

your evening class

starting a small business



tutorial 01

the first step:
your product or service and you

teach[®]
yourself

Orders: please contact Bookpoint Ltd, 130 Milton Park, Abingdon, Oxon OX14 4SB. Telephone: +44 (0) 1235 827720. Fax: +44 (0) 1235 400454. Lines are open 09.00–17.00, Monday to Saturday, with a 24-hour message answering service. You can also order through our website www.hoddereducation.co.uk

British Library Cataloguing in Publication Data: a catalogue record for this title is available from the British Library.

ISBN 978 0340 969298

First published in UK 2008 by Hodder Education, part of Hachette Livre UK, 338 Euston Road, London NW1 3BH

This edition published 2008.

Copyright © 2008 Vera Hughes and David Weller

Business Plans (Tutorial 10) copyright © 2008 Nick and Sue Paulley

All rights reserved. Apart from any permitted use under UK copyright law, no part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information, storage and retrieval system, without permission in writing from the publisher or under licence from the Copyright Licensing Agency Limited. Further details of such licences (for reprographic reproduction) may be obtained from the Copyright Licensing Agency Limited, of Saffron House, 6–10 Kirby Street, London EC1N 8TS.

Typeset by DC Graphic Design Limited, Swanley Village, Kent

Printed in Great Britain for Hodder Education, an Hachette Livre UK Company, 338 Euston Road, London NW1 3BH, by Hobbs the Printers, Totton, Hants.

The publisher has used its best endeavours to ensure that the URLs for external websites referred to in this book are correct and active at the time of going to press. However, the publisher and the author have no responsibility for the websites and can make no guarantee that a site will remain live or that the content will remain relevant, decent or appropriate.

Hachette Livre UK's policy is to use papers that are natural, renewable and recyclable products and made from wood grown in sustainable forests. The logging and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

Impression number 10 9 8 7 6 5 4 3 2 1

Year 2012 2011 2010 2009 2008

Dear Small Business Entrepreneur

Are you thinking of starting your own business? Or perhaps you have recently started working for yourself? In either case it's an exciting time for you, but it can also be a little daunting, whether you are intending to trade on your own as a sole proprietor, or in a partnership with one or two other people.

This study pack is designed to help you through the first year or so; it expands on *Teach Yourself Setting Up a Small Business*, which has sold over 50,000 copies, and is based on our experience of setting up and running our own small business (just the two of us) over the last 25 years. Our first business was a training consultancy (DEVA Training Services), but we now run a theatre production company called Chester House Productions – yes, we are actors. So we have a product (our shows); we need to know our customers and provide what they want; we have to market our products; do the books; maintain our website; make a profit; and finally pay our taxes. Our theatre production company is a true small business.

You may have thought of attending your local college to help you get your business off the ground. Using this pack means you can work at your own pace in your own time and pick out those Tutorials and exercises which are relevant to your own particular business. For example, if you are planning to employ other people, Tutorial 9, Employing Others is likely to be very important for you.

You will find examples relating to many different types of business throughout the pack; while you may not exactly fit the examples, you will find that each Tutorial has general principles from which you can work. Throughout the pack, think of your own business and what you need to do to get it up and running – the Contents List at the start of the pack and the Contents List at the beginning of each Tutorial will help you here. It may be that you need to work through only one or two Units in a particular Tutorial or that you need at any one time to pick a collection of Units from several Tutorials. Fine, do what is best for you.

The ten Tutorials take you through the various stages of starting your small business, with exercises to encourage you to put into practice what you have just read. The accompanying CDs expand on and enhance each Tutorial. It is possible to work only through the CDs, but for some exercises you will find you really need to work with the appropriate Tutorial.

Small Business EXTRA is a collection of extracts from other publications relating to starting a small business which give further advice and guidance on particular topics. For example, if you are thinking of selling online, there is one section on how best to use eBay. *Small Business EXTRA* is just what the titles implies – added value, something extra.

Finally, the Checklists, which can be found on the back page of each Tutorial workbook, enable you to check that you have done everything you could or should have done in each tutorial. Have you ticked all the boxes?

We hope you enjoy working through this pack and that your new business is as successful as ours has been, and still is.

We wish you the very best of luck with your new enterprise.

