



A guide to starting your own business



Starting Your Own Business

A GUIDE TO BUILDING YOUR OWN BUSINESS

*Issued by Bank of Ireland,
Head Office, Lower Baggot Street, Dublin 2.*

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These publications are also sponsored by Bank of Ireland.

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This book is intended as a general guide for people thinking of starting or expanding a business. Bank of Ireland or Seán McGarry are not liable for any loss resulting from the use of information contained in this book and strongly recommend that readers seek professional advice concerning any business venture in which they are, or intend to become, involved.

Foreword

Bank of Ireland continues to recognise Small Businesses as a key sector in the Irish Economy and appreciates their importance to economic growth and employment creation.

We are committed to supporting businesses right through from the "idea" stage to working with them as they develop and grow.

To give you the best possible start, we have developed a highly competitive package to help your business take its first steps more easily and confidently.

Our Enterprise Support Unit and nation-wide team of Business banking specialists are at the centre of a comprehensive network of services to help new business to get off to the best start possible.

Other Group Companies such as Bank of Ireland Finance (Asset Finance and Invoice Finance) and International Banking (Trade Finance) also play an essential role in the ongoing successful financing and managing of small business.

This guide is designed to help you to take that difficult first step towards establishing your own enterprise. It looks at the experience of others and takes you through the typical considerations associated with translating your business idea to successful start up status.

If you are considering going into business, I know that you will find this book very useful and I wish you every success with your initiative.

Cathal Muckian
Director Business Banking

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The Decision to Start a Business

Your Reasons

Key Questions You Should Ask Yourself

Your Objectives

Can I Do It?

Self-Assessment Checklist

Your Reasons

People start businesses for a variety of reasons:

- a desire for greater freedom;
- the future in their current place of work looks uncertain;
- they have been made redundant;
- a belief that they will make more money and enjoy a better standard of living through self employment.

Key Questions You Should Ask Yourself

If you decide to start a business the key questions you should ask yourself are:

- (i) Do I have what it takes?
- (ii) What will I do? Is there a product or service I could provide?

“you don’t have to be a superman or superwoman to start a business”

Your Objectives

One of the first things to do is to focus on your personal and business objectives.

It is useful to write them down so that you are clear about what you really want.

Specific Personal Objectives

(e.g. “I want more control over my life”)

.....

.....

.....

Specific Business Objectives

(e.g. “I want to establish a profitable craft workshop with a turnover of €250,000 within three years”)

.....

.....

.....

Failure to reconcile personal and business objectives at the start can lead to problems at a later stage in the business.

Can I Do It?

YES! You don’t have to be a superman or superwoman to start a business. Think of all the positive attributes you can bring to a business. Write them down before you

complete the Self-Assessment Checklist. Remember the following points.

- You may not have the skills to run a large company but most people have the ability to earn an income for themselves.
- Commitment is one of the most important steps in building your business.
- Not everybody is a “natural” entrepreneur but it is possible to learn.

These guidelines will help you to deal with any setbacks that you may encounter. You should start by completing the self-assessment checklist opposite.

Remember also to involve professional advisers such as your accountant and solicitor at all stages of your business start-up and on-going development.

SELF-ASSESSMENT CHECKLIST

	Yes	No
1. I have a clear focus on what I want to achieve.	<input type="checkbox"/>	<input type="checkbox"/>
2. I am prepared to work hard and give a full-time commitment to the business.	<input type="checkbox"/>	<input type="checkbox"/>
3. I have the necessary persistence to stick with the business through thick and thin.	<input type="checkbox"/>	<input type="checkbox"/>
4. I have support from my family and friends.	<input type="checkbox"/>	<input type="checkbox"/>
5. I recognise the importance of good professional advice and guidance.	<input type="checkbox"/>	<input type="checkbox"/>
6. I am prepared to risk my own money in the business.	<input type="checkbox"/>	<input type="checkbox"/>
7. I am prepared for the responsibilities associated with owning my own business.	<input type="checkbox"/>	<input type="checkbox"/>
8. I have specific skills and know-how in the product or service area I am contemplating.	<input type="checkbox"/>	<input type="checkbox"/>
9. I have sufficient general business experience.	<input type="checkbox"/>	<input type="checkbox"/>
10. I have the ability to learn from my mistakes.	<input type="checkbox"/>	<input type="checkbox"/>

If the answer to most of the questions is “yes” and you have answered them honestly, there is a good basis from which you can build a business. It would also be useful to bring your checklist to someone you know whose business expertise you respect and go through it with him or her.

If you have given full consideration to all the implications of running your own business but you do not have any specific product or service idea the next section of this guide will assist you in identifying a new business opportunity.

Set out below the action you must take:

New Business Search

Introduction

Guidelines To Your Search

Identifying A Product Or Service

Buying An Existing Business

Franchising

Representation

Introduction

To start your own business you need a good business idea on which to build over the years ahead. This section is designed to assist you in your search for that idea.

Entrepreneurs do not wait for someone to come up with an idea for them. They go out and find it themselves. You should identify the idea or opportunity and be comfortable with it. Identifying the right business idea requires hard and persistent work, the capacity for which will stand you in good stead as you go on to develop the business.

“Entrepreneurs do not wait for someone to come up with an idea for them. They go out and find it themselves.”

It is important that you organise the search process efficiently. Material gathered should be collated and stored to enable easy reference, retrieval and cross checking. A plan of the time to be allocated to the search should be drawn up. Ask yourself: “Am I prepared to devote a number of weeks to this task?” If you are ambivalent about the importance of sourcing the right business idea, you should reconsider what you are doing. You may know of people who just “fell across” a business idea. However, the majority of successful entrepreneurs place great emphasis on the necessity to identify the right product or service at the outset.

You should keep the following points in mind as you search for a business idea.

- **Work at it.** Good ideas are born of hard work. The phrase “sweat equity” has been coined to recognise the time and energy you invest in researching the business opportunity. Don't rush or short-circuit this phase as the effort spent on clarifying and checking out ideas will be rewarded. The identification of the business opportunity is the most

fundamental decision you will make. This will be your first strategic decision in business.

- **Keep it simple.** Some of the most successful businesses are based on very simple ideas. The product or service in many small companies is often quite ordinary, yet it enables that company to exist and grow. While many new businesses are based on innovative

new products and services, it is possible to be successful by offering a modified or improved version of existing products or services.

- **Look for the basis of an on-going business.** Don't

start out looking for something that will make you a millionaire overnight. It is critical to look for and assess an opportunity which will provide a long-term business with the potential to succeed.

- **Consider your skills vis-a-vis a possible niche market.** Most successful small businesses are based on the previous work experience of the entrepreneur. Start by assessing the skills and knowledge you have. Can you promote a service in a better way? Can you build a business on something simple that is required locally?

