

Guide to Starting a Social Enterprise

This document is intended to be a guide only, we appreciate that some of the areas covered will be new to you, therefore if you have questions or would like to discuss this further, please contact the Inspire2Enterprise support team on the contact details below.

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'A social enterprise is a business that trades primarily for a social and/or environmental purpose or for the good of the community'

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Inspire2Enterprise is a free-to-access flagship support service delivering tailored information, specialist advice, training, consulting, coaching and mentoring to the UK's Social Enterprise Sector.

Inspire2Enterprise is a joint venture between The University of Northampton and Exemplas.

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Section 1: Ready to start

Before you begin to plan the enterprise you want to start, you may benefit from taking some time to decide if it is really right for you. This is the very first and most overlooked step that many people just don't think about.

Are you ready to start an enterprise?

Starting your own enterprise can be exciting and very fulfilling, yet it can also be demanding both physically and emotionally, especially if you are starting on your own as you may have little or no day-to-day support.

Starting an enterprise also requires hard work, dedication and determination with potentially long hours and you may have little opportunity to take time off. It can also be isolating at times and it can place pressure on relationships. Other elements you need to consider before starting out include:

- Whether you have the right skills to run a successful enterprise? If you don't then you need to identify those aspects of running an enterprise where you may need some help.
- What is your "social purpose", how will you achieve this and who will benefit from it ('beneficiaries'). Surplus profits will need to be reinvested in order to sustain the enterprise or to directly support your social purpose, are you happy with this?
- You will need to think about sustainability; how you will generate income to support your social activities and to pay your own and staff wages. Can you manage without a guaranteed income, if so for how long? The income you generate will very much depend on the market demand (and ultimately the success) of your enterprise. Unlike being employed, the income you generate can fluctuate month to month so you will need to consider how you get through any lean months. (Unless your intended social enterprise has a delivery contract from the start where you might be better able to plan your income).
- How you will support yourself if you are unable to work, perhaps due to sickness for example - do you have support from family and friends or volunteers? Also, who will manage the enterprise in your absence; do you have contingency plans or other arrangements in place?

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Is there a need for your enterprise?

You will have already identified a social need, which may not currently be fully met, but you will also need to consider whether your service/product meets the demands of your potential customers. The following points may help:

- Where is your target market – is it local, regional, national or worldwide? Is your product or service aimed at businesses, consumers, the public sector or all of them?
- Have you researched your target market? Can you identify who your main customers will be?
 - Can you identify who your key stakeholders and beneficiaries will be?
 - Do you know who the main competitors are? Both those operating to fulfil the same social need as you, and the sector within which you will trade.
 - Have you identified any particular market trends i.e. whether the market value is generally increasing or decreasing; if there are seasonal sales patterns; whether the product or service sales prices have increased or declined over the past year; have the number of competitors increased or decreased; similarly has the target market increased or decreased?
 - Will your proposed prices be competitive in the market place?
- Is your product or service unique, or are there competitors offering the same or similar product or service? If it is unique, how do you know there is a market for your product or service? If you have competitors, what will make your product or service stand out from the crowd?
- Market research is key in answering many of these questions and increasing your chances of success. It is much better to invest time researching before you invest your money (see page 14) for further information on market research).



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Have you consulted with the community?

Having the local community's support can have many advantages but you must include them from the outset. Even if you are starting an enterprise that will not directly affect every member of the community you should still consider the potential benefits of involving them. You should include residents, local organisations, potential supporters and any other interested parties.

Talking to and discussing your ideas with anyone that may have an interest in the activities you are proposing or the social benefits you are trying to achieve can help to:

- Provide evidence of commitment and support.
- Provide local knowledge.
- Open up opportunities to recruit volunteers and/or board members.
- Provide information and evidence about the needs that you want to meet.
- Provide information and feedback on competitor's services and where they are failing to meet the need.
- There are different ways in which you can involve the community for example holding community meetings or forming a steering group.
- The information and evidence that you collect can be an extremely useful tool in proving the need for the enterprise, especially to potential funders, investors and stakeholders. It can also help ensure you maintain focus on the needs of the beneficiaries you want to help.