Vera Hughes

David Weller

Tutorials included in this course:

- Tutorial 1 – The First Step: your product or service and you (Audio CD01, tracks 01–05)
- Tutorial 2 – Starting up (Audio CD01, tracks 06–10)
- Tutorial 3 – Your Image (Audio CD02, tracks 01–05)
- Tutorial 4 – Marketing (Audio CD02, tracks 06–10)
- Tutorial 5 – Business and Personal Finance (Audio CD03, tracks 01–07)
- Tutorial 6 – The Office (Audio CD03, tracks 08–12)
- Tutorial 7 – Selling (Audio CD04, tracks 01–06)
- Tutorial 8 – Balancing Life and Customer Service (Audio CD04, tracks 07–10)
- Tutorial 9 – Employing Others (Audio CD05, tracks 01–04)
- Tutorial 10 – The Professionals and Business Plans (Audio CD05, tracks 05–07)

Contents

Unit 1	The selling points of your product or service	8
Unit 2	Market research	10
Unit 3	Your suppliers	13
	• importing	13
	• researching your suppliers	17
Unit 4	Pilot scheme	20
Unit 5	Your personal attributes	22
	• motivation	23
	• organizational ability	24
	• management of time	25
	• energy and health	27
	• communication skills	28

01

The First Step: your product or service and you

Introduction

The first thing anyone needs before setting up any kind of business is an idea, or perhaps more precisely *the* idea of starting in business at all. It sometimes happens in a blinding flash, but more than likely it insinuates itself and gradually the idea of setting up a business develops until it is hard to remember when it was not there.

Before the idea takes over too much, certain questions need to be asked in order to keep things realistic and in proportion – not to kill off the idea, but rather to have controlled development of it.

Talking to a neutral business adviser could be a sound way of doing this. For example, good Business Link managers say that the most important part of their counselling work for potential business start-ups lies in dissuading people from investing their life savings and re-mortgaging their houses for a business idea that is flawed and will never succeed. The majority of people who get as far as going to their local Business Link for advice turn up with ideas that could spell disaster for them if the ideas are not at least adapted significantly and they are often abandoned. Of those who go ahead and launch businesses, many will fail within three years (30 per cent, according to Department for Business, Enterprise and Regulatory Reform Statistics), and only a small minority will actually grow. So while not wishing to put a damper on things from the start, it is only fair to point out how important it is not to get carried away with an idea just because *you* want to believe in it. Ask an objective business counsellor to assess the idea before you sink your money and your family's security into it.

The book accompanying this course, *Teach Yourself Small Business EXTRA*, contains extracts from other Teach Yourself books. From time to time throughout these Tutorials, you will find references to *Small Business EXTRA*. Study these extracts to reinforce what the Tutorials are advising and to enhance what they say.

Start now by reading pages 2 to 5 of *Small Business EXTRA*, an extract from *Teach Yourself Running Your Own Business*.

Listen to CD01, tracks 01–05, for the accompanying Audio Tutorial.

Unit 1

The selling points of your product or service

Ask yourself these questions: ‘What precisely is the product or service I am going to offer?’ and ‘Why should customers buy *my* product or service rather than those which exist already?’

Exercise 1

To help answer these questions complete this questionnaire for your product or service.

Why my product or service will sell

Guidelines

Your product or service

1 What exactly are you offering?

It could be a consultancy, a craft-based enterprise, a shop, a home service (e.g. plumbing, hairdressing), a repair workshop, and many others.

1 My product or service is:

2 The good selling points

What will make customers want to buy your product or service? Write down up to six main points, which could include: competitive pricing, flexible, reliable, experience, fashionable, personal service, etc.

2 The good selling points are:

- ---
- ---
- ---
- ---
- ---
- ---

Guidelines	Your product or service
<p>3 Who will your customers be? Write down the customers you will be targeting. Are they businesses, homes, individuals? What is their age range? What is their income bracket? Are they local, nationwide or worldwide (for online selling – e-commerce)?</p>	<p>3 My customers will be:</p>
<p>4 What is the competition? Who are your main competitors? How well established are they? Will you be able to compete? Is it an expanding or contracting market? Most important – how will your product or service differ?</p>	<p>4 The competition is:</p> <p>My product/service is different because:</p>
<p>5 Is it really your own idea? Take care not to infringe other people's intellectual property rights. Is your idea really your own or are you copying someone else's? Visit the Patent Office website to check: www.patent.gov.uk</p>	<p>5 Is it really my idea?</p>

If you visit your local Business Link, which is a government organization set up specifically to help small businesses, take this list with you. Their services are free. They can also advise you on how to carry out some preliminary market research. This is your next step.

