

PLUSNET PIONEERS
PRESENTS

30 WAYS TO WIN



WITHOUT
‘WINGING IT’

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Welcome from Plusnet

At Plusnet, we are on a mission to help small businesses grow. We know that small business owners are often competing against bigger, more established companies and can feel like they're 'winging it'.

This is why we created Plusnet Pioneers: an exciting programme of advice and inspiration to help small businesses and budding entrepreneurs realise their ambitions. Working with Startups.co.uk, we spoke to small business owners to identify the three areas where they most want help: marketing, funding and talent.

Using these insights, we teamed up with a panel of experts, including industry-leading figures from some of the UK's best-loved brands, to offer tips and words of wisdom to give your business an extra helping hand.

Andy Baker, CEO

The Plusnet Pioneers

Plusnet CEO **Andy Baker**

Former Dragons' Den star and serial entrepreneur **Sarah Willingham**

Karmarama HR director **Jo Harman**

Gymbox founder **Richard Hilton**

Hiring Hub co-founder **Simon Swan**

HR180 founder **Claire Morley-Jones**

Vita Coco EMEA CEO **Giles Brook**

Girl Meets Dress founder **Anna Bance**

Nutmeg CFO **Tracy Sambrook**

Vita Coco marketing director, EMEA **Pip Brook**

Petalite founder **Leigh Purnell**

GriplT Fixings founder **Jordan Daykin**

Karmarama CEO **Ben Bilboul**

Introduction

For many start-ups and small businesses, the feeling of 'winging it' will be all too familiar.

From finding the cash to take your start-up to the next level, to building a great team around you and branding on a budget, there are several hurdles that all new businesses have to overcome – and the good news is you're not alone.

To help your business 'win', instead of 'winging it', we have created a comprehensive guide covering three common knowledge gaps we have identified among business owners: marketing, funding and talent.

Providing the advice you need at your fingertips, this eBook forms part of the Plusnet Pioneers programme; an exciting series of events, content and mentoring intended to inform and inspire small businesses like yours.

Brought to you by business broadband and phone provider Plusnet, and Startups.co.uk, the programme is dedicated to helping small businesses grow and to answer those big business questions that often keep founders like you awake at night.

Merging step-by-step guides with the best tips and insights from our inspirational Plusnet Pioneers, this eBook will help you build a better business.

So, what are you waiting for? Read on for essential advice on marketing, funding and talent...

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CHAPTER ONE

A MARKETING MASTERPLAN THAT WINS NEW BUSINESS



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Why the right marketing is essential

There are now over 5.4 million small and medium sized businesses in the UK, according to [government statistics](#). This means that now, more than ever, early-stage companies must work hard to stand out from the competition.

This is where a marketing masterplan comes in.

An effective marketing strategy can make all the difference between success and failure for a small business as marketing has the power to get your brand noticed, increase sales, attract visitors to your website and/or retail outlet, and ultimately, to influence consumers to buy your product or service.



The challenges of finding the right marketing mix

There are many different marketing options available to start-ups and small businesses on a budget and it's vital that you implement a marketing plan which covers these options (discussed below).

You may hear people talk about multi-channel marketing; don't worry, this simply means communicating with your customers through a number of different ways such as social media, press advertising or via your website.

While achieving this marketing mix isn't as simple as it sounds, there are ways you can focus your efforts on a range of marketing channels, as explained later.

#1



PIONEER TIP

“All of our marketing plans are focused around three to five clear objectives. We really prioritise the key deliverables – you have to be brutal and be tough on yourself. Think about ‘How do you get the most awareness [about your business] and drive the most trials in the most succinct, focused way.’”

**Pip Brook, marketing director,
EMEA at Vita Coco**

Start by setting a marketing budget for your small business

Whether you're going to be taking the DIY approach with marketing or whether you're hiring an employee to manage your marketing or spending money on advertising your business, you will need to allocate resource to this – and factor in any associated costs.

Above all, you should keep return on investment (ROI) at the front of your mind as you will want any time or money you invest in marketing your small business to generate results.

Think about how you plan to market your business in the short-term and long-term and set aside budget for this. You should also focus on the big picture; if you're planning to market your business to 50,000 people, take a reality check – are there 50,000 people who need the product or service you are offering?

#2



PIONEER TIP

“It’s easy to get bamboozled by marketing experts. [...] There are all sorts of marketing models you can follow and download from the web and I think that’s a brilliant place to start. There isn’t – and Google may tell you differently – a perfectly scientific return on investment model to pitch a marketing budget. There’s always going to be an element of art and science in marketing. The art is ‘What does your brand stand for and therefore where does it lead you?’”

Ben Bilboul, CEO of Karmarama



How to test and measure success

In the early days of starting a business, marketing will often be a case of trial and error as you'll need to test out a number of direct and indirect marketing options to understand which will generate the best results. We'll explore these marketing options shortly, but first you need to think about how you will test and measure your marketing success.

#3



PIONEER TIP

“It’s easy to track return on investment with digital advertising. For instance, we run a Facebook campaign with an offer and you can correlate exactly how successful that offer is, right down to individual people that have engaged with the post.

“Likewise, with PPC you know how much you’re paying and you can track engagement. To track door-to-door drops or leafleting, we tally these with a coupon code so we can track what the redemption rates are.”

Richard Hilton, founder of fitness franchise Gymbox

No business can create a successful marketing masterplan without measuring its data. You’ll need to consider the following questions and focus in on these:

- How many people are buying my product/service?
- How many people are visiting my website?
- How many people are visiting my retail premises?
- Which marketing channels are driving these retail sales and website visits?
- How can I drive more retail sales and web visits?

The easiest way to answer these questions and measure the success of your marketing is through an analytics platform. Analytics platforms are software tools which gather specific data, analyse the data and then presents this data as information which you can then use to make smarter decisions about your business. For instance, a blogger may use an analytics platform like Google Analytics to find out how many readers have viewed a specific blog, how long readers spent viewing that blog and so on.