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What are your visions, values, missions and objectives?

As a Social Enterprise, your vision, mission, values and objectives are particularly important. They will demonstrate what your social purpose is and how you will achieve your social impact.

Your Vision

- Your vision is the driving force behind the organisation as it concerns the change you want to bring about through your enterprise. It must be realistically achievable but, as it embodies the aspirations of your organisation, it should also be realistically ambitious.
- To articulate your vision you can use a vision statement. This should be a simple and clear statement that succinctly expresses your vision to yourself, your staff and your key stakeholders. It should describe what you are about and where you are going.

Your Values

- Your vision should be backed up by your values. These describe why you believe in the changes your vision can make, and will be expressed by your aims and objectives in the following two areas:
 - Your organisational practices.
 - What you do, why you do it and who you do it for.
- Your values should express the foundations upon which your organisation's vision is built. Also, by clearly identifying your values, it will be easier to ensure that all activity is aligned with your vision.

Your Mission

- Your mission statement will summarise what you intend your enterprise to do, who it will help and where. It should communicate the work of your enterprise in a way which everyone including staff, stakeholders, beneficiaries, and customers can understand.

Objectives

- Once you have set down your vision and values you need to establish your enterprise's objectives. These will combine the various interests of your stakeholders. Where possible, your objectives should be quantifiable; they need to be challenging but attainable, realistic, understandable and easy to communicate.

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What will your enterprise be called?

The name is the first image that your enterprise will project. It is what customers will remember (good or bad) about you and your enterprise; it will either draw them to you, or send them to your competitors.

- Assuming your enterprise lasts for many years, you will have invested a lot of time and money building it. So part of the value is in the name and, in time, the name might be worth more than the assets themselves! Think of the value of such company names (brands) as Eden Project, Big Issue and The Co-Op, or perhaps a local shop that has been in existence for many, many years which, by reputation alone, will have real market value.
- You should ask yourself if you would like your name to reflect the type of enterprise that you are running (i.e. The Light Bite Community Cafe). Think about the length of the name and also the customers that you are aiming to reach.
- A name should also be easy to remember and easy to find, and should not be similar to that of other enterprise operating in your area.
- Unincorporated enterprises have no legal requirement to register their name. However all enterprises must consider the restrictions by law on business names. For example is the name already being used or is it trademarked? If it is, then you won't be able to use it. Are you using restricted words within your name? You will also need to consider your legal status to ensure you are following the correct rules.

Making the decision to start a business can be a confusing process. We are always keen to talk to clients who may just be thinking of starting up. So if you're considering taking the plunge, give our free-to-access advisers a call.

The first part of this guide has taken you through the practicalities of 'being' a social enterprise and whether this is right for you. You should also now have a good idea about your enterprise's mission and how you will present this to your clients.

Read on to find out how to plan your enterprise, why this is important and how this will help to lead you to success.

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Section 2: Planning your enterprise

Do you need a business plan?

If you fail to plan, then you will be planning to fail.....so you must prepare a business plan! Would you embark on an unfamiliar journey in your car without planning the route? It would be foolish and could be very costly if you did. Well, the journey of your enterprise is no different.

The topics included in this section of our Start-up Guide will help you develop a plan. The plan will incorporate all the ideas, aims, objectives research and ambitions for the future whilst also showing that the idea is realistic, workable, viable and sustainable. The plan also forms the template for running the enterprise on a day-to-day basis (i.e. the route map!).

What is a business plan?

Your business plan should spell out what your enterprise will do, how it will do this, what its mission and values are and how you will achieve these. This will allow you to clearly demonstrate to key customers, partners and any potential investors what your enterprise is and what it can offer them.