Unit 2 Market research

As a small trader or partnership, you cannot afford to embark on a very large market research exercise, but it is worthwhile trying to establish whether what sells well to friends and colleagues, or business contacts, will be bought by others.

You can research the market in an informal way by asking friends, family and colleagues what they think of your idea. A more businesslike approach is to send out or give out a short questionnaire. You could do this at networking meetings, online, or with gatherings of family or friends. Expect a better response if you hand out the questionnaires personally and ask people to complete them then and there.

Whichever method of distribution you choose, design your questionnaire carefully, taking these guidelines into account:

- Use one A4 sheet at most, or computer equivalent.
- Ask questions which require tick box responses; people don't like to write long answers.
- If you ask people to rate an attribute of your product/service, give them an even number of boxes to tick – four or six. If you give them five they are likely to tick the middle box.
- Leave space for additional comments.
- Don't ask for a lot of personal information. You might be infringing the Data Protection Act.
- Make giving their name optional. People often give 'truer' answers if they know they are anonymous.
- Draw up a good system for analysing the responses.

Opposite is an example of a questionnaire James might send out. He is thinking of setting up a garden design and landscaping business in and around the local villages.

JAY'S GARDENS

Please complete this short questionnaire by ticking the appropriate boxes; feel free to add any comments you may wish to make.

- 1 Are you considering enhancing all or part of your garden within the next two years?

Yes

No

- 2 If yes, would you consider employing a professional to help you with (tick as many as are appropriate)
design hard landscaping planting maintenance

- 3 Please rate the importance to you of the following by ticking the appropriate column.

Subject	Very important	Important	Somewhat important	Not important
Reliability				
Creativity				
Competitive pricing				
Ease of maintenance				

- 4 How far away do you live from the address below?

Within 5 miles Within 20 miles

Within 10 miles Over 20 miles

- 5 Please write any further comments you would like to make:

Optional:

Your name: _____

Your contact details: _____

Please return this questionnaire to: James Gardner
Jay's Gardens
(address)

Thank you for completing this questionnaire.

■ Exercise 2

- 1 Design your own questionnaire.
 - 2 Decide on its distribution method.
 - 3 Devise a system (computer or paper-based) for analysing the responses.
-

Every business needs suppliers of some sort, even if it is only for office stationery. This time you are the customer and will need your supplies to be reliable, well-made and reasonably priced, with a good delivery service.

If you have been working in a bigger business and have decided to go it alone, or if you are converting a hobby into a business, you are probably aware of good sources of supply already. However, if you need additional, perhaps specialist, parts, equipment or stock, or items unfamiliar to you, you need to do some serious research.

Start by asking colleagues or other small business proprietors in your line of business where they source their supplies. They will probably be happy to share this information with you. You can look in publications such as Yellow Pages or ThomsonLocal, but trade catalogues are usually much more informative and the internet is an excellent source of information.

When you place an order in the UK, you know that you must be precise in what you are ordering and where it should be delivered. You also have to take into account delivery times, carriage charges and discounts.

If you order from outside the UK you will be stepping into the import business.

■ Importing

To import sounds more daunting than it actually is. You are merely buying from an overseas supplier instead of a home supplier, and the difference is all to do with procedures, currency and time: things which can be calculated or learnt. We deal here with the mechanics of getting the goods from overseas to your place of work, not with choosing suppliers and negotiating deals.

Ordering from abroad

Before you place your order you should get a firm quotation from your supplier. Be very specific about what you want on the quotation; this is best done by a formal request for a quotation setting out:

- who you are and what your business is
- who your bankers are, to help establish your creditworthiness
- the goods or services you want, and how they are to be packed and marked

- possible questions
- delivery dates and terms
- what insurance arrangements you intend to use.