Guidelines to your search

The four means of entry to running your own business are as follows.

Identification of a new product or service

A common means of starting your own business is the identification of a product or service that you want to sell.

Look for one or all of the following.

- **A clear, unambiguous need.** Necessity is not only the mother of invention but also the greatest source of new business opportunities. The need may be obvious and simple - a corner shop in a housing development, a late night takeaway, a creche for children with working parents.

- **An innovative product or service.** From your experience within a particular industry, you may perceive a need for a product or service that could solve a specific problem. During your search, you can see if this problem is pertinent only to the industry in question or if the solution you have in mind could be of interest to a wider range of companies. If so, this could potentially open up a much bigger market for your idea.

- **Areas undergoing change.** Change is the single greatest source of opportunities for entrepreneurs.

- *Change in population.* The growth of a town through housing development initially provides opportunities for builders, then interior designers and furniture companies, followed by creches, restaurants, dry cleaners, newsagencies and the usual variety of retail services. The changing age profile of a population can also provide business opportunities. Recently or early retired people with middle incomes are the source of

significant income for travel agencies and airlines during the off-peak seasons of the year. In later years the same group will be in the market for retirement villages and quality nursing homes thereby providing a different sector with the opportunity to develop these services.

- *Change in the way we live.* A more health-conscious population wants increased leisure facilities, greater varieties of sports clothing and equipment and low fat food products. The growing popularity of household pets, in urban areas particularly, has led to the establishment of animal grooming companies, boarding kennels and breeding and training facilities. A major change in attitude to food has resulted in opportunities for a vastly increased variety of restaurants across all price ranges.
- *Change in an industry.* A growing requirement in many businesses for specialist expertise has created a variety of niche opportunities for people with specific skills. By carefully examining the sector in which you have most expertise you may find a new business idea. Change is the single greatest source of opportunities for entrepreneurs
- *Change in technology:* Technological change has never been more important as a source of new business development. The introduction of the mobile phone has brought a variety of opportunities to people servicing the mobile phone market. The Internet has enabled entrepreneurs to build profitable international businesses through niche websites. Broadband communications will present many more opportunities for new enterprises based on services delivered direct to the home or office.

Buying an existing business

You may decide to buy an existing business rather than start from scratch. The advantage of taking over a company with a proven track record is that you can take up the reins straight away and start generating income. However, it is very important to have a long, hard look at the business in question and systematically consider the following points before you reach a decision.

Tick the appropriate box

	Yes	No
Does the existing owner have an acceptable reason for selling?	<input type="checkbox"/>	<input type="checkbox"/>
Is the business in sound financial condition?	<input type="checkbox"/>	<input type="checkbox"/>
Have you seen up-to-date audited accounts?	<input type="checkbox"/>	<input type="checkbox"/>
Are the tax affairs of the business in order?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have a comprehensive list of debts or any charges against the business?	<input type="checkbox"/>	<input type="checkbox"/>
Is the business presently involved in any unresolved legal disputes or actions?	<input type="checkbox"/>	<input type="checkbox"/>
Does the business have the potential for future growth?	<input type="checkbox"/>	<input type="checkbox"/>
Does any single customer account for a large portion of the sales volume?	<input type="checkbox"/>	<input type="checkbox"/>
If so, would the business be able to survive without this customer?	<input type="checkbox"/>	<input type="checkbox"/>
Could a change of ownership have a negative impact on sales or customer loyalty?	<input type="checkbox"/>	<input type="checkbox"/>
Would a change of ownership cause any movement of key personnel?	<input type="checkbox"/>	<input type="checkbox"/>

If all of these questions can be answered to the satisfaction of you and your advisers, you are in a good position to proceed. Businesses for sale are often advertised in the

national press. You can also place an ad yourself or consult your accountant who may know of a suitable investment.

Franchising

One way to launch yourself into business is to become a franchisee. Advantages of this approach include the following.

- The franchisee is investing in a tried and tested business. This helps avoid major problems in the start-up phase as well as improving the probability of success in the longer term.
- The franchise system usually has a recognised name and an established image or reputation. The franchisee can also benefit from national promotion and advertising for the whole franchise system.
- Assistance, supervision and training are provided during the start-up period and beyond, reducing the likelihood of failure.
- The franchisee is provided with the systems needed to operate the business e.g. administration and service procedures.

There are certain drawbacks in choosing the franchise option.

- There is little scope for the franchisee to show initiative or flair in the areas of product, service or design.
- The franchisee relies heavily on the capability of the franchisor to develop the system as a whole.
- The franchisee is essentially investing in intangible assets, i.e. the name, reputation and goodwill associated with the franchise. In the event of these assets turning out to be worthless, no finance is recovered as these are not tangible, saleable assets.
- As well as paying an initial fee to the franchisor, continuing fees must also be paid. These are normally based on either gross turnover or profits. In either case the

franchisee must ensure that the level of business projected for the unit justifies the fees paid to the franchisor.

- It may be difficult to ensure that the franchisor fully performs all the obligations laid out in the agreement. It is important to take professional advice from an investment and legal adviser from the start.

For further information on franchising please write to:

*Bank of Ireland Franchise Unit,
Retail Marketing,
Head Office,
Lower Baggot Street,
Dublin 2*

There is now an extensive range of dedicated franchise websites that will assist you in your search for a new franchise opportunity:

www.franchise.org

Website of the International Franchise Association.

www.franchisedirect.com

A network of franchise websites, one of which – www.franchisedirect.co.uk - is dedicated to Britain and Ireland.

Representation

Representing an existing company as an agent or distributor is another means to starting your own business. Representation can provide you with a product on which to base your business.

It is possible to develop the business by expanding your product line or by importing new products from overseas to fill a gap in the domestic market.