A business plan typically includes the following:

- An Executive Summary – this will summarise your business plan and will be written when you have completed all the other sections.
- An overall description of the enterprise, its social purpose and the way in which you will achieve this. This will include the enterprise's mission, values and objectives. (See page 7)
- Information on, and the background of the people involved in the business. (See page 10)
- Details of where you will be running your enterprise from. This may be more than one location. (See page 11)
- Details of the products or services - the costs (to provide the product or deliver the service) and pricing (the price that customers will have to pay for the product or service). (See pages 12-13)
- A description of the market sector, target customers and competitors (including the social need that you are looking to fulfil and the market within which you will trade). (See page 14)
- Details of marketing activity. (See pages 15 and 16)
- A SWOT analysis (strengths, weaknesses, opportunities and threats). (See page 17)
- An analysis of the enterprise and potential risks i.e. contingency plans. (See page 18)
- The legal status and details of relevant professional licenses and regulatory bodies. (See page 19)
- Your financial plans – This is a vital aspect of the business plan. It will include details of any funding required along with a thorough and realistic financial forecast including income and expenditure and cash flow information. (See page 21)

Solid business planning is crucial to the success of any new venture. We have a team of information and business advisers who can provide templates and guidance on completing your business plan so why not give our free-to-access advisers a call?

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Section 3: People and the environment

What skills and experience do you need to make your enterprise a success?

For your enterprise to succeed and to meet its social objectives you need to make sure you have the right skills and experience in place. In your business plan you need to be able to demonstrate what skills and experience you have to run a successful enterprise so you need to be realistic with yourself about what you can do and where you will need to bring help in.

- You may be able to demonstrate that you have all of the skills you need to run a successful enterprise. You need to consider how you will manage being the marketing, income generation and finance manager when your enterprise starts to take off.
- If you don't have a particular set of skills, such as book-keeping, marketing or tendering you may want to enrol on a workshop to develop these. Think about the practicalities of this. Do you have the time and interest to do this while you're trying to get your enterprise off the ground? Is it a good use of your time both now, and in the future?
- If you can't demonstrate that you have all the skills you need you could consider bringing other people on board. When looking for people to join your management team, advisory and stakeholder board, involve the local community from the outset, as this may be a good place to start looking. You may find that some of those involved already possess the skills you require. However, wherever you find the skills, you need to ensure those individuals share your enterprise's values, understand its mission and share your passion.
- You should think about attaching your own CV along with those of your team/board to your business plan.
- Also include in this section any business support you may have received from sources such as Inspire2Enterprise, your local business network or your bank.

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Where will you run your enterprise from?

One of the first decisions you need to make is where you will run your enterprise from. You will want premises that help you operate efficiently and without excessive costs, although you will still need to consider normal overheads such as heating, lighting, telephone, equipment, insurance etc.

- Can you operate from home? Increasing numbers of people run enterprises from home, especially in the initial stages, because the costs are lower compared with renting premises, there is less travel time, potentially more flexibility and increasingly it is becoming easier to do business online and over the phone.
- Operating from home can have its negatives too - these can include isolation (it can be lonely), less of a professional image and difficulty separating your personal life from work. It may also be inappropriate depending on who your clients may be.
- Can you legally work from home? If you are a homeowner or rent your home you will need to check whether your mortgage or tenancy agreement restricts you from using your home for business activities. You also need to find out whether you need to pay business rates or need any operating licenses or permits from your Local Authority?
- If you decide that you require commercial premises you need to consider whether you want to rent, lease or buy. If renting or leasing, you need to be aware of the terms - especially if there is a clause by which payments increase midway through the rental or leasing term. You will also want to avoid being tied to premises for any length of time that might not suit you in the future (for example if your enterprise outgrows the premises or diversifies into other areas).

Wherever you decide to run your enterprise from, you'll have specific issues to address. We have experienced advisers to guide you. Inspire2Enterprise is launching a full programme of enterprise skills workshops for new and existing social entrepreneurs. Call our events hotline on 0844 9800 761 to find out what's available near you.

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Section 4: Marketing your enterprise

What are your services, products and charges?