Once you have a firm quotation, you can place your order.

Ordering from abroad is no different. You can order by phone, fax or email, but the order should be confirmed in writing on your headed paper. Remember to agree with your supplier:

- quantity, description and price
- method of despatch (air, sea or land)
- method of delivery (post, courier, etc.) and delivery destination (port, warehouse, etc.)
- delivery times, which are likely to be longer, but not necessarily
- the point at which the insurance by the supplier stops and the insurance by you begins (see Insurance later in this Tutorial)
- whether the prices quoted include insurance
- carriage charges
- discounts
- method of payment.

If you are doing regular business with a supplier, it may be beneficial to set up a trading agreement and account.

When considering quotations and pricing, take into account that currency values fluctuate, so you need to be sure which currency you are dealing in and in which currency the price is fixed. For large orders, buyers can secure the price well in advance of delivery by taking a ‘position’ or ‘option’ on the currency value with the bank. This needs some knowledge and experience of currency markets and values.

In EU countries, if you are using suppliers and you are VAT registered, you may not have to pay VAT on the goods you purchase. In any case if you pay VAT, it will be at the UK rate, not at the rate of the supplying country.

Documentation

Advice Note

On receipt of your order, the supplier should confirm to you all the details mentioned above, including date of expected despatch and length of delivery time.

Bill of Lading

This is the receipt given by a ship's master to the supplier of the goods, stating in detail the goods loaded on board the ship. The Bill of Lading is an important part of the papers which travel with goods being imported or exported.

Air Waybill

This is a sort of aviation Bill of Lading. It is a contract of carriage when goods are sent by air, and acts as a receipt for the goods. It is made out by the airline.

Delivery Note

A detailed description, for the supplier, of the actual goods in that delivery.

Carriage Note

Details, from a transport company, of the number of crates, boxes or pallets.

Pro Forma Invoice

You will also receive a Pro Forma Invoice, probably stating the preferred method of payment.

These are the most common items of documentation. For details of customs and other documents, seek advice from your clearing agent.

Customs and transportation

If you are intending to import fairly large quantities of goods, it could be wise, to start with, to use a clearing agent, who will deal with all the customs and transport side of it for you. Seek advice from your local Chamber of Commerce.

If you are importing on a very small or limited basis, the Post Office is an excellent transporter of goods. Your supplier will complete all the customs documentation necessary. If the order is a sample, and not for onward sale by you, ask the supplier to mark the goods 'Sample only – of no commercial value'. This should mean that you do not have to pay customs duty.

You will probably have to collect your packages from the sorting office, and pay any VAT and duty due at that point. You will probably have to pay a Post Office clearance fee. Keep the Post Office label on the package, as this will constitute your VAT receipt for book-keeping purposes.

Payment

Bear in mind that some overseas suppliers may require payment up front because you have little or no trading history. They will usually require this to be done through a Bank Transfer, which will incur bank charges for you. Some suppliers will not accept orders below a minimum amount.

You may also be asked for trade references, which can be difficult for new enterprises.

As in the UK, damaged items must be reported immediately to the supplier, who will usually issue a Credit Note against subsequent orders.

The main methods of payment are:

Cash

Sent by registered post. This is popular among less-developed countries for small orders.

Via the bank

The most normal way of paying your suppliers is by Bank Transfer. Send a letter of authorization to your bank detailing account numbers and accounts.

Via the Post Office

An International Payment Coupon (rather like a Postal Order) can be bought at the Post Office and sent by post to the supplier. It is suitable for small amounts.

Insurance

You need to be sure that your goods are insured until they reach your doorstep. These are the most common terms used when despatching goods:

- **FOB – Free on Board**

The price quoted includes everything until the goods are loaded onto the ship or plane. This does not include insurance.

- **CIF – Cost Insurance Freight**

This means that everything is covered, including insurance, up to delivery at your warehouse *except* the cost of transport from the port or airport in the UK. You will have to arrange and pay for the cost of transport, but the goods remain insured.

- **C&F – Cost and Freight**

This means that the goods are *not* insured so you will have to make your own insurance arrangements.

As you can see, it is important that you are clear about the terms under which your goods will be supplied, so make sure they appear on the quotation you have requested.