There are various, free and low-cost platforms available such as Google Analytics and Moz which enable you to measure your marketing and spot gaps on where you need to focus. [Learn more about these analytics tools here.](#)

Before you begin to shape your winning marketing masterplan, you’ll need to consider the following marketing options...

The marketing options available to small businesses

How to test and measure success

You don't need a big marketing spend to market your start-up or small business successfully. In fact, there are several things you can do with zero or minimal budget to help your business cut through the competition – including:

Entering awards and indices: Awards and indices are a great way to gain national exposure and free PR as award wins and shortlists make your business newsworthy. It's also important to remember that award wins help to validate your business as they give customers more confidence to use your product/service. There are many start-up and small business awards and indexes you can enter, such as the Startups Awards and Startups 100 index, with no, or low-cost, entry fees.

#4



PIONEER TIP

“One of the key things that we were using that didn't cost a lot of money was referrals and word of mouth. If someone hasn't tried something before, the key thing you need to get them to do is to try it once and then they'll tell their friend – there's no-one you'll trust more than a friend. That was also the reason why it was really important for us to get the press and magazines to write about us; because you trust what you read in magazines and want to give it a try.”

Anna Bance, founder of Girl Meets Dress

Contacting press: Take the [DIY approach](#) and contact journalists about your business via email, phone, LinkedIn and other forms of social media. [A well-written press release](#) with an interesting angle will gauge interest – remember to think topically. Depending on what industry your business is in, you can also pitch yourself as an expert in a specific area. Say your business specialises in virtual reality, you can then offer journalists comment on virtual reality and trends and developments in this area.

Advertise locally: Local marketing can do wonders for an early-stage business and will help spread the word. This includes paying for an advertising slot in a local newspaper and/or local radio station. Local papers typically charge in excess of £250 for a quarter page advert but you may be able to avoid this cost by distributing an interesting, relevant press release which the paper may run for free. You could also look at sponsoring a local event or charity.

#5



PIONEER TIP

“When we launched Gymbox we were on a very tight marketing budget and we wanted to create a stir. So, for our launch campaign we identified every gym in the nearby radius and, with indelible paint, stencilled on the pavement next to those gyms; ‘Better gym this way: Gymbox’ with arrows next to our door!”

Richard Hilton, founder of Gymbox

Use direct marketing: [Door-drop marketing](#), posting leaflets or flyers, is a powerful marketing medium and one of the most traditional marketing techniques. Royal Mail reports that, if a door drop is retained, it can be kept in the home for 38 days on average. There are obvious costs here as you’ll need to produce leaflets/adverts and circulate these in a certain geographic area.

Network: Introducing your business to attendees at networking events and conferences often costs nothing and is a great way of generating interest in your business. Put yourself on mailing lists for regular networking events – the Federation of Small Businesses and the British Chambers of Commerce are two organisations that hold regular events – and check out sites such as MeetUp.

Social media

Early-stage businesses cannot afford to ignore the power of social media.

For no cost and little effort, you can set up accounts on popular social media platforms such as Twitter, Facebook, Instagram, Snapchat, Pinterest, and YouTube to promote your business.

Free tools such as Hootsuite and Tweetdeck will also enable you to manage your posts and schedule them to publish at specific times, freeing up resources and letting you plan in content – be it a feature article, blog, video etc. to run on a daily/weekly basis to keep followers engaged. You can then gauge the success of your social media marketing using free tools such as Twitter Analytics and Facebook Insights. Carefully consider which social media channels you want to prioritise. For example, if you run a fun new drinks brand you’re likely to have more consumer engagement on Instagram than on Twitter as it is image-led.

#6



PIONEER TIP

“You need to create meaningful stories. If you want an engaged audience through social media, you’ve got to work very hard on what you’re saying, how you’re saying it, and the content you use to support that message. We’ve never paid for followers or likes, instead we’ve grown our social media following organically. You’ve got to have something meaningful and engaging to say.”

Richard Hilton, founder of Gymbox

You’ll also need to think carefully about what you post – videos, text content, graphics – and the way this is pitched. In today’s world, social media users are becoming increasingly savvy and appreciate honesty and transparency on social media so avoid being too ‘advertorial’ about your business in your posts. One way to avoid this is to share customer or client testimonials and customer feedback.

#7



PIONEER TIP

“You should always think about the human experience; what people want from you and your brand personality.”

Ben Bilboul, CEO of Karmarama

If you want to increase your reach on social media, then you may want to consider running paid social media advertising. This includes, but is not limited to, sponsored posts on Twitter, ads on Instagram Stories, paid Facebook posts, and advertising campaigns on Snapchat and YouTube. Costs differ and on most sites you have to bid or auction to agree the price but costs can be very reasonable. Facebook, for instance, claims that some businesses spend more on their coffee each day than their advertising campaigns. Once you’ve decided which social media channel you want to run paid advertising on, you will then need to place your bid or ad with the relevant social media site. Twitter, for example, has a [dedicated advertising page for businesses](#) where you can create a campaign, outlining how many posts you want to promote and how much you want to pay.

#8



PIONEER TIP

“We knew where our consumers were and who those influencers were. In London, healthy active influencers typically hang out in Shoreditch and that’s where a lot of trends start so we really focused in on Shoreditch and East London. We weren’t everywhere but we were everywhere the influencers were”.

Pip Brook, marketing director,
EMEA at Vita Coco

Influencer marketing

A growing number of start-ups and big businesses are capitalising on social influencers to market their brands with great success. Known as [influencer marketing](#), this approach sees those with social influence – be it video bloggers (vloggers), bloggers, or celebrities - endorse or review products and services to their fans and followers.

Influencer marketing is becoming an effective way to target a specific audience and the results speak for themselves; ResearchNow has reported that 84% of consumers have bought something because a blogger recommended it.

There are often costs associated with engaging social influencers but the best way to get your foot in the door is to reach out to them directly (using social media platforms or email). If you’re a product business then you should consider sending samples of your products to the influencer in question; who knows they may love your product and review it for free!