In this section of your plan you need to clearly explain the nature of the products or service you will supply, including whom it is for and how it will be provided. You also need to consider your pricing strategy and demonstrate what factors were taken into account e.g. costs and competitor pricing.

Cost and Pricing are often incorrectly considered as one and the same; however there is a very clear distinction. Cost is simply what it takes in terms of money and resources to produce a particular product or service. Pricing, on the other hand, is what someone is willing to pay for that product or service, i.e. the market price.

What costs do you need to consider?

To understand what level of income you might need for yourself and also the income you need to sustain your enterprise, you will need to calculate both the start-up costs and the ongoing costs.

- You will need to consider your own costs (for example rent or mortgage, food, petrol, other household bills etc.), as these will need to be covered too, either by way of income or savings.
- What costs will your enterprise incur before you can start trading? Legal and other start-up costs? Establishing a workplace? Do you need to buy or lease equipment? What are the likely costs for marketing (including setting-up a website) and stationery? If you intend selling a product, what are the upfront costs for stock?
- Ongoing costs usually include rent; heat; light; rates; salaries; insurances; telephone; other equipment; marketing (including website); legal and accountancy fees; bank charges; stationery and postage; travel expenses; repairs and maintenance; and stock (if you're selling a product).

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What will you charge?

To know whether your enterprise can be self sustaining, you will need to consider your pricing strategy. Getting your price right could make the difference between being successful or not.

- When considering pricing, you need to take into account three main points:
 - What will your product or service be worth to your clients, what is its value?
 - What does it cost to produce your product or to provide the service? You need to make sure that you take into account both fixed and variable costs. (Fixed costs are costs that will not change regardless of the level of products or services you provide, for example staff salaries or rent. Variable costs are expenses that change in proportion to the trading activity of the enterprise for example materials or utilities).
 - Do you have competitors providing the same service or product and if so, what do they charge?
- Another important consideration is the product or service volume that you can manage and fulfil at any one time, both financially and physically.
- You will also need to consider the point at which you will break even (i.e. where income equals the cost of supplying those goods or services).



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What is your market and who are your customers?

In your business plan you need to be able to show that there is a market for your products or services, you know who your customers, competitors and key suppliers will be, and that you have an understanding of the sector you will be working in.

- Market information is available from a variety of sources. Some is free and useful as a starting point, but often you will need to pay for more in-depth information and research data. In the first instance you should undertake some basic research; you may want to use sources such as the internet, your local library, books and magazines or perhaps contact a sector or industry association if one exists for your product or service.
- You may also want to do more in-depth research. This can involve conducting customer/market surveys or holding focus groups. A focus group is similar to a survey, where you invite a group of people (typically a cross section of your target market) to attend an informal meeting during which you ask questions to determine what they think of your product or service.
- When researching your customer target market think about what you want to find out, the questions that you want to ask and the best way of phrasing these. How will you analyse the data afterwards?
- The evidence and information that you may have gathered through community meetings and/or steering groups should also be detailed here. You can use the information to demonstrate that you have researched the social need that you are trying to fulfil and how your enterprise will do that.

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How will you reach your customers?

Marketing, public relations (PR) and networking are essential activities that will help your enterprise achieve success. One of the most effective ways to ensure your enterprise survives, especially in difficult times, will be to focus on marketing efforts.

- Enterprises will often create a marketing plan, this will involve defining your target market (customers), understanding the market sector within which you will be competing, the message you want to get across, the type of marketing to be carried out (i.e. the kind of promotional and other activities) and on what scale, as well as setting the timetable, and most importantly setting the budget and income (i.e. sales) expectations.
- You should think about what marketing activities would best represent the enterprise you are starting, and also the best methods of reaching your target customers. You will also need to carefully consider costs, as marketing can be expensive – any marketing activity has to produce income (i.e. sales), and as a minimum the income you receive from marketing should at least cover the actual cost of marketing!
- Marketing activities can include website, leaflets, advertising (for example business directories, newspapers and magazines), e-shots (email marketing), newsletters, social networking websites, network groups, public relations and even collaboration with other non-competitor organisations (i.e. joint marketing).