Importing small quantities of goods is quite easy, particularly if you use the postal services. Importing large quantities is obviously more complicated. Seek all the advice you can before you start. Importing from EU countries should be a simpler matter.

■ Researching your suppliers

Before doing this research you need to know what you want, so draw up your product or service specifications. If you are opening a shop, for example, as well as stock in the appropriate range, colours and so on, you will need wrapping or packing materials, cleaning products, office stationery, price tags or shelf edging tickets, etc. If you decide to sell jewellery on a network marketing basis, as well as stock you would need display cloths, order forms and, again, wrapping materials. A craft-based enterprise might need supplies of wood, metal, glass, fabric or other materials. A small manufacturing business needs the raw materials to make its own component parts, or to buy in those parts from suppliers.

Whatever your business, another list is very helpful here. You could construct a table something like the one on page 18 that Samantha, who is opening a fashion boutique called ‘Affordable Fashion’, has decided to use. A computer spreadsheet would be very useful for this, but it can be done on paper.

Search out more than one supplier, if possible, to compare the service they are offering and to have an alternative supplier if you need one, perhaps in an emergency.

All these supplies are for the ongoing running of the business, not the start-up requirements, which you can study in the next Tutorial.

Affordable Fashion Suppliers

	Suits	Skirts	Tops	Dresses	Trousers	Bags	Belts	Jewellery
Supplier 1								
Prices								
Delivery schedule								
Settlement terms								
Product quality								
Supplier 2								
Prices								
Delivery schedule								
Settlement terms								
Product quality								
Supplier 3								
Prices								
Delivery schedule								
Settlement terms								
Product quality								
etc.								

■ Exercise 3

- 1 Whatever your business, make a list of all the supplies you will need.
 - 2 Research two or three suppliers for each.
 - 3 Draw up a chart which you can fill in as you receive the information. Use Sam's 'Affordable Fashion' suppliers' chart as an example.
-

Unit 4 Pilot scheme

For some businesses it is possible to try out your business on a small scale to see what works and what does not. James, who is planning to start a garden design and landscaping consultancy for example, could take on work evenings and weekends, charging only for materials, while still managing the local garden centre. This would give him a good idea of what his potential customers really want, how much they are prepared to pay and the suppliers and/or sub-contractors he would need to engage.

Perhaps you are expanding a hobby into a business; many craft-based enterprises start in this way. You will already know your suppliers, but who, exactly, will be your customers and what are they prepared to pay? Hire a stand at a small craft fair and see what sells.

Many small businesses, such as plumbers, electricians and painters and decorators have done a lot of DIY and then started helping their neighbours. Maybe now is the time to put the enterprise on a more business-like footing, work for any necessary qualifications and ask people who know your work to recommend you to others, on a commercial basis. For people who work in other people's homes, it is important to gain experience of dealing with many different types of customer before giving up the day job.

If you have invented something or made something you are convinced will sell, it is essential to try it out as a pilot scheme before launching your product on the general public. Perhaps you have developed a new kitchen gadget, or designed some special clothes for babies with eczema. Have a small batch made, let the end users use the items for a reasonable length of time and monitor how they get on.

For certain businesses, such as retail or taking on a franchise, it is difficult to run a pilot scheme. You either open a shop or you don't. However, you could buy a small amount of stock and try it out on friends and neighbours, including people you do not know well – they are likely to give you objective opinions.

If you are thinking of opening a coffee shop, a café, or a restaurant, running a pilot scheme is even more difficult. It is unlikely you will embark on this type of enterprise without some experience yourself, or at least with a partner who knows what he or she is doing. In these circumstances good planning and market research are essential.

■ Exercise 4

Consider whether you can run a pilot scheme or not. Make a plan to test your product or service, put the plan into action, collect feedback and adjust as necessary. There seems to be so much planning and trying out before you can really get your business up and running, but all this preparation really does pay off.

Here are some guidelines to help you plan your pilot scheme:

For a service

- Who will you target?
- How are you going to make contact?
- What, exactly, will you be offering?
- What are you going to charge?
- How are you going to know what works and what does not? Perhaps by keeping a log of what you did and for whom, what worked well and what didn't will help. Write up these notes as soon as you have finished the job.