#9



PIONEER TIP

“Bloggers have been important to us from day one. Those with a huge following do tend to have agents and charge a fee but that’s not to say that they won’t work with you for no fee if you gift them something or if they like the brand or you do something in return. We’ve used celebrity bloggers and video bloggers – we did a competition to try and find a vlogger to work with us and be ‘our blogger’ and it [...] was a great way of spreading the word. The bloggers have to fit in with the market you’re working with. Don’t think you need [to work with] the top 5% of bloggers because it’s quality as well, not just mass followers. They could have half the number of followers but be in the demographic that you need.”

Anna Bance, founder of Girl Meets Dress

Take note: If you pay an influencer to endorse your products or services then you will need to make sure you follow the guidelines set by The Committee of Advertising Practice (CAP). The CAP advises brands to signpost wholly affiliated content. This means that sponsored blog posts or videos should include an 'ad' warning in the title or the hashtag #spon to ensure users are aware of the commercial nature of the post.

SEO

SEO, Search Engine Optimisation, refers to the process of attracting visitors to your website through search results on search engines like Google and Bing.

SEO is focused on improving, otherwise known as optimising, the keywords used on your website to make sure your site ranks higher up on search pages. For instance, if you search the keyword 'startups' in Google, you will see Startups.co.uk as the first search result – this is an example of good SEO.

According to web design and marketing agency Digimax, SEO now drives 300% more views to a website than social media so it's a marketing option all start-up businesses should consider investing in.

An SEO strategy is easy to create and you don't necessarily have to spend to see results as you can run SEO in-house.



However, for fast results you may want to consider using an SEO agency or hiring an SEO consultant or SEO freelancer. Prices vary widely; some sites will offer a basic package for £40 while some SEO consultants have been known to charge thousands.

Unique keywords, optimised site copy and blog content is essential for optimising your site to get the right kind of visitors and make those much-needed conversions. Google has provided some basic tips for building a keyword list [here](#).



You should also monitor the following:

Make sure your URLs are SEO-friendly: A URL (Uniform Resource Locator) is the address of a World Wide Web page. Try URLs that include the main keyword from the page so, for instance, if you run a cake business then your URLs could be site.com/birthday-cakes or site.com/wedding-cakes.

Make sure your site offers a good user experience: You don't want visitors to leave your site straight away so remember to tweak keywords and make sure the visitor can find what they are looking for as soon as they arrive on your website.

Get your site up to speed: If your website is slow and takes a while to load, this will deter visitors. Use Google's PageSpeed Tools to check your site speed and get advice on how to improve load times.

Don't duplicate content: Google penalises you if you populate your site using text that isn't unique so make sure either you, or a keen writer in your team, writes unique text for your website.

Following these tips will help to improve your SEO, and therefore attract more people to visit your website.

Email marketing

For marketers, email is an essential tool, especially as audience engagement with email marketing is on the rise in the UK.

A [recent report from Sign-Up.to](#), which analysed 1.5 billion marketing emails across 2016, found that click-through rates on emails jumped to a record 4.2%, up from 3.4% in the previous year, with unsubscribe rates continuing to drop – falling from 0.52% to 0.49% in 2016.



#10



PIONEER TIP

We have set up a newsletter chain where we have an incentive on the homepage and then the readers get a newsletter promotion two weeks later and then two weeks later and two weeks after that and it carries on. It works really well, you can't under-estimate [the impact of email marketing]."

Anna Bance, founder of Girl Meets Dress

For new businesses, you'll need to build your email marketing contact list before you kick off any activity – there are two ways to do this. Firstly, you can organically capture customer and prospect details as and when they make an enquiry or complete a transaction on your website. The second route involves buying the data from a reputable list broker – you'll want to buy a quality contact list so make sure you choose your data provider carefully. A simple search for buying or renting email marketing lists will serve up a number of options. But carry out research into this first and consider carefully whether it's a good idea to market to people that haven't dealt with you previously.

Importantly, you'll need to choose the right email marketing platform for your business. Try to find an email marketing platform that enables you to track customer behaviour, measure, analyse and manage your campaigns.

There are a number of email marketing platforms and email marketing services out there, such as Infusionsoft, Mailchimp, and dotmailer, so it's vital that you shop around to find the best platform. Often, these cloud-based platforms will offer 30 day trials so capitalise on this and use these trials to test out an email marketing campaign.

Once you've chosen the platform, you can then agree on a package – costs are modest, and can range from £100 per month to thousands depending on the size and scale of your email marketing activity.

Remember: You must comply with Data Protection legislation. If you are sending emails on behalf of your business then your email recipients must have agreed to receive the message, or they must be a legitimate buying customer. Make sure you get prospects and customers to agree to any emails you send out. As an example of this, you could say: 'By signing up to our service, you agree to contact from [your business] but you can unsubscribe at any time!'

Paid online advertising

Paid advertising, otherwise known as Pay-Per-Click (PPC) advertising or paid search advertising, can be an effective way for early-stage businesses to get more traffic and site conversions.

How does PPC work? Google is a popular medium for PPC with UK businesses tending to spend most of their budget on its PPC platform; AdWords, so we'll use Google as the example here.

Firstly, you'll need to visit the Google AdWords website to get set up – you can then create an account, set your budget, write your ad, and decide where you would like it to appear.

Then you need to write your ad. PPC is based on an auction so you bid on the keyword you want your ad to appear against when a person searches for a keyword, detailing how much you are prepared to spend in total and how much you are prepared to pay for each click your ad receives. If you run a car comparison site for instance, you might want to bid on keywords such as 'car sale', 'car comparison', and 'buy a car'.

Google would then decide on your ranking, taking into account the size of your bid, the quality of your business and the relevance of your ad. The more money you bid, the more likely you are to appear higher up in Google's search rankings. However, you should focus on creating a relevant ad. If your ad offers nothing to the site's user, your ad may not appear high on the rankings – regardless of how much you spend.