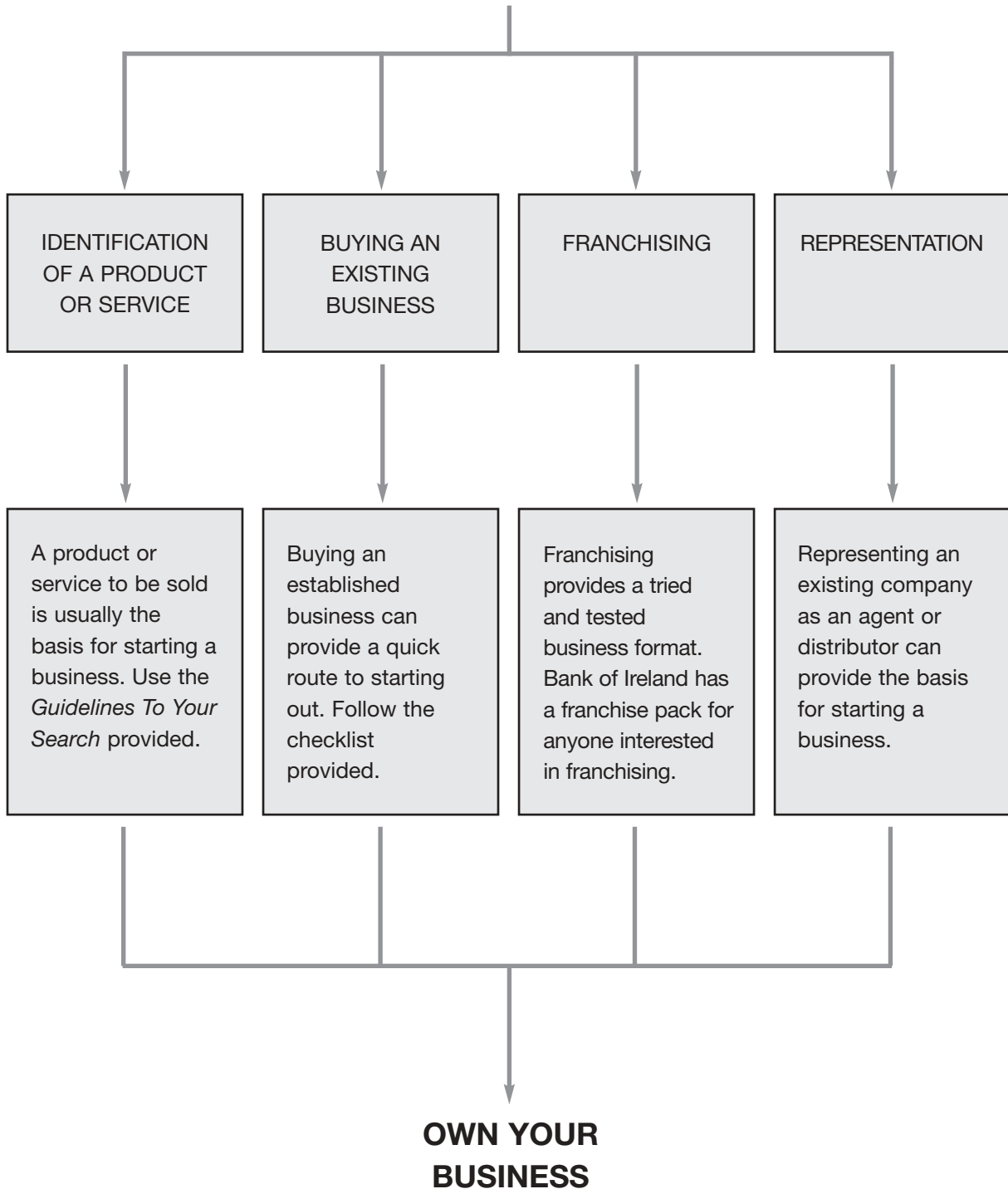
Conclusion

Once you have decided on the product or service area in which you want to start a business, you should ask yourself if you have a real, genuine interest in the product or service concerned. Do you like to read newspaper articles, books or magazine articles about it? Would you spend a Saturday visiting an exhibition about it just out of interest? A genuine liking for the nuts and bolts of the business you are looking at is important. When you have decided that you can match your skills and knowledge to the opportunity you have identified, it is necessary to carry out research to determine if there is a market for it.

The next step is to look at guidelines on how to plan and structure market research.

NEW BUSINESS SEARCH

Any of these four approaches can provide you with the path to your own business



Set out below the action you must take:

Testing the Market

Determining The Demand
For Your Product/Service

Research Objectives

Set Out Your
Research Plan

Gathering The
Information

Market research is a fundamental step in bringing a project to fruition. It will assist you in deciding whether or not to go ahead and will also, if the research is good, help to guide and direct you in the early years of operation. Market research is getting answers about the demand or potential demand for your products or services. Don't be discouraged if you have difficulty getting people or organisations to co-operate with your research. Sometimes they just don't want to spend the time on an activity they perceive as being of little benefit to them. Sometimes companies are not willing to provide assistance to a potential competitor.

You are likely to experience a whole range of responses from the door being closed in your face to the enthusiast who promises to buy everything you produce. Enthusiastic promises can lead to serious problems if they do not translate into orders. If, for example, you base your projected income for the first quarter on verbal commitments to buy your product or service and these do not materialise, you would be in immediate difficulty. If you encounter a high level of interest in your product or service, go back for a second visit and seek a commitment in writing. You may be surprised at the reluctance to put it on paper. Be aware that some buyers take the view that new entrants increase their choice of suppliers, enabling the buyers to negotiate better prices with their present suppliers.

All too often, because of the significant time and effort involved in getting information, people short circuit their market research and produce unrealistic sales forecasts as a result. These are then linked to cashflows to make them look positive. The reality is that you can save yourself much future stress and trauma by getting your market research and planning right at the start.

“market research is getting answers about the demand or potential demand for your products or services”

Step 1: Research Objectives

The key research objective of anyone starting a business is to determine whether or not there is a market for the product or service which could sustain a profitable enterprise. Think about the information you need and the questions you should ask to generate it. As the market research is being carried out, refer to the questions continuously to ensure that you are getting all the information you need. The questions must ask, for instance, who the customers are, where they are located and if there is a genuine interest in your product or service.

Step 2: Set out your Research Plan

Set out a research plan which will prioritise the information you need, where you are going to get it and how you are going to analyse it. Collecting information that is interesting but not necessarily relevant is a waste of your time. You must focus on facts. Revert to your list of questions and see if you have really answered them. *For example, if you are thinking of opening a retail unit in a new shopping centre you may assume that the drawing power of the anchor tenants will guarantee business for you. On what do you base this assumption? You may indeed have gone to similar developments elsewhere and carried out market research which supports your theory. It is vital also, however, that you undertake research in the centre in which you are proposing to set up. No two towns, no two shopping centres are the same.*

The following information will be needed in any business.

- **An assessment of the business sector you are planning to go into.** You need to know the profitability in the sector as it is an important factor in determining the profitability of your individual business.

- **You need to know your customer.** The number, their age, disposable income and the number of times on average per week, month or year they will purchase your product or service.

- **You need to know your competition.** Who are they, how many, how big or small? What has been their attitude and reaction to new entrants in the past? What are their strengths and weaknesses?

- **You need to know about pricing.** Is there price discounting in the market? Is the customer price-sensitive?

- **You need to know about changes that are taking place in the sector.** Computer games or fashion clothing, for instance, are subject to rapid change so even during the period from initial idea to start-up you may have to review your assumptions.

- **You need to know** about location, traffic flow, parking, pedestrian flows and activity patterns if you are in retailing.

- **You need to know** the best means of promoting and advertising your product or service.

- **You need to know** the best channels of distribution for your product or service.