For a product

- Get a small batch made up – how many?
- Or buy in a small batch – how many?
- Is there a range of colours and styles? If so, which will you try out?
- Who will you target as guinea pigs?
- How will you make contact?
- How long will you want them to try the product?
- How will you get feedback? Leave a card/questionnaire for them to complete? Watch them use the product? Test the product after it has been used?

Only you will know how to run your pilot scheme. If it works, fine, you can go on from there. If it does not, even after feedback and adjustments, at least you know what the situation is and have not wasted too much time, energy and money in launching a business which is going to fail.

Unit 5 Your personal attributes

If you do not have absolute faith in your product or the quality of your service, you will never get your business off the ground. Do not be put off if other people's reactions do not initially match your enthusiasm; but at the same time be prepared to adjust your ideas after objective feedback.

These are the main personal attributes you will need to make a success of your business:

- self motivation
- organizational ability
- good time management
- energy and good health
- good communication skills.

■ Exercise 5

This exercise comes in five parts. After reading the guidelines at the beginning of each part, assess yourself by rating your abilities. If you find you have a few low scores you will know the areas you must work on. If you end up with low scores over all, perhaps running your own business is not for you.

Part 1 Motivation

The belief in your product or service is the first step in self-motivation; what follows depends on your own ability to move off the starting line and keep up the momentum.

Sometimes people feel that those who have their own businesses are lucky, because they can suit themselves whether they work or not. To a certain extent this is true, of course: if you decide one morning that you would rather stay in bed than turn out in the cold to sell your product or service, that is up to you – your competitors will be delighted!

Self-motivation is an attitude of mind as much as anything, and your attitude must at all times be to develop your business. If you are a sole trader this can be more difficult, since you may not have anyone else to help you with your motivational process. So self-motivation should perhaps be coupled with self-discipline. Determine to set yourself a regular business routine, and do all you can to keep to it. As you achieve this regular routine, you will find that your self-motivation improves dramatically. There is nothing like a successful meeting or telephone call to stimulate motivation – the hard work is the initial effort needed to arrange that meeting or make that telephone call in the first place.

Rate yourself on a score of 1–4, where 1 is poor and 4 is excellent.

Statement	Rating
1 I can stick to a self-imposed business routine.	<input type="checkbox"/>
2 I am good at making contact with people.	<input type="checkbox"/>
3 I can be flexible in my working day.	<input type="checkbox"/>
4 I have someone to talk matters over with.	<input type="checkbox"/>
5 I can do the boring tasks as well as the exciting ones.	<input type="checkbox"/>
6 I believe my product/service is wonderful.	<input type="checkbox"/>
Total out of 24 _____	

Any weaknesses? Then you know what to work on.

If you are a sole trader it can be difficult to find someone to talk matters over with; someone outside your immediate family to be your mentor, or 'buddy', might be a good idea. Perhaps arrange regular meetings where you can buy them a drink and bounce ideas off them.

If you have a score of 3 or under on the last question, you are probably not ready to start your own business.

For a wider perspective on motivation read the extract from *Teach Yourself Entrepreneurship* in *Small Business EXTRA*, pages 5 to 10. If you are starting your own small business, this is the first step to becoming an entrepreneur. Also read pages 10 to 18, 'The power of negative thinking'. This section can really spur you into action.

Part 2 Organizational ability

An absolute requirement of anyone who starts a new business is the ability to operate in an organized way. You cannot work effectively in a muddle.

This has nothing to do with the workshop with wood shavings on the floor, or even the desk with papers strewn over it. This is the ability to know when and where the next appointment is, of dealing with correspondence quickly and efficiently, of being able to put your hand on specific pieces of information promptly and responding to queries or enquiries.

Statement	Rating
1 I always arrive in good time.	<input type="checkbox"/>
2 I answer emails/letters within 48 hours.	<input type="checkbox"/>
3 I respond to voicemail messages within 24 hours.	<input type="checkbox"/>
4 I can set up a system for retrieving email and voicemail messages.	<input type="checkbox"/>
5 My email filing system is in good order.	<input type="checkbox"/>
6 My paper filing system is in good order.	<input type="checkbox"/>
7 I arrive at meetings with the right paperwork.	<input type="checkbox"/>
8 My car tax disk is never out of date.	<input type="checkbox"/>
9 My diary/diaries are always up to date.	<input type="checkbox"/>

Total out of 36 _____

Again you will have highlighted, or rather lowlighted, the points you need to work on. If you are a very disorganized person, you may need to employ someone on a part-time basis to keep you on track, so take this into account when considering your start-up requirements in the next Tutorial.