How much does PPC cost? PPC is well-suited to new businesses with a modest budget as it offers no barriers to entry. You can bid as little or as much as you like so if you only have £100 to spend and are happy with a less popular keyword or modest ranking, you can circulate your ad for a low fee.

However, if you are keen to bid for a high-value keyword, you'll need to manage your budget carefully to ensure you get a good return on investment (ROI). For instance, if your ad generates a 5% conversion rate and you're paying £20 a click, you'll have to spend £400 to make one sale which may not be feasible.

For more advice on how to use PPC, [read this guide](#).

YOUR MARKETING CHECKLIST



- ✓ Set a marketing budget by considering factors such as return on investment and your target market.
- ✓ Test a number of marketing options to begin with, using analytics platforms to measure success.
- ✓ Utilise a mix of marketing options such as low-cost marketing, email marketing, SEO, and paid online marketing.
- ✓ Use social media channels to spread the word about your business and consider using social influencers – but make sure you adhere to advertising guidelines.

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CHAPTER TWO

A FUNDING STRATEGY TO KEEP CASH FLOWING FREELY



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How to deal with the funding dilemma

One of the biggest challenges for any new business is maintaining a consistent cashflow to ensure you can pay salaries, satisfy suppliers and achieve long term growth.

While you may have bootstrapped your small business initially, which means starting the business without external sources of funding, it's highly likely you will eventually require external finance. But with a range of funding options on offer in the UK, how do you decide on the best source of finance for your business?

By maintaining a financial forecast included in your business plan, you should be able to estimate future growth and suitably plan for when you seek to raise finance.

Keeping a strict budget should ensure you don't overspend any cash reserves you may need for a future emergency.

The challenge of always having enough cash to keep going

The adage 'cash is king' certainly rings true for start-ups and small businesses, and even more so in uncertain economic times.

If you don't have the resources to pay for your employees, suppliers or overheads you're going to be in trouble, which is why you need to keep key metrics – such as profit and loss – at your fingertips.

#11



PIONEER TIP

“You will have seen businesses on the Den that don't know an answer and they try and drift over it or cover it up and the Dragons can see that...if you try and lie than an experienced investor will see through you.”

Jordan Daykin, founder of Griplix Fixings

Knowing your working capital needs – what you need to consider as you grow

Your working capital is the cash you have available for day-to-day business operations and is calculated as your current assets minus your current liabilities.

This figure will increase as your business grows and is a very good indicator of your ability to pay your bills.

While your priority should be to ensure you have enough capital to cover every day needs of your business, you'll also need to invest in the future of your business such as innovation, new hires and so on.

If you're reading this and are confident that you need to raise funding, then you should consider the following before going out for investment:



How much you want to raise: When it comes to the amount of funding that you want to successfully raise, you should have realistic expectations for your business. It is, however, worth considering multiple scenarios – including the worst possible outcome and how much funding you'll need should your business run into problems. Start-up or seed capital should cover all your equipment, and office costs – plus at least six months' worth of projected operating costs, including your own salary. A financial forecast will help you plan for the amount of funding you'll need.

Your valuation: You should do everything you can to maximise your company valuation before raising finance. To do this, you should have proof of traction such as evidence of existing customers or website sign-ups, evidence of sales to date etc. For example, if you run a drinks business, a listing with a well-known retailer would help to support your business valuation. Remember that an overly-ambitious valuation, with no supporting evidence, will make investors question your business credentials.

#12



PIONEER TIP

“From the first moment you meet [an investor], up until you sign the shareholders’ papers, it’s all about image and integrity, it’s how you present yourself. The [investor] wants to make sure you have confidence and they can trust you with their money.”

Leigh Purnell, founder of Petalite

#13



PIONEER TIP

“Don’t have 20 different versions of your financial plan, have one version of the truth. It sounds like obvious advice, but you don’t want to be confused.”

Tracy Sambrook, Nutmeg CFO

What you’re going to do:

Create a long-term plan (investors typically advise looking ahead three to five years) detailing how you’re going to use the funding and where it will be invested across your business. For example, you may plan to use the finance to fund research and development costs, expand into new markets or recruit more people.

Equity: An extremely important consideration, it’s imperative that you decide how much of your business you’re willing to give away for funding and agree this with all partners and directors involved with your business.

Business models and lead times

For businesses in certain industries, maintaining positive cashflow can be more of a challenge. Generally, firms with lots of inventory, and therefore more overheads, tend to struggle more with cashflow than those with a smaller inventory.

For example, retail businesses, restaurants and manufacturers are prone to cash shortages as they have a lot of overheads and cash tied up in their assets. Similarly, if you’re thinking of running a PR or marketing agency – often, and especially in the early days – you might not get paid until after the campaign or project has been delivered (unless you manage to agree a retainer fee) so business owners will need to suitably budget for this period.





Planning ahead

As investment really is a numbers game, it's important that you know your figures inside out before meeting any potential investors. In this regard, it's essential you complete a [financial forecast](#) before seeking investment.

Your financial forecast should sit in the finance section of your business plan and is a prediction of future conditions that are likely to affect your company.

It identifies trends that will affect your start-up in the future, allowing you to obtain a realistic prediction of how your business will fare.

Investors will need a realistic appraisal of your start-up, so don't attempt to deceive them.

This type of forward planning is essential as it'll give you a good indication of whether your start-up will be able to hire new people or launch a new product/service – and whether you'll need funding or not.

#14



PIONEER TIP

“It's actually okay sometimes if someone doesn't know the answer and it's important to be open and honest. As soon as you start to make stuff up, you're doomed. Just stick to what you know and stick to the truth. Be honest.

“If mistakes have been made, it doesn't mean you're a bad business man or woman. Often, people who have made a business mistake become eminently more investable down the line because they've learnt from their past mistakes.”

Sarah Willingham, entrepreneur, investor and personal finance expert

#15



PIONEER TIP

“Having a viable business from day one is really important because, if you can generate cash at gross, you’ve then got your discretionary spend where you can afford to build headcount in, put marketing spend in, and pay for overheads. I’ve come across a few businesses where, from day one they are struggling with gross margin levels, and they will struggle generating cash.”