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What is relationship marketing?

If you know that your enterprises service/product offering will meet the demand or complement services currently being delivered through local authorities, public sector agencies or government bodies, you may find that you need to market your enterprise in a different way. Relationship marketing can help you understand exactly what your potential clients need.

- Relationship marketing is about building a relationship that enables you to understand the client's needs before trying to meet them. The first thing you need to do is research! If you provide a service around adult education or social care, find out who's responsible within the Local Authority for adult services and make contact.
- Try to arrange a face to face meeting and use that time to gather information on the department:
 - What challenges do they face?
 - What services work well? What services don't?
 - Which areas are cost effective? Which areas are not?
- Discuss your aims with them, what your enterprise can offer and try and gain feedback.
- Consider working with other organisations that may be able to offer other services or products that will complement yours and add even further value to your customers.
- All of this information can then be used for you to tailor your service or product offering to meet the needs of the organisation you want to work with and make it more attractive to them. Making sure that you tick the right boxes for the areas that are important to them could be the differentiating factor between you and your competitors.
- The same approach can be used when tendering for any contracts, the more information you have, the more likely you are to be able to tailor your offer to stand out from the crowd!

We have advisers experienced in marketing, PR and branding. We can undertake specialist research and provide guidance on finding information that you need to plan effectively. Call our free-to-access advisory team to ensure you're not throwing money away.

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Section 5: Strengths, weaknesses and risk factors

What are your strengths and weaknesses?

Within your business plan and your marketing plan, you will need to demonstrate that you have analysed and assessed your enterprise and the environment you operate in fully. A SWOT analysis or PEST analysis (or both) can help you do this.

- A SWOT (strengths, weaknesses, opportunities and threats) analysis will make you consider your enterprise's market, its competitors, its resources and potential problems.
- Strengths and weaknesses look at internal and external factors that originate from the organisation itself. A strength could be the skills and experience you and your staff have whilst a weakness could be the quality of the product or service you provide – is it as good as it could be?
- Opportunities and Threats look at internal and external factors that impact on your enterprise such as market and consumer trends, technological changes and financial issues (i.e., the recession).
- A PEST (political, economical, social and technological) analysis will confirm that you have looked at the bigger picture whilst conducting your SWOT analysis and writing your business plan. A PEST will include factors such as changes in legislation, changes in interest rates, changing attitudes and lifestyles, such as growing use of the internet.

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What risks might your enterprise face and how will you plan for these?

Any enterprise can experience situations that prevent it from continuing its normal activities, for example floods, fires and loss of key staff. You should be able to show that you have thought of these risks and demonstrate how you would be able to overcome them.

- Developing a continuity plan is a good way of doing this, the planning process should include:
 - Identifying your critical activities.
 - Identifying potential risk situations.
 - Looking at how you can minimise risks.
 - Deciding how you intend to react if a disaster or emergency does occur.
- Once you have a continuity plan in place, it is advisable to test it to ensure how efficiently it would work in the event of a crisis and how it can be improved.
- Alongside the continuity plan, it is worth having an 'emergency pack' that is kept offsite, perhaps with a key employee. The pack should contain items such as: a list of all staff members and their contact details; computer backups; spare keys; a copy of your continuity plan and an inventory of equipment.
- You also need to consider what you would do if you lost a key member of staff. Are there other employees that could take over their role or would you need to look elsewhere? You may want to consider up-skilling other employees.

Analysing the strengths and weaknesses of your business idea, the sector and your own situation is vital in ensuring your enterprise can adapt and overcome changes as they occur. Similarly, should disaster strike, you'll be happy you took the steps of developing a continuity plan to make sure you aren't caught out. For help and advice on this, call our team of free-to-access advisers on 0844 9800 760.

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Section 6: Keeping it legal

What legal status is appropriate for your enterprise?