- **You need to know** if the market for the product is growing or declining. Having detailed all the information you need, you should now proceed to the implementation of your market research.

Step 3: Gathering the Information

Work on information-gathering can be divided into two areas.

Secondary Sources

This is information gathered from statistics or reports that have been compiled by another person or organisation, hence the secondary

source reference.

- **Libraries.** Public libraries which have a business section, such as the ILAC Library in Dublin, are a useful source of information. A business library which has newspaper cuttings or magazine articles can help you to build a picture of the relevant sector and the advantages and disadvantages of going into business in it.

- **Government Agencies -** The Government agencies such as Enterprise Ireland, Shannon Development and Udarás na Gaeltachta have excellent libraries which may be of assistance during

the search process. See insert – Who Helps Small Business?

- **County Enterprise Boards, Chambers of Commerce or Specialist Trade Associations -** relevant to your area of research, are all additional sources of information. A report by a local trade association or Chamber of Commerce can provide information on a town or area of a city.

- A thesis carried out on the area by 3rd level colleges or a student can contain a wealth of information compiled from many sources.

- Census information, combined with household budget surveys, can also help to build a picture.

Primary Sources

There is a limit to the information that can be obtained from published sources. The picture will have to be filled out by your own direct research. There is no substitute for going out and systematically talking to as many people as possible.

Primary research for any project would include the following.

- **Buyers -** identify the key buyers and seek a meeting with them. Critically assess their response and interest in doing business with

“...you must focus on facts. Revert to your list of questions and see if you have really answered them”

you. Seek out commitments if possible from key buyers which could give you some work to get started. Enthusiastic entrepreneurs sometimes do not listen to what is being said or do not observe signals being given thereby distorting the reality of the responses to their enquiries. Avoid a hit-and-miss approach where you speak only to a few people. Above all, be prepared for answers you may not want to hear.

- Identify a similar business in another town/city and, if you can, glean as much information as possible from the owner about the running of the business using a prepared list of questions.
- Work in a similar business elsewhere if possible to fully understand how to make a success of it.
- Location - in a retail business location can be critical. Spend time looking at the flow of pedestrian traffic and at parking and access to the unit.
- Competitors - visit competitors' premises where possible to assess product or service quality. Write to a number of similar businesses in Ireland and overseas for copies of their promotional literature.

There are regular trade fairs or exhibitions in Ireland and/or the UK associated with most industry sectors where competitors' products can be assessed. Use your competitors as case studies and examine them to see what you can learn from their successes and mistakes.

- Approvals and regulatory controls - for many products approval may have to be obtained before you start production. Planning permission can be difficult in some situations and can involve significant delays.
- Sellers of complementary goods/services - talk to sellers of complementary goods and services provided there is no conflict of interest with them.

- Industry experts can provide very useful advice on particular industries. Contact editors of trade and technical journals as they are usually well informed on their subjects.

Experience has shown in the case of many failed companies that the owner managers involved had felt anxiety or concern at the early, critical stages but lacked the strength or discipline to change course or stop. If you feel concerned about the business proposition, get more information. This will give you the necessary confidence to continue or it will confirm your doubts. If it does the latter, exit from the business and, should you wish, start again on something new. If your market research demonstrates a market potential on which you can build a viable business the next step is to investigate some of the practical aspects that should be examined before going ahead with the business.

Getting Started

Retailing/Services/
Manufacturing

Employing People

Equipment Sourcing

Raw Material Sourcing

If you are now confident that a market opportunity exists, the next step is to find out what facilities and equipment you will need to make the product or provide the service. Although this is dealt with here as a chapter on its own, you may well have gathered pertinent information in the course of your market research.

To establish your business you will need to consider the implications of producing the product or service from an operational point of view. Study the chart below to see the steps you should follow.

A good principle in relation to developing the business is to start in the smallest possible economically viable unit.

“start in the smallest possible economically viable unit”

Costly mistakes are often incurred in the first one or two years. If you keep the business small at the start such mistakes can be controlled and not put you out of business. Also, keeping overheads as low as possible will ease financial pressure and allow you to build up a solid customer base over time.

This section will examine the operational aspects of setting up a business in three different situations.

Retailing

Retailers often refer to the three critical factors in retailing success as location, location and location! The ability of a retailer to attract customers can depend heavily on site location. Also, the cost of leasing, buying or building premises will have a large impact on profit margins. The importance of the site location decision for the retailer cannot be overestimated.

Your market research should reveal the general character of the area in which you want to

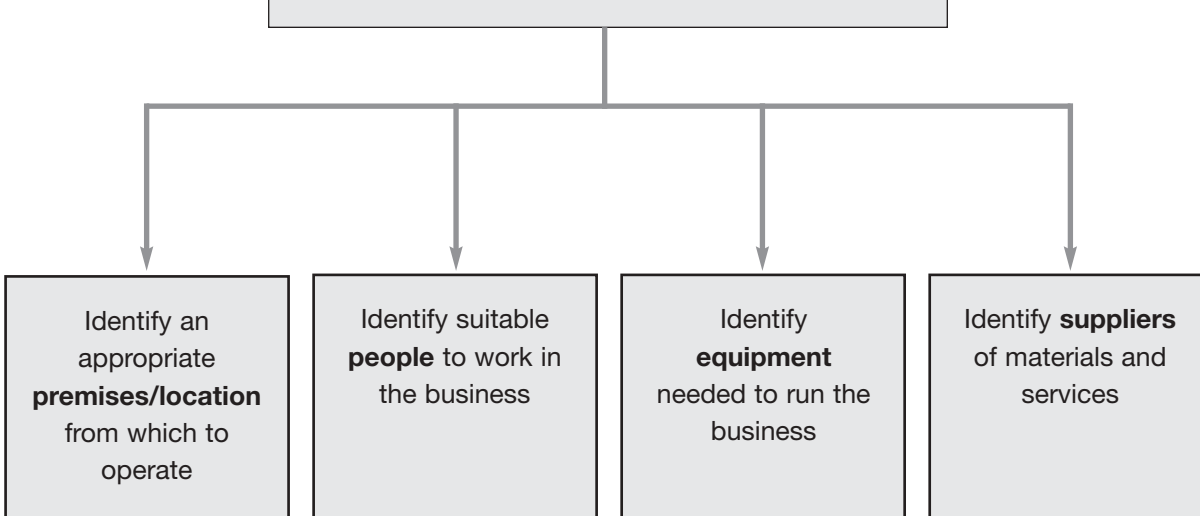
locate your premises. It is important to have access to a population that is

large enough or affluent enough to support your particular business. Also, planned developments like new housing estates, shopping centres or new roads and motorways will have a major impact on your business potential.