Giles Brook, CEO EMEA of Vita Coco

#16



PIONEER TIP

“It doesn’t matter whether you’re starting at the beginning, or like us you’re four or five years in, there’s no such things as unbiased forecasting in my view. Use as many factual data points to try and support your financial assumptions. For instance, try and use government data about demographics as evidence, particularly if it’s a consumer product that you’re talking about.”

Tracy Sambrook, Nutmeg CFO

#17



PIONEER TIP

“You need to be able to explain how you’re converting customers and you should be able to show you understand that very basic business model. You need to know your margins and cash flow.

“You need to be mindful of bad credit terms that larger purchasers give you, the outline of your basic profit loss, your basic credit sheet, [you should be able to share] investment you’ve had to date, any credit you’ve had to date, and [should be able to outline] your actual business model; the entire foundations of which your business is based.”

Sarah Willingham, entrepreneur, investor and personal finance expert

#18



PIONEER TIP

“Alternative funding is an opportunity not a complexity. For instance, with invoice financing or invoice discounting if you’ve got bad credit terms but good invoices, it is such a good deal. Not enough people know about that.”

“I will often advise business owners to consider invoice discounting as they won’t be able to afford 90 day payments terms and they look at me blankly. More people need to know about alternative options like that.”

Sarah Willingham, entrepreneur, investor and personal finance expert

The funding options available to small businesses

Small business grants

Highly sought-after small business grants can be hard to obtain but come with many benefits. Countless schemes are available, but many are reserved for businesses that haven’t launched yet or are just on the verge of starting up.

It’s estimated that there are over 3,000 small business grants in the UK, not including those organised by local authorities, so opportunities exist despite an often time-consuming process.

There are generally three main providers of grants to UK small businesses:

The government: Government grants are available from the UK government, the Scottish Parliament, and the Welsh and Northern Ireland Assemblies. If you’re interested in receiving a government grant, you should use the government’s [‘business finance support finder’ tool](#).

The European Union: European grants are usually distributed from the European Commission such as the [European Regional Development Fund](#) and the [European Social Fund](#). Specific grant schemes, for businesses involved in [education](#), [enterprise](#), and [media](#), also exist.

Local authorities: Numerous locally-based agencies and organisations exist to help support enterprise and businesses at a regional level. Currently, 39 [Local Enterprise Partnerships \(LEPs\)](#) exist across the UK, while £3.2bn-backed [Regional Growth Fund](#) supports start-ups that have already started raising finance.

When applying for a grant, each scheme will have its own unique and detailed set of criteria your start-up must adhere to in order to be considered.

Grant schemes that contain eligibility restrictions are normally concerned with size, location and industry.



Type of government grants available

Direct grant: Normally a cash award, most businesses are expected to foot at least 50% of the cost.

Soft loan: Like a regular loan, except with much more generous terms such as lower interest rates.

Equity finance: Much like traditional equity finance, though the investor will usually be less demanding.

Consultancy: Usually free or heavily subsidised, businesses receive independent advice on specialised areas they have previously been unfamiliar with.

Cost sharing: Where larger businesses share their R&D expertise with smaller businesses who, in turn, help with the costs.

Bank loans

The most traditional avenue explored by start-ups and small businesses, high-street banks offer a variety of finance options, and more often than not, will have some form of introductory offer for first-time lenders.

If your request for a loan is accepted, you'll be required to pay back the loan plus interest via instalments across a period you will have negotiated with the bank.

Unlike other forms of business finance, you're not required to exchange any equity for the finance. However, you may be required to offer an asset (such as your private home) as collateral should you be unable to repay the loan.

If you only require a small amount of finance, you may want to negotiate an overdraft with your bank. An overdraft is where the bank agrees to let you withdraw more money than you actually have in your account.

Before applying for a bank loan for your start-up, it's important to know the following:

- Your business model
- Your business objective and how you'll achieve it
- Where you want your business to be in the future
- Who your customers are
- Who your competitors are
- How much finance you require and what you will do

Asset finance

Asset finance works very similarly to a mortgage, in that you borrow money against an existing possession. If you can't meet your obligations, the asset is repossessed.

Assets which can be used as collateral include property and premises, accounts receivable, inventory and equipment. Asset leasing is popular among start-ups that have a valuable property but have yet to make a profit. You can get asset finance deals from banks or from lending providers such as Funding Circle, Towers Leasing, and Lending Hive.

#19



PIONEER TIP

“There have been so many people who have been on both sides of the investment fence. Finding yourself a mentor and someone who’s been through this is so important. They can help you find the answers to questions like ‘What is your business trying to achieve?’, ‘What do you need the money for?’, ‘What’s the journey going to look like?’

Giles Brook, CEO EMEA of Vita Coco

Accelerators

Business accelerator programmes help early-stage, growth-driven start-ups through mentoring, access to facilities, and networks and business coaching. Most accelerators provide finance in return for a share of equity in your business, although some accelerators like Mass Challenge do not take an equity share.

There are a number of accelerator programmes that run across the country. By doing a quick search on the internet, you'll find accelerator schemes that are local to you, or most relevant to the sector your business is in. High-profile accelerator programmes include Wayra and Entrepreneurial Spark. If you're thinking of running a tech business then there are a number of active tech accelerators in the UK such as Level39 and Techstars.

Accelerator programmes typically run for a fixed time such as three or six months, and start-ups chosen for the programme will often be provided with free office space for the duration of the programme.

Intended to compress years worth of business learnings into a few months of mentoring, start-ups that participate in accelerator programmes are expected to achieve rapid growth.

As you'd expect, the process of selection is incredibly competitive and most start-ups that are accepted would have eyes on a global or national market.

#20



PIONEER TIP

“You should never do crowdfunding just for money. The reason we did it was for market validation. It attracts people who want to pre-order your product and it generates media interest.”

Leigh Purnell, founder of Petalite

Crowdfunding

The alternative finance option that has soared in popularity among the start-up community in recent years, crowdfunding allows you to raise money from the public, aka ‘the crowd’.

