre service will have been investigated and corrected. Only by these methods will your clientele grow. We all know what happens to a business that gets itself a bad name. Your insistence on placing your customers on a pedestal must filter through to the rest of your organisation, however rapidly it grows. An insolent telephonist or an uncaring receptionist could be the first death-knell of what you thought was an efficient organisation.

### *Humanity*

People's feelings have to be considered and this includes staff as well as customers. Treat staff like the human beings they are and they will react in similar vein towards the signatories of the cheques, those people providing the monthly lifeblood of your business.

Deal with them shabbily and inevitably their own feelings of frustration will filter through to your customers to the detriment of the business.

These are seven vital elements in your own make-up which will help you to succeed. Pin a list of them on the desk before you, and remind yourself, from time to time, of their importance. When problems arise, use them to help you analyse the reasons, and you will surprise yourself how often a crack in one of them will turn out to be the real culprit.



## Taking Advice

Research, research, research. Let that be your motto, and one of the best ways of adding to your increasing store of knowledge is to talk over your ideas with other people.

Two heads are without any doubt better than one and the more heads you take advantage of the better.

Speak to friends, relatives, and neighbours. Bounce ideas off them. You will be surprised how rewarding this exercise can be.

Ask people to be absolutely frank, even brutal. If the same criticism of one of your suggestions keeps recurring, it will need a re-think. Value the fact that you are probably talking to potential customers.

## Your Bank Manager

He is the ideal springboard where your bouncing can begin. He will normally be quite prepared to chat in general terms, at an early stage, prior to your putting a specific proposition to him as outlined in Chapter 3.

His advice will not be restricted to finance and you will quickly discover he will have local knowledge of many industries and services. His opinions should therefore be valued.

If you do feel you are not getting your money's worth from this source (although remember the advice is free!), then shop around the clearing banks until you feel you have struck up the right relationship.

## People in the Trade

You will no doubt have a general idea of the line you intend to follow and some specialised advice can be sought.

Speak to people in the trade or profession of your choice and test their reactions. You need not tell them all your ideas and of course you will need to balance their advice against the fact that they may prove to be direct competitors.

If you have retailing in mind write to the National Union of Small Shopkeepers of Great Britain and Northern Ireland. They have 10,500 members and will provide helpful advice.

Similarly, most occupations liaise through a trade body and proper enquiries should soon reveal the source you require.

Some areas have special advice centres for people about to embark on a business. In Islington, for instance, there is the Action Resource Centre (staffed by, among others, Marks & Spencer executives), whilst Enterprise North is operated on Tyneside by Durham University.