If you are in the fashion or food business it would be ideal to have a prime site on the high street. The search for a retail unit of the right size with the appropriate planning permission for your requirements could take up to 18 months. This is a difficult task, involving

GETTING STARTED

RETAIL • SERVICES • MANUFACTURING



systematic and regular contact with auctioneers and estate agents, complemented by repeated walks of the relevant streets or shopping centres. Carefully assess the cost of fit-out as the unit may be no more than a concrete shell with significant work required to make it ready for trading. Today's customer expects an attractive shopping environment. If you are forced into a marginal location because of lack of funds, it is important to recognise the necessity and cost of an on-going promotional campaign to let people know where you are.

The questions opposite will assist you in deciding on your choice of retail outlet.

Services

If you are planning to offer a service, you may:

- opt for a self-contained office;
- operate from a serviced office;
- set up at home.

Self-contained office

A self-contained office is one where you rent or lease the office and equip it as necessary. This will work out the more expensive of the three options as you will possibly need secretarial support for telephone answering etc. If you do decide to start out this way, you should consider the following:

- the length of lease sought by the landlord;
- the possibility that you may have to personally guarantee the lease;
- charges for rates and other services including lighting, heating or cleaning of common areas.

Serviced office

Offices which provide centralised secretarial

CHOOSING A RETAIL OUTLET

	Yes	No
Does the unit have relevant planning permission?	<input type="checkbox"/>	<input type="checkbox"/>
If you have to apply for a change of use: - how long will it take? - will the application succeed?	<input type="checkbox"/>	<input type="checkbox"/>
Does the unit meet your budget requirements?	<input type="checkbox"/>	<input type="checkbox"/>
Are there repairs, improvements and modifications to be budgeted for?	<input type="checkbox"/>	<input type="checkbox"/>
Is the unit easily accessible to your potential customers?	<input type="checkbox"/>	<input type="checkbox"/>
Is this section of the street or shopping centre consistent with the image you would like to maintain?	<input type="checkbox"/>	<input type="checkbox"/>
Have neighbouring businesses been affected by vandalism or burglary?	<input type="checkbox"/>	<input type="checkbox"/>
Can suppliers make deliveries conveniently to this location?	<input type="checkbox"/>	<input type="checkbox"/>
Are neighbouring businesses likely to attract customers who will also patronise your business?	<input type="checkbox"/>	<input type="checkbox"/>
Are there any competitors located close to the unit? If so can you compete with them successfully?	<input type="checkbox"/>	<input type="checkbox"/>

support, telephone answering and meeting rooms are known as serviced offices. The growth of the serviced office sector throughout the country indicates their attraction for those at the start-up phase of business. Although a premium price is paid for the space, the back-up and support are valuable at start-up.

Another benefit of this system is the availability of short-term leases, in some cases on a month-by-month basis.

Working from home

The increasing number of people establishing their business from home proves that it can work. Of the three options it is probably the cheapest. If you decide on this option check with your local authority to make sure there is no reason for them to object.

An important issue to be resolved before starting up at home is the support of your family and the requirement for their assistance or involvement. Constant telephone calls and the loss of a room or garage to the business will affect family life. Ensure that you can make the following arrangements.

- Isolate the work area clearly and draw a clear distinction between work space and home space.

- Ensure the work area can accommodate your start-up requirements - phone, answering machine, fax, computer, printer, desk, shelving, filing cabinet.

- The manner in which your telephone calls are answered is very important. It is best to have a separate line and number for your business which is linked to the answering machine. This will avoid the possibility of your five year old treating your most valued customer with complete indifference when the call interrupts a favourite TV programme.

- Advances in telecom technology and services have enabled people to work from home with greater efficiency and provide a better service to their customers. All telecom providers are offering commercial packages advantageous to the home-based worker. These involve a combination of landlines, mobile phones and high speed Internet access. Give some thought to your communication needs based on the way you plan to run your business. If your business is going to involve significant travel you will need remote access to messages and emails as a priority.

- Clarify with an insurance broker the insurance implications of starting up at home.

Working from home is becoming more and more popular and is forecast to grow rapidly in the future. Apart from the significant cost saving, commuting time is shortened dramatically!

Manufacturing

Similar to services, the small manufacturing business can choose between:

- a self-contained industrial unit;
- a serviced unit in an enterprise centre;
- a space or unit adjacent to the house.

The choice will depend on the business sector and scale of unit that is being established. The size of the unit, for example, will depend on the equipment and fixtures and fittings that need to be installed and also on storage space for stock. The accessibility of a manufacturing location and the existing infrastructure of the area are also factors to consider when choosing a manufacturing premises.

Self-contained industrial unit

There is an extensive range of industrial units throughout the country owned by private developers or government agencies. The size of units in industrial estates tends to be in excess of 2,000 square feet although smaller

premises are

sometimes provided.

At start-up it is better not to commit yourself to a long-term lease as your requirements

could change considerably after your first year of operation. Likewise, you should not take a unit too large for your requirements as this could be too heavy an overhead for the business to carry.

Serviced unit in an enterprise centre

An enterprise centre is a cluster of small units of different sizes similar to a serviced office in that it provides common facilities such as telephone answering, secretarial support and meeting rooms. Unit sizes can vary from 100 square feet for "incubator" businesses to 2000 square feet for established companies. Some enterprise centres are not approved for businesses concerned with food production.

"the increasing number of people establishing their business from home proves that it can work"

A unit adjacent to the family home

A large number of manufacturers started operations “at the back of the house.” If you have a suitable site or buildings adjacent to your home then it often makes good commercial sense to start there. This can apply particularly to rural areas where there may be plenty of space around the family

“the owner manager’s perspective on employees is now shaped by performance and delivery of work targets rather than by function or role”

home. If you intend to start in this way make sure you consult the planning authority at an early stage.

Employing People

The small company today must be a highly flexible, open entity. The owner manager’s perspective on employees is now shaped by performance and delivery of work targets rather than by function or role. More and more companies have a mix of full-time staff and people to whom work is contracted out on an assignment or project basis. The emphasis is on reward for measured performance by staff and non-staff alike.

The culture, human relations and character of the business will be determined by you, the owner manager. Give some time to thinking about this before start-up. Map out the shape of the organisation you want.

The successful business of the future will be one that can work with and manage people. Some of these people may be employed by you directly. Others may provide sub-contract

RECRUITING PEOPLE

	Yes	No
Have I prepared a proper job description?	<input type="checkbox"/>	<input type="checkbox"/>
Have I a personal profile of the ideal candidate?	<input type="checkbox"/>	<input type="checkbox"/>
Do I have a choice of candidates?	<input type="checkbox"/>	<input type="checkbox"/>
Can I conduct a proper interview?	<input type="checkbox"/>	<input type="checkbox"/>
Have I prepared an induction programme for the person?	<input type="checkbox"/>	<input type="checkbox"/>
Have I thought through the specific training that will be required?	<input type="checkbox"/>	<input type="checkbox"/>
Have I considered how I will provide feedback to the employee and how I will appraise his/her performance?	<input type="checkbox"/>	<input type="checkbox"/>
Do I know enough about the legal issues affecting employment?	<input type="checkbox"/>	<input type="checkbox"/>
Have I thought about the implications of managing people?	<input type="checkbox"/>	<input type="checkbox"/>

services on a regular basis while more may be from networks or alliances formed for short or long term projects.