There are two models of crowdfunding – equity-based and rewards-based. Equity-based crowdfunding platforms, such as Seedrs and Crowdcube, allow you to raise funding by giving away a share of equity in your business. While the rewards-based model, offered by platforms such as Kickstarter and Indiegogo, allows you to secure funding by offering crowd investors ‘rewards’ such as a discounted product or piece of merchandise.

The reward-based crowdfunding model has fewer legal constraints than the equity model, and will also allow you to pre-sell your product and recoup some early manufacturing costs.

Take note: Most crowdfunding platforms have an “all or nothing” condition, meaning that if you fail to reach your funding target you won’t receive any of the funds raised. When deciding on which crowdfunding platform to use for your campaign, look carefully at the commission fees as most platforms will charge a fee if you successfully close a crowdfunding rounds.



Angel investment

A form of equity finance, angel investment involves experienced entrepreneurs or investor ‘angels’ both financially investing in a business as well as providing knowledge and expertise.

Angels can invest as individuals or as part of a group and will normally look for a return on their investment within a timeline of three to eight years. Legally, under SEIS / EIS rules (see details on the Seed Enterprise Investment Scheme on page 30) an angel investor cannot hold more than 30% equity in your business.

Much like accelerator programmes, angel investors will often adopt a close relationship with the founders of the business they have invested in – and will actively follow their progress.

Pre-profit generating and pre-revenue generating businesses can receive angel investment, though you will likely need to have a proven idea or concept. Naturally, start-ups that are already generating a healthy turnover will be more likely to receive this type of investment.

A first port of call for anyone looking for angel investment should be to visit the UK British Angels Association as it has a directory of angel investors. Groups such as the Angel CoFund can also put you in touch with angel investors that will match your business needs.



Venture capital

A venture capital (VC) firm is a group of investors who are backed by wealthy people (partners) who want to grow their wealth. These partners give money to a VC to invest in more risky businesses than a traditional bank would typically be willing to.

Due to the nature of the risk, a VC firm normally charges a higher interest rate to the businesses it is investing in compared to other lenders.

Typically, VCs operate in a single sector and VC investment portfolios serve as a good indicator of the type of start-ups they're willing to invest in.

Within a VC fund, there will be two groups:

1. General partners
2. Limited partners – such as pension funds, public venture funds, endowments, hedge funds

General partners oversee and scout start-ups to invest in, and eventually work with them.

Limited partners provide the capital necessary to complete those investments. In other words, general partners make the investments and limited partners provide the funds.

VC funds don't invest the money of their own partners, but that of limited partners

A VC's main aim is to maximise return for its partners – sometimes up to 10 times what it invested. Once your business has begun to scale, you'll likely look for increased injections of growth capital, namely, Series A and Series B.

- Series A: Following on from seed funding, Series A funding is normally used to improve your start-up's product, and identify new potential markets. Typically, businesses tend to raise between £2m and £15m in Series A rounds.
- Series B: Series B funding will help take a business past its development stage and VCs will tend to have more of an idea of what they think your start-up could become – and how much of a role they want to play. Businesses that receive Series B funding will often invest in recruitment and seek to grow the size of the company – with the average raised normally between £7m to £10m.

[To find a VC, Startups.co.uk has got a detailed investor directory.](http://Startups.co.uk)



The Seed Enterprise Investment Scheme (SEIS)

Launched in 2012, the SEIS programme is designed to incentivise investment in early-stage companies by offering tax efficient benefits to investors.

A follow on from the Enterprise Investment Scheme (EIS) launched in 1994, the tax advantages for investors in an SEIS qualifying business are significant. An individual investor can make multiple SEIS investments of up to £100,000 per annum.

Start-ups who wish to apply for SEIS must:

- Be trading for less than two years and founded and based in the UK
- Have less than £200,000 in gross assets and employ no more than 25 full-time employees
- Hold a 'qualifying trade'. Most trades are qualifying, but some, such as some financial services and dealing in land and property development are excluded

For more on SEIS, [click here](#).

YOUR FUNDING CHECKLIST



- ✓ Know your funding needs and set a realistic company valuation.
- ✓ Remember that cashflow is king – have a good gauge on lead times etc.
- ✓ Before you go out sourcing funding, plan ahead and have a clear financial forecast.
- ✓ Consider your funding options carefully and, if you're going to look for investment from private investor, think about applying for SEIS-approval.

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CHAPTER THREE



YOUR BUSINESS BLUEPRINT TO SECURE HAPPY PEOPLE AND PROFIT

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Why people are the essence of a growing small business

The process of hiring employees can be an incredibly exciting period as your business gets off the ground.

To ensure you can attract and hire the best possible candidates, you'll need a detailed recruitment strategy and, considering the burgeoning skills gap, you should look closely at how you make your start-up stand out as a great business to work for.

As the business owner, it is your responsibility to lead from the front, and share your vision with employees on the role they will play in helping to grow your small business.



Understanding the value of good employees

Recruiting good people is one of the important steps a new business will take and it's a process that needs to be meticulously managed.

As well as helping to share the workload and bring new skills to your business, a new hire employee can often offer a unique and different perspective on your company. Looking at your business from the outside, new employees are often better-placed to identify potential gaps in the market and improvements for your product or service.

Good employees can help accelerate the growth of your start-up or small business by adding expertise and skills not previously at your disposal.

How to attract and hire talent

Before hiring a new employee you'll need to have a very clear idea of the following:

- What role do you need the employee to fulfil? Are you looking for a generalist, someone who can take on various tasks, or a specialist with a specific skill-set?
- Do you need someone to work for the short-term or long term? Or could you outsource their role at a reduced cost? [If so, you may want to consider hiring a freelancer instead]
- Are you looking to take on someone with existing experience or are you happy to train someone to fit your business? [If so, an apprentice or intern might be the best option]
- How much can I afford to pay them?
- How will I manage them and what are my responsibilities towards them? E.g. paying into a workplace pension, National Insurance Contributions etc.
- How will I process their payroll?