When starting a new enterprise you will need to make a decision about its legal status. There are several options to consider, for example: Unincorporated Association; Partnership; Limited Company (by share or guarantee); Community Interest Company; Co-operative and Charity. Some of the issues you need to consider are:

- Tax implications; restrictions on distribution of surpluses; legal liability; requirements of regulatory bodies and the accounting records that you will need to keep.
- You will also need to think about the activities, aims and objectives associated with your enterprise (and any potential liabilities that may affect you personally) as this will also help determine the most appropriate legal status.
- You should always seek the advice of a professional (an accountant or solicitor) before you finally make any decision on legal status.

What legal requirements can affect your enterprise?

When starting out, you should always check if you will be affected by any regulations.

- You must also check if you require any licenses or permits before you can start trading. If, for example, you are starting a community transport service you will require a licence from your Local Authority.
- Always check which insurances are compulsory for your enterprise. If you have employees or volunteers you will require Employers Liability Insurance (this covers the costs of damages and legal fees for employees who are injured or made ill at work through the fault of the employer).
- Other common insurances can include Commercial Insurance (for property, stock and equipment); Public Liability Insurance (which covers a third party claims against your business) and Professional Indemnity Insurance (which covers against acting negligently or giving poor advice).

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Will you need to take on additional people?

Taking on staff will bring with it other legal and regulatory issues. These include Employer's Liability Insurance and ensuring you comply with HR regulations.

- Firstly you need to consider what additional help is actually required and whether you will immediately need to employ staff or recruit volunteers to help you start your enterprise. Think about the different functions of the enterprise and the administration of it (payroll, accounting, marketing); the job roles required and the amount of time that needs to be allocated to each role. You then need to decide if you can actually afford to employ anyone until the enterprise is earning enough income or whether you will need to rely on volunteers.
- Consider the alternatives, for example outsourcing the additional work that you are unable to do yourself (though there will still be a cost for this). Or, if you have available time, do you need any training that would enable you to do the work yourself?
- If you are sure you need to recruit, have you considered what other options you have for example casual workers, contractors, agency workers?
- Once you have decided whether to recruit, you need to ensure that you are aware of HR regulations that will affect you. For example, as soon as you take on an employee, you will be required to have Employer's Liability Insurance, set up a payroll system and register with HMRC as an employer.

Through our specialist advisers we are able to provide you with qualified legal and accountancy advice. Contact us for an in depth discussion on whatever challenges you are facing or anticipating.

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Section 7: Finance and performance

What is included in your financial forecasting?

When preparing your business plan, you will need to provide financial projections which translate what you have said about your enterprise into numbers. There are certain 'sets' of figures that you will need to include.

- As a minimum, you need to include a cash flow forecast and an income forecast. For more sophisticated enterprises, you may also want to add in an income and expenditure forecast and a break even analysis.
- Your forecasts should run for the next three years as a minimum but you need to include more detail for the first 12 months' forecast.
- An income forecast is essential; it should be a month-by-month forecast of the income you expect to achieve. When calculating these figures make sure you take into account any seasonal trends you may encounter, for example if you are selling ice creams you would expect to see lower sales volumes in December compared to those in June. As a new enterprise with no experience to base these figures on you should use your market research to help you estimate your income volumes.
- Cash flow forecasts can help you identify any gaps in your cash flow (money that comes into and out of the enterprise), thus enabling you to know if and when you are likely to need to borrow and how much cash you will have available at any given time. A basic cash flow forecast should include:
 - Receipts – any money that is due in within that period (i.e. income).
 - Payments – all payments made by the business and when you expect to make them (e.g. wages, payments to suppliers).
 - The net cash flow – total receipts less total payments due.
- An income and expenditure forecast is a statement of how you expect the enterprise to perform over a given period, taking into account the profit that you would expect to achieve (in relation to your expected income) and the costs of providing your product or service.
- A break even analysis looks at the point at which the enterprises revenue and its costs are equal.

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When should you register for VAT?

VAT (Value Added Tax) has the potential to impact on every business transaction, however not all enterprises will need to register.

- You only need to register for VAT when your sales income (i.e. turnover, not profit, grants, donations or surplus) exceeds the VAT threshold (currently £73,000*) in any 12 month rolling period, or if you expect to achieve this level of sales over the first 30 days after starting.*Threshold correct as of Jan '12 however, please check VAT thresholds as they are subject to change. You can find details on HMRC's website: www.hmrc.gov.uk
- Even if you don't have a legal requirement to register (i.e. your annual turnover, hasn't exceeded the VAT threshold), you may voluntarily decide to register for VAT. Being VAT registered may help give the impression that you run a larger enterprise than is the case, and this may improve your image with clients.
- If you are VAT registered, you can claim back any VAT you have paid on any business purchases.
- Registering for VAT will mean that you have additional paperwork to do – you may wish to use an accountant or a book-keeper to help with this though you will need to consider the cost of doing this.

How will you manage in the first 12 months?

Many enterprises achieve little income in the first year because of the start up costs, the time it takes to promote a new product or service to the market, generate income, deliver the product or service and then get paid.

You may not be guaranteed an income immediately; you will need to consider having sufficient funds in reserve until you begin to generate profitable income. To assess this you have to:

- Calculate what kind of personal buffer you have, whether this is savings, income from another source, or if a family member will support you, how long will this be manageable.
- Use your cash flow forecast to work out when you will actually begin to receive payments from customers for your product or service (i.e. income) - will it be in 3 months time, 6 or perhaps 9 months? (If you are providing a service in particular, then bear in mind that not everyone will pay you on time).
- Understand your costs and use your cash flow forecasts to see when you will need funds available to cover each of them.

You will now have a good idea of how much money you will need to start and support your enterprise through its first year. The following section talks about how you can finance this.

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What are your funding options?

Have you thought about where you can obtain the funds needed to start and support your Enterprise? There are a number of options that you can consider:

- The first thing you need to consider is do you actually need to raise finance or can you rely on existing or donated resources and volunteers?
- If you do need to raise finance, do you have your own savings? Using your own savings could be a good way of financing your enterprise as it may give you far more control than other finance options. However, this can be risky and you may not recover the money that you invest. You also need to ensure that you do not over-reach yourself.
- Grant funding may be another option to consider, it is essentially 'free' money with no obligation to repay. However, grants are few and far between. Identifying and applying for grants can be very time consuming and there is no guarantee that you will be successful. That said, you should always pursue appropriate funding opportunities that arise but ideally these should be viewed as supplemental opportunities and not be relied upon as a way to sustain the enterprise.
- Banks can offer a variety of funding options, including overdrafts which can be used for day to day borrowing, longer term loan facilities and asset finance facilities to help with the purchase of equipment. You will need to carefully consider your enterprises ability to repay any such facilities and ensure that they are well planned in line with any troughs and peaks your enterprise may face (i.e. seasonal trends).
- A longer term and more sustainable way to finance the business may be through contracts for example public sector contracts. This is something that will require a lot of thought and commitment; you will need to ensure that your enterprise has the ability to deliver the contract.
- With any of these options, the information contained within your business plan will be key and will form the basis of either your tendering documents or applications.

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How will you measure performance?

You will need to start considering how you will measure your enterprise's performance. You will want to be able to demonstrate the value and social benefit that your enterprise has created both to other people and the environment. This is known as social return on investment or SROI. There are many different tools and methods that can be used to measure SROI. Being able to do so can be extremely useful when tendering for contracts or applying for funding.

Financial management, preparing yourself for funding and measuring your social impact can all be very complex areas that many enterprises get wrong. Inspire2Enterprise is on hand with a team of free-to-access enterprise advisers and a qualified accountant ready to talk you through these areas.

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Summary

Starting your own enterprise can be a daunting task but making sure that you get the planning and research stage right will put you on the road to success. This guide is intended as a starting point only so please contact us for further support and step by step guidance.

We have an experienced team of free-to-access advisers ready to assist you, call us on **0844 9800 760**.

What's my next step?

Contact us and you will receive free in-depth, step by step support and advice.

Disclaimer

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