People are your most important resource but it is easy to lose sight of this in the daily rush to meet production commitments and deadlines. Too often the landing of a large order results in the hasty recruitment of a temporary helper who more often than not ends up staying in the company. He or she may indeed be the right person for the job but recruitment should be as systematic as any other feature of business management to ensure that you are matching people to needs.

If you are recruiting people into direct employment, use the checklist above.

In Step 5B, Operational Issues, page 33, you will find a reference to employment legislation.

As part of its support to business customers, Bank of Ireland has provided management

resources which can be accessed on its website www.bankofireland.ie/business. These manuals provide in-depth information on interviewing, motivation and appraisal of people in employment.

Sub-contracting

A sub-contracting revolution has taken place in recent years. Companies, large and small, are no longer trying to do everything in-house but are sub-contracting significant amounts of work to specialists. Think about whether this would suit your operation. It may appear to be an expensive option on first inspection but when overheads, management time and down time are taken into consideration sub-contracting is often cost effective. It may take you a while to find a good sub-contractor. Know what you require and set clear guidelines. Go on to build a good business relationship with key sub-contractors on whom you can rely.

Equipment sourcing

Equipment sourcing is critically important, especially for the manufacturer. Buy only what you need to get started and beware the sales pitch that guarantees you “room for expansion” later. At start-up you may be tempted to purchase more sophisticated equipment than you need or can fund. When you are ordering equipment allow for delays in delivery and ensure that you schedule its installation to coincide with your production start-up. Equipment should be commissioned, serviced where appropriate and operational before you make final payment.

Raw material sourcing

The identification of, and negotiation with, suppliers is crucial to the establishment of the business. People in a start-up situation are often nervous about this step because of a lack of experience in sourcing suitable suppliers and negotiating with them. However, if you take the same planned systematic approach as you did with your opportunity and market research you will overcome this

difficulty. By reference to the Golden Pages, the many specialist directories that are available and/or by attendance at trade fairs and exhibitions, you will be able to compile a list of potential suppliers from which you can make a shortlist of those most suitable for following up. If you need to import raw material the commercial sections of the embassies can assist you in identifying potential suppliers abroad.

The next step is to attend to the administrative and legislative aspects of starting a business.

Type of Business

How To Trade ?

Sole Trader

Partnership

Limited Company

There are a number of issues with legal and administrative implications for the running of a business. These issues are important but proper planning can minimise the demands on time which they generate. A tendency to overlook or rush them in the busy start-up phase can cause problems later.

How To Trade?

Legally there are three main options when it comes to setting up in business:

Sole Trader

A sole trader is a one-man or one-woman business run by the proprietor, usually in his/her own name and with his/her own money.

Advantages

- Easy to set up; no cost.
- Subject to minimal regulations.

Disadvantages

- The owner is personally responsible for all debts of the business.
- It may have certain disadvantages for tax purposes.

Many of the country's biggest businesses started out as sole traders or partnerships but, as they expanded, formed limited companies and some went on to become public limited companies. Although subject to the minimal amount of regulation (the business is an extension of yourself) this may not always be an advantage.

Partnership

Partnership is "the relation which subsists between persons carrying on business in common with a view to profit." Successful partnerships are those where the partners complement each other in experience and temperament. There can be any number of people in a partnership and there is no restriction on the amounts of capital subscribed by each partner. It is not necessary for all partners to work full-time in the

business. Sleeping partners are those who do not take an active part in the business. Although there is no legal obligation, it is advisable to get a solicitor to draw up a Partnership Agreement which can help to avoid friction or misunderstanding between partners. In the absence of any agreement the provisions of the Partnership Act apply.

A *Partnership Agreement* should deal with such things as:

- management of the partnership;
- remuneration of partners;
- division of profits;
- termination of the agreement.

Advantages

- It is easy and cheap to start a partnership.
- There are greater resources available in terms of knowledge and experience than a sole trader will have.
- Continuity is safeguarded in the event of illness etc.
- There is limited outside regulation.

Disadvantages

- There is unlimited liability which means that the partners may be personally liable for the debts of the business.
- Partners may turn out to be incompatible.

Limited Company

The main feature which distinguishes a limited company from other forms of business is that it is regarded as a separate legal entity from the people who own and run it. It is treated as if it were a separate person. The two main types of company are:

- *the public company;*
- *the private company.*

Public companies are those whose shares can be bought and sold by the public on the Stock Exchange. Companies whose shares are not on sale to the public are called private limited companies.

Private companies may now be formed with one shareholder. This is known as a single member private limited company. Most private companies have at least two directors and a company secretary who may also be a director.

Formation of a Limited Company

If a limited company is being formed expert advice should be sought from an accountant, solicitor or firm specialising in company formation.

The cost of formation can range from about €300 for a company “off the shelf” to about €600 for a company with special conditions in the Articles and Memorandum of Association (amount will depend on the extent of special conditions).

There are certain formalities governing the formation of a company. A company must have the following.

- Memorandum of Association which sets out the type of business.
- Articles of Association which govern the internal running of the company, e.g. transfer of shares, meetings.
- Minute Book in which is recorded official company business.
- Company Seal which is stamped on official company documents.
- Certificate of Incorporation which is issued by the Registrar of Companies.

Advantages

- The owners are not personally responsible for the debts of the company except when they give personal guarantees or act fraudulently.
- It is a separate legal entity.
- There can be a tax advantage, e.g. only a limited company can qualify for the 10% manufacturing rate of tax.
- Losses can be carried forward and offset against profits in good years.
- In the eyes of outsiders a company may seem more substantial.

- Ownership is transferable.
- There can be a tax advantage, e.g. only a limited company can qualify for the 12.5% rate of Corporation Tax that helps small business.

Disadvantages

- There are more formalities and more complicated accounts than in the case of a sole trader.
- A limited company is more expensive to set up.
- It is more closely regulated by law than either a sole trader or a partnership.
- There is a requirement to file annual returns and accounts to the Registrar of Companies. The cost of complying with these regulations can be significant, particularly if filed late.

Another option for setting up a business is to form a co-operative. Information on the steps to take can be obtained from the Registry of Friendly Societies, the Co-operative Development Unit in FÁS and other organisations concerned with co-operatives - see insert Who Helps Small Business? for contact details.