#21



PIONEER TIP

“Don’t just do one recruitment round and hire the best of a bad bunch. Don’t go straight to the recruitment agency or job board [either]– think more personally than that. For instance, say you were looking for a part-time local role you could put ads up in your local GP, your local nursery, or try beer mats for certain roles. We were looking for drivers for a local business and printed out beer mats for local pubs and working men’s clubs [and that worked]. It’s about being a bit more creative.”

Claire Morley-Jones, founder of HR180

#22



PIONEER TIP

“When you’re starting out you have to look for a generalist and then over time that’s when you can start thinking about a specialist. I think you do need to hire people who are generalist in attitude because you do just want people who can just go out and roll their sleeves up and they might not have done it before but they’re happy to take that challenge. Being a generalist in mentality is important.”

Jo Harman, HR director at Karmarama

#23



PIONEER TIP

“I find it helpful to give the [candidate] one of your [business] problems. Give them a task in advance that they can come in and give you their perspective on it. Make it real for you and hear what they’ve got to say. Through that presentation, you’ll pick up on lots of clues as to their attitude, the way they think, how they problem solve and you’ll start to get a perspective of what they’d be like in your business.”

Andy Baker, CEO of Plusnet

#24



PIONEER TIP

“You can’t expect them to be you. Instead, consider the following: Do they have commercial skills and entrepreneurialism and have they been able to demonstrate this? Can they lead? You want someone who can manage.”

Claire Morley-Jones, founder of HR180

#25



PIONEER TIP

“As you start to transition between [hiring] specialists and generalists [...] you need to write a job description with a set of objectives. It's about giving somebody clarity: what they're accountable for, where the role starts, and where the role ends.”

Andy Baker, CEO of Plusnet

#26



PIONEER TIP

“Everyone thinks they need someone right now. It does take between eight to 12 weeks to make a hire, and sometimes longer with notice period.”

Claire Morley-Jones, founder of HR180

Competition among start-ups to attract and hire top talent is fierce – and you'll also be competing against larger corporations who will undoubtedly be able to offer a more attractive salary.

Thus, it's important to ask yourself: “What will really motivate someone to join my business over a competitor?” Think about what your start-up or small business can offer that big brands can't. This could include offering more autonomy and flexibility, faster progression such as the ability to lead on projects, and an environment where you can work closely with a team.

When advertising the position, you'll need to ensure you compile a [detailed job description](#) that includes the following:

- Job title
- A description of the specific tasks the employee will be expected to undertake
- Who the employee will report to
- Where the job will be based
- The terms of the role – for example, whether it's a permanent or part-time position
- A description of your desired employee. Are you looking for a graduate? Do you want someone with experience in your industry?

It's essential that you communicate your company vision and where, and how you think the company can grow. Offering candidates an insight into the type of career progression and responsibilities you can offer can go a long way to convincing them that you're as good a fit for them as they are for you.

The impact of getting it wrong

While you should always do your best to ensure you're hiring the right person for your start-up, for various reasons – capability, attitude and conduct, as examples – your hire may not work out.

#27



PIONEER TIP

“You should never feel too proud or too precious of getting the hiring exactly right because you're going to make mistakes. Every time I've fired someone, the team have responded really positively towards it, because they know that [person] hasn't been pulling their weight.”

Simon Swan, co-founder of Hiring Hub

If you're hesitant about performance managing an employee out of your business, you should weigh up the following:

Financial costs: This is a given but if you're paying an employee a salary and they're not performing to set targets then this comes at a cost to you and your business.

Employee morale: Other employees may be working harder to make amends for the mistakes of an under-performing employee which, in turn, could make them dissatisfied or disengaged.

Productivity costs: Naturally, the time it takes to recruit and train a new employee can impact on your business' productivity levels.

#28



PIONEER TIP

“Use the probation period that you've got quite carefully. Currently, we check [the person's progress] every four weeks during probation. If it isn't working after four weeks, then after eight weeks, and then after 12 weeks, then don't extend their probation. Don't be afraid to call it [fire someone] early.”

Jo Harman, HR director at Karmarama

The tools to keep top talent happy

Maintaining talent and fostering great company culture is vital for an early-stage business. You'll need to make sure that your employees are motivated and fulfilled in their roles.

As an employer, you should look to offer the following to your employees to keep them happy, and drive them to succeed:

Progression: For most employees, climbing the ladder with a business is more appealing than finding similar opportunities in the job market. Is there any role or opportunity you could offer them that other businesses can't?

Encouragement: One of the key advantages of being a small business owner is that you see your employees on a much more regular basis than larger employers. Use this time to offer feedback and encourage employees – be an enabler for their success. Praise your employees if you feel they're doing a great job and make sure they feel valued.

Rewards: As well as verbal praise, make sure to physically reward your people as well. This doesn't have to be a financial reward – a 'thank you' card, a complimentary email or team lunch can go a long way to showing an employee that you value their contribution.

Flexibility: While it's not a legal requirement to offer employees flexible working, the option to let your employees work remotely and/or manage their own hours can help attract high-calibre talent.

Open communication: The days of autocratic, unsympathetic leadership are over. Be personal, open and honest with your employees – but remember to remain professional.

#29



PIONEER TIP

“Have a sense of purpose. I think you've got to be really clear why [your company] is doing what you do. It's about finding a like-minded individual that buys into that purpose. It's so critical.”

Andy Baker, CEO of Plusnet

The structure of a company people want to work for



The missions and values – why should people want to work for your business?

“Why do you want to work here?” – is no doubt a question you’ll ask every candidate that sits before you in a job interview. However, it can be incredibly useful to turn the question on yourself and ask “Why would somebody want to work for my business?”

Prospective employees may be looking to your business for:

Money: It almost goes without saying, but a competitive salary, alongside added benefits, will help you attract talent. While your start-up may not have the budget to pay large salaries, think about other benefits you can offer them and whether you could offer them share options in your business or the potential to work flexibly.