Part 3 Management of time

Whether you are the chairperson of an international business organization or a sole trader, the amount of time available to you is exactly the same: there are precisely 24 hours in the day for both parties.

How those 24 hours are utilized is where the differences arise. Chairs of multi-nationals probably have other people around them to ease the pressure on their time, while the sole trader more than likely has no such luxury, or at best very limited help.

The management of available time effectively is therefore significant, requiring, once again, a high degree of self-discipline.

One of the greatest causes of mis-management of time is the very human one of doing those things which we want to do. One can always find a valid reason for putting off the unpleasant job.

Below are some top time management tips:

■ Plan

- Use a To Do list: you may need a long-term list and a daily list. Write down every item and cross it out when it is done. Use a notepad or your PC or laptop. Don't keep it in your head.

■ Prioritize

- Categorize your tasks into A, top priority, through to D, low priority.
- Tackle the A list first, particularly if they are the unpleasant tasks, rather than those easy Ds.
- Read important communications first; set the others aside for reading later.

■ Control your telephone calls

If you are making the call:

- Plan to make calls in batches.
- Have all the information to hand.
- Quickly get to the purpose of the call.
- When the business is finished, summarize what you have agreed, thank the person you have been calling and end the call.

If you are receiving the call:

- Make notes of what the caller wants.
- Arrange a specific call-back time, if necessary.
- Keep asking questions until you get the call-back name and number right.

■ Control your emails

- Organize your system to 'spam out' the junk emails.
- Read emails in batches (don't interrupt yourself when you see or hear an email arriving).
- Respond to the top-priority emails first.

■ Exercise self-discipline

- Get it right first time, whatever 'it' is.
- Avoid procrastination – get on with it.
- Do one thing at a time.
- Say 'no' if you have to.

■ Travel productively

- Plan your route carefully (can you rely on your satnav?).
- Use car time to learn from CDs, particularly those in this pack.
- Use train time to read, write, plan.
- Use waiting time to make phone calls.

Rate yourself on your time management: 1 is poor, 4 is excellent.

Statement	Rating
1 I do top priority tasks first.	<input type="checkbox"/>
2 I make phone calls in batches.	<input type="checkbox"/>
3 I always ring back when I've promised to do so.	<input type="checkbox"/>
4 I can end calls courteously and promptly.	<input type="checkbox"/>
5 My system can 'spam out' unwanted emails.	<input type="checkbox"/>
6 I read emails in batches, not as and when.	<input type="checkbox"/>
7 I do one task at a time.	<input type="checkbox"/>
8 I can say 'no' if necessary.	<input type="checkbox"/>
9 I use car time productively.	<input type="checkbox"/>

- 10 I use train time productively.
- 11 I use waiting time productively.
- 12 I always know where I'm going.

Total out of 48 _____

For more detailed advice on your time management, study pages 18 to 33 of *Small Business EXTRA*. These pages contain excellent hints and tips, and some good examples. Also *Teach Yourself Time Management* is a good source of information.

Part 4 Energy and health

To run a small business well you need a lot of energy and good health – you literally cannot afford to be ill. The business depends on you, often on you alone. The following rating exercise is not based on medical criteria, but on experience of what you need to do to maintain your energy and your good health. For example, it is wise to have a regular, probably annual, check-up at a well-man or well-woman clinic so that any potential problems are detected early and you can plan how to deal with them.

Rate yourself on your energy and health: 1 is poor, 4 is excellent.

Statement	Rating
1 I am generally healthy.	<input type="checkbox"/>
2 If/when I have a health problem, I know how to manage it.	<input type="checkbox"/>
3 If I begin to fall ill I do something about it.	<input type="checkbox"/>
4 Generally I sleep well.	<input type="checkbox"/>
5 I will arrange to take some holiday each year.	<input type="checkbox"/>
6 I will arrange to attend a well-man or well-woman clinic regularly.	<input type="checkbox"/>
7 Generally I have plenty of energy.	<input type="checkbox"/>
Total out of 28 _____	

Very few people can be on top form all the time. Running a business is a physical and mental strain, as well as being exciting and pleasurable. Recognize this and manage your health accordingly.