“many of the country’s biggest businesses started out as sole traders or partnerships but, as they expanded, formed limited companies and some went on to become public limited companies”

Set out below the action you must take:

Operational Issues

Administration

Taxation

Employment & Labour Legislation

Keeping Financial Records

Opening A Bank Account

Insurance

Health & Safety

Administration

Registration of Business Name

If you carry on a business under a name other than your own you are obliged to register that name with the Registry of Business Names at Dublin Castle. This applies to an individual, partnership or limited company.

The appropriate registration form is available from:

*The Registry of Business Names
Lower Castle Yard
Dame Street
Dublin 2.*

Appointment of Auditors/Accountant

If you are forming a limited company, you have a statutory obligation at present to appoint auditors. However, entitlement to audit exemption in the Republic of Ireland came into effect for the first time for accounting periods commencing on/after 21 February 2000.

Newly incorporated companies may opt for exemption in the first accounting period provided they satisfy the following – a turnover threshold of €317,000, gross asset threshold of €1,905,000 and up to 50 employees.

If you intend to carry on a professional practice as an individual you are obliged to keep proper books and records. You must also submit accounts of your business to the Inspector of Taxes in support of the profit or loss shown in the return.

If you are a sole trader or in a partnership, you are not obliged to appoint auditors. However, you are strongly advised to retain the services of an accountant to advise on taxation and financial matters and prepare accounts for tax and management purposes.

Taxation

Taxation is the single biggest problem for many people running small businesses and needs to be properly

“taxation is the single biggest problem for many people running small businesses and needs to be properly managed”

managed. It is tempting at the busy, start-up stage to defer the matter of taxation to a later stage when you have more time to deal with it. This is not good practice and often leads to problems. You are strongly advised to organise your tax affairs efficiently at the outset.

Value Added Tax

Value Added Tax (VAT) is an indirect tax on consumer expenditure. It is collected by VAT registered traders on their supplies of goods and services. Each such trader in the chain of supply from manufacturer through to retailer charges the VAT on his/ her sales and is entitled to deduct from this amount VAT paid on these purchases. The effect of offsetting purchases against sales is to impose the tax at each stage of production on the added value, hence Value Added Tax. The final consumer, being unregistered for VAT, absorbs VAT as part of the purchase price.

Who must register for VAT?

You must register for VAT should your turnover in any continuous 12-month period exceed the relevant limits for the supply of goods or provision of a service. The limits are subject to change and you should contact your accountant or the Revenue Commissioners to ascertain the current limits. Failure to register does not inhibit collection of VAT from a taxable person whether the person has charged tax or not. It may result in the imposition of penalties.

VAT Rates

The standard rate of VAT at the time of writing is 21%. It is important to clarify your position on what rate applies as there is also a zero rate, a 13.5% rate and activities that are VAT exempt.

Basis for accounting for Tax
Value added tax may be accounted for on either a sales basis or a cash basis.

Sales Basis: this basis, also known as the invoice basis, is the normal manner of accounting for VAT. This means that a registered person becomes liable for VAT by reference to invoices issued and

sales made by them irrespective of whether payment has actually been received. You must account on the sales basis unless you are entitled to elect for the cash basis.

Cash Basis: in this case VAT liability is determined by cash received as opposed to sales invoiced. The obvious advantage of the cash basis is that VAT need not be paid over to the Revenue Commissioners until it has been received from the customer, thus preserving cash flow. The following businesses can elect for the cash basis:

- a) where not less than 90% of sales are to unregistered people (retailers, suppliers to schools etc);
- b) trades with a turnover of less than €635,000.

Annual Returns

Certain businesses may be authorised by the Collector General to submit an annual VAT return. To submit an annual return, the business owner must be registered for at least a year and have complied with his/her obligations regarding the submission of VAT returns during that time.

The official booklet, Guide to Value Added Tax, issued by the Revenue Commissioners, and the website www.revenue.ie, will answer most of the questions you may have about VAT issues that could affect your business.

Tax Revenue Forms/VAT Forms

Form-filling is tedious and time consuming but it is a necessary part of all tax regimes. The following are the relevant forms in respect of VAT.*

* relevant at time of writing

“self-assessment places the onus on the taxpayer to meet his or her obligations correctly and on time without any prompting from the Revenue Commissioners”

Registration form: the form to be completed is VAT 1. There are two different application forms, one for companies and the other for all other traders, partnerships etc.

VAT registration for companies will not be processed until the company has been issued with a number by the Companies Registration Office.

Form VAT 3: this is the return form on which you declare your VAT liability. It is normally completed every two months in January, March, May, July, September and November. VAT becomes payable on the 19th day of the month following the end of the previous two-month taxable period.

For example VAT for January and February is payable on or before 19 March and must be submitted accordingly along with VAT 3 form. If the tax is not paid by the due date, interest may be charged at the rate of 1.25% for each month. In addition, severe penalties may apply. The current form only requires the assessments for total VAT on supplies and total VAT on purchases, thereby arriving at net VAT payable or repayable.

Self-Assessment

The system of self-assessment places the onus on the taxpayer to meet his or her obligations correctly and on time without any prompting from the Revenue Commissioners. A person is required:

- a) to pay the preliminary tax and any balance of the final income tax liability on or before the due dates;
- and*
- b) to lodge a full and true tax return on or before the return filing date.

Self-assessment now applies also to Corporation Tax and Capital Gains Tax.

PAYE

The Pay As You Earn (PAYE) system was introduced in 1960 as a means of collecting income tax under Schedule E. It applies to the majority of income types under this schedule including salaries, wages, pensions and bonuses. The PAYE year corresponds directly with the income tax year, i.e. it runs from 6 April to the following 5 April.

Registration

Every employer paying remuneration over and above a certain limit is obliged to register with the Revenue Commissioners for PAYE purposes. The limits are so low that it could be stated that every employer must register for PAYE purposes.

Once the employer has been registered, he or she is obliged to carry out the following procedures.

- a) Keep PAYE/PRSI records on either the official Revenue forms or on alternative approved systems.
- b) Deduct tax and PRSI where applicable and record each amount.
- c) Advise the Revenue Commissioners on part 1 of form P45 when an employee ceases employment and at the same time give parts 2, 3 and 4 of the P45 to the employee.
- d) Advise the Revenue Commissioners when an employee commences or recommences employment (form P46).
- e) Pay over the tax and both the employee's and employer's share of PRSI (where applicable) either monthly (P30) or annually to the Collector General.
- f) Submit end of year returns (P35, P35L) to the Collector General within the specified time limit.
- g) Give to each employee who was in employment at 5 April a completed form P60.

It can be seen that the administrative costs are borne by the employer and not the Revenue under the PAYE system.

Corporation Tax

With effect from 1 January 2003 there are currently 4 rates of Corporation Tax on company profits:

10% - payable on manufacturing companies, IFSC operations and Shannon Airport Zone companies.

12.5% - standard rate, Schedule D, Bases I and II.

20% - Profits arising from certain residential land profits.

25% - passive, non-trading income, applicable to Schedule D, Bases III, IV and V.

Conditions of Employment and Labour Legislation

A substantial amount of legislation has been enacted in recent years regarding terms of employment and both employers' and employees' rights. If you are employing people it is important that you acquaint yourself with the legislation. The Department of Enterprise and Employment has produced two excellent information booklets which will be of benefit to you. These are:

1. Guide to Labour Law; Department of Enterprise & Employment 1995

The publication covers the following:

- contract of employment;
- terms of employment - wages, hours of work, holidays, minimum notice etc;
- safety, health and welfare at work;
- dismissal.

2. Terms of Employment (Information) Act 1994.

The Act which came into law in 1994 requires you, as an employer, to provide an employee with a written statement of the terms of employment. The Department will enclose sample forms that can be used by you in preparing the statement.

Since people are the life blood of your business, a good working relationship with your employees is vital. Satisfactory working

conditions, a fair wage and respect for the employee's legal and trade union rights will ensure that you get off on the right footing.

Keeping Financial Records

The type of business in which you are involved will determine the form of records suitable for you.

Why keep Records?

Accurate and efficient record-keeping is an essential key control in a business. The information provided by the system enables you to see if your business is profitable. It also facilitates decision making and the production of financial information necessary to back up any loan/grant applications you may wish to make. Keeping records will help you to:

- monitor performance;
- have up-to-date information highlighting problem areas as they occur;
- structure bank borrowings correctly;
- minimise bad debts;
- identify sales levels;
- produce VAT returns as required.

Records are the basic evidence of business transactions. These records include copies of sales invoices, supplier invoices, bank statements, cheque stubs and counterfoils of lodgements. In order to keep track of your records make sure to establish a good filing system. Decide on the type that best suits your needs and keep it as simple and straightforward as possible.

In any business there are purchases and sales of goods or services for cash or credit. Usually these types of transactions will be accompanied by invoices or statements of account. Payment will be made by cash or by cheque. Every business needs to be able to tell:

- a) how much is owed to the business. This

information gives you the total amount of debtors;

and

- b) how much the business owes and when you have to make payments in respect of purchases made. This information gives you the total amount of creditors.

The Minimum Requirements

In addition to record keeping, a bank current account should be opened which will be used solely for transactions connected with the business. The bank account is documented by the following means:

Lodgement book

Retain lodgement counterfoils duly branded by the bank branch. All incoming cash and cheques relating to the company should be lodged in the bank account.

Cheque stubs

Detail the date, purpose of payment, amount of the cheque and to whom payment is being made on the cheque stub before writing a cheque.

Bank statements

File as they are received in date/number order.

Record books

In addition to the above, keeping the following books will enable your accountant to prepare financial and profitability statements more easily.

Cash book: used to record receipts and payments to the business.

Sales book: used to record the sales of the business on both a cash and credit basis. *Purchases book*: used to record purchases made by

the business on a cash or credit basis.

Wages/salaries book: used to record payments of wages and salaries to employees.

Petty cash book: used to record cash

“you are legally obliged to produce a health and safety statement concerning the workplace in which you operate”

purchases of small, sundry items for the business.

Opening a Bank Account

Sometimes people overlook the relatively simple task of opening a bank account and draw cheques for the business from their personal account. This should be avoided as it can lead to a great deal of confusion and unnecessary work at a later stage.

The following is the procedure for opening a bank current account.

Bank account for a corporate body

- Complete the resolution on the standard form supplied by the bank.
- All those entitled to sign cheques individually or jointly must sign their names on the specimen signature card provided by the bank.
- The bank will also require:
 - original Certificate of Incorporation/ Certificate of Change of Name;
 - mandate to open and operate corporate accounts signed by a director of the company;
 - certified list of directors and secretary and the address of the registered office;
 - Memorandum and Articles of Association;
 - copy of application for business name (if applicable);
 - original Certificate of Registration of Business Name (if applicable).
 - Proof of identity of the Company Directors, all those signing on the account and ultimate beneficial owners of the company with more than 25% of the issued share capital.

Bank account for sole trader or partnership

- Complete the joint account or sole trader application form supplied by the bank.
- All those entitled to sign cheques must complete the specimen signature card which the bank provides.
- The bank will require a copy of the Certificate of Registration if a name other than the name/s of the promoter/s is being used.

- Proof of identity of all account holders and those signing on the account.

Insurance

It is absolutely vital to provide for adequate insurance cover at start-up to avoid the possibility of financial exposure to accidents, fire or burglary. Obtain several quotations as there can be substantial cost variations.

Insurance cover is required in the following areas:

Employer's Liability Insurance: covers the employer against liability to an employee who is injured while in the company's employment;

Public Liability Insurance: covers a company against a claim by a member of the public;

Motor Insurance: relates to insurance which is required for motor cars and other 34 vehicles which are required to be registered under the Road Traffic Act;

Fire Insurance: covers against losses to property, stock etc. caused by fire;

Product liability: covers against claims for damage caused by your goods or services;

Key person insurance: policy taken out by a company to insure the life of specific employees. A self-employed person can take out a protection plan which is similar in its benefits to key person insurance.

Health and Safety

Whether you are a sole trader or form a company or partnership you are legally obliged to produce a health and safety statement concerning the workplace in which you operate. Owner managers of businesses with a fairly simple operational environment can usually write this statement themselves. However, in a company where machinery or chemicals for instance are involved in the production process, the statement should be prepared by an individual who has detailed knowledge of the components and the processes concerned and who is also acquainted with health and safety procedures.

The Safety, Health and Welfare at Work Act 1989 (Act 7 1989) and the Safety, Health and Welfare at Work (General Application) Regulations 1993 (SI 44 1993) contain the legislation and can be obtained from:

Government Publications Sales Office,
Sun Alliance House,
Molesworth Street,
Dublin 2;
tel: 01 679 3515.

The Health and Safety Authority, which enforces the legislation, has produced a guide to the acts which is available at a small cost from:

Health and Safety Authority,
10 Hogan Place,
Dublin 2;
tel: 01 662 0400.

Apart from its Dublin headquarters the Authority has seven regional offices whose inspectors can be contacted for advice on the issue of health and safety.

The Health and Safety Authority website is www.hsa.ie.

Finance and Accounting

Balance Sheet

Profit & Loss Account

Cash Flow Forecast

Break-Even Analysis

A financial plan will assist you to convert your creative ideas about the business into money. As a business person you will have to constantly think money and place an emphasis on looking at the business in money terms.

“as a business person you will have to constantly think money