Progression: Candidates will want to see that the sky’s the limit as far as their career progression is concerned, so make sure you allow plenty of opportunities for promotions.

Vision: Make sure to share your vision of your business and where you want to go. A sense of ambition and the feeling they can be part of something big is a huge pull for many people.

Social conscience: Does your start-up have a social conscience? Or support a particular charity or cause? Now more than ever employees and consumers want to see businesses acting responsibly, so make sure if you’re an ethical start-up to tell people.

#30



PIONEER TIP

“New business owners think they can get someone to take on lots of different roles – and in a small business everybody does need to roll up their sleeves and muck in – but you need to have specialist people for specialist roles.”

Claire Morley-Jones, founder of HR180

Competitive salary – how to understand the value of each role and the employee benefits that might attract too

As a business owner, it'll be your job to determine how much you pay each person you employ. You will need to ensure you pay the National Minimum Wage, a legally required hourly rate for employees aged 21-24 – which, as of April 1, 2017, stands at £7.05. The National Living Wage must be paid to employees aged 25 and over and stands at £7.50 as of April 1, 2017.

But if you're looking to attract skilled good people then you're going to need to look at offering a higher price tag. Weigh up the following:

The role: Is it a specialist job that requires a specific qualification or can you hire a generalist role? How much responsibility will the person be expected to juggle? Will the problems they face day to day be simple and repetitive or complex and ever-changing?

Location: Think about where your business is based and the costs associated to this for an employee. For example, if you're based in London you'll need to be offering a higher salary than if you're a business based in the North of England where the cost of living is more affordable.

Affordability: Calculate how much you can afford to pay your future employee, and don't over stretch your budget. Having a good understanding of your business' financial forecast and cashflow will help you calculate your salary offering.

Benefits: Consider the perks and benefits you can offer employees and how this can complement the salary offering. This could include training budgets, commission and bonuses, duvet days and additional holiday, or the odd free breakfast and fruit in the office.

Legislation: You will need to consult legislation on areas such as National Minimum Wage and auto-enrolment pensions before you take on employees. You can find more advice on how much you should pay your employees [here](#).

The workplace

What office options can you potentially offer your employees? These are the key areas to consider:

Type of office: Co-working spaces have gained huge popularity in recent years as they often offer a more relaxed working environment with hot-desks and break-out rooms. A serviced office will also come fully furnished and will be managed by a facility management company – meaning you have a direct contact should you experience any problems.

Location: Your workplace location is an incredibly important consideration. Think about the cost of the location, local broadband speeds, business hubs and the start-up community in the local area. It's also worth checking to see what local amenities are available for your employees, for example good restaurants, bars, pubs and shops are all 'nice to haves'.

Facilities: Explore the services and facilities you can offer employees at the office. Showers and a fully equipped kitchen are ideal for employees who like to go to the gym or work out during the day and even those who sometimes must stay late and work into the evening. Staff rooms are useful to encourage employees to take time away from their desks – thus improving work/life balance.

Technology and equipment: An unforeseen cost for many start-ups, you'll need to decide early in the recruitment process whether you'll supply necessary equipment such as laptops, desktop computers, and mobile phones or whether you'll operate a Bring Your Own Device Policy (BYOD). If you decide to supply the tech yourself, think about the benefits you could add by purchasing a certain type of hardware or software. For example, buying laptops will allow mobile and flexible working – provided you have cloud access. While buying communication programmes like Trello or Slack will help you stay in contact, purchasing stand-up desks could also aid employee wellness.

Development – how to build expertise and offer a career plan

On a regular basis, you should consult with your employees on their performance and ways they can further develop their skills in your business. It will help to both look at what strengths and talents your employee has – and what weaknesses your business has and see if you can match them up. If you can, it's recommended that you meet up with your employees for one-to-one meetings on their progress, your vision for the business, and their own career aspirations and how you can mutually support each other.

Draft a plan that includes large objectives they can work towards (such as a management position) and a smaller target (such as hitting a specific goal). Explore possible training or professional development with other employees. Could you provide mentoring or external coaching?

On the flip side, if you feel an employee is underperforming don't be afraid to share your concerns with them and consult any issues head on. You can then draw up an action plan to help drive better performance.

Leadership – How to be a great leader

Becoming a ‘natural’ leader

Good leadership qualities are one of the most important attributes for a business owner.

You need to lead your team from the front and ensure your employees have confidence in your ability to guide the business – and their careers. A ‘natural’ business leader should:



- Be clear and assertive.
- Delegate responsibilities.
- Be confident in their own abilities.
- Be open to change.
- Listen to employees.
- Be compassionate and empathetic to their employees’ needs.

There is another way of looking at this from your employees’ point of view. They will look towards you for inspiration and guidance and to exhibit the following qualities:

Honesty: Employees will expect you to be upfront with them – make sure you communicate key business developments that may have an impact on them.

Fairness: Employees will look to a business leader who is fair and treats all employees equally, while holding them to the same standard.

Trust: In turn, employees want a manager they can also trust and rely on.

Respect: A business owner who respects their employees and demands respect is key to being a successful business leader.

Collaboration: Tied in with an appetite for progression, employees will appreciate being given the opportunity to collaborate and contribute ideas and solutions.

Appreciation: All employees crave feedback, and a good leader must recognise and reward employees when they have performed well – and should be able to give constructive feedback when they haven’t.

Responsiveness: A leader must be assertive and be able to respond to problems quickly and in an efficient manner.

YOUR TALENT CHECKLIST



- Before you advertise a vacancy, you should have a clear understanding of the type of person you're looking for to fulfil the role, and you should understand your responsibilities as an employer.
- Compile a detailed job description and then when interviewing, communicate your company vision – why should someone want to work for your business?
- If you can't offer employees a competitive salary, then try to offer other employee benefits, such as flexible working.
- Foster great company culture and create brand values that align to your business. Your office location and workplace is key here, as well as the development opportunities you offer employees.
- Most importantly, work on being the best business leader that you can be - lead your team from the front.

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