Part 5 Communication skills

You will need good communication skills, whatever your business, but the degree of skill varies according to the business you are setting up. If your work is mainly computer-based, a website designer for example, you will still need to be able to communicate with your clients to find out what they really want. It may be that someone else actually writes the copy for the website, so your written communication skills may not be quite so important.

If your business involves selling in any way your interpersonal communication skills will obviously be of the highest importance, but you will still need to be able to communicate in writing to a certain extent.

Consultants often have to write proposals, which need to be carefully constructed and well written. Their verbal skills should be equally good, as they are often working with small groups or on a one-to-one basis.

How good are you on the telephone? Record one of your telephone conversations if you can (and also listen to your own voicemail message), let the person on the other end know that you are recording, but only your end – their end will not be heard. When listening to the recording afterwards, do not think in general terms of how good and bad it is, but analyse:

- whether all the words can be clearly heard
- whether you say a lot of ‘ums’ and ‘ers’
- whether you repeat yourself too much
- whether your voice sounds pleasant and friendly (try smiling down the phone).

The final rating in this Unit is for you to assess how good your communication skills are. You might have enough courage to ask someone else to complete this assessment for you: 1 is poor, 4 is excellent.

Statement	Rating
1 I talk easily.	<input type="checkbox"/>
2 I listen well.	<input type="checkbox"/>
3 I can explain myself clearly.	<input type="checkbox"/>
4 I can understand what others are trying to say.	<input type="checkbox"/>
5 My telephone manner is pleasant and friendly.	<input type="checkbox"/>
6 I speak fluently on the phone.	<input type="checkbox"/>
7 My text messages are understandable.	<input type="checkbox"/>
8 My spelling, grammar and punctuation are good.	<input type="checkbox"/>
9 My written communication is well-constructed.	<input type="checkbox"/>
10 I can write good, plain, correct, understandable English.	<input type="checkbox"/>
Total out of 40 _____	

It might be interesting now to add the five different totals together to get an overall picture of your personal attributes. This table will help you.

Assessment	Total
Part 1 Motivation	<input type="checkbox"/>
Part 2 Organizational ability	<input type="checkbox"/>
Part 3 Management of time	<input type="checkbox"/>
Part 4 Energy and health	<input type="checkbox"/>
Part 5 Communication skills	<input type="checkbox"/>
Total out of 176 _____	

You have already analysed your weaker points in each part, so now look at the grand total and try to determine what it tells you. Are you ready to start your own business? This is not a scientifically proven assessment, but you could say that if you scored roughly in the top one-third, between, 120 and 176, you are probably well on the way to having the attributes you need; if you scored between 50 and 120, there is a lot of work to do; if you scored below 50, have a

good look at all your weak points to see if there is anything you can do to improve the score. If the outlook is too daunting, perhaps you are personally not yet ready to set up your own business.

■ A final thought

If, after working through this tutorial and listening to the CD, you have made up your mind to go ahead with your idea, do two further things.

- 1 Go through Checklist 1 to make sure you have taken all appropriate steps.
- 2 Go out and buy yourself a petty cash book. Start recording, week by week, every small item you spend on your potential business, because you can often claim this in retrospect, after the official start date. Keep all receipts (taxi fares, stationery purchases, including the petty cash book, car park tickets and so on). Ask yourself 'Am I doing this for business reasons only?' If the answer is 'yes', you can probably claim it as a genuine business expense.

Good luck!

teach yourself your evening class starting a small business

- **Tutorial 1** The First Step: your product or service and you

■ Checklist 1

Have you...

- 1 Listed the selling points of your product or service?
- 2 Written a customer profile?
- 3 Studied your competitors?
- 4 Done your market research?
- 5 Researched your suppliers?
- 6 Run a pilot scheme?
- 7 Assessed your personal attributes?
- 8 Bought a petty cash book?

Yes?

Then go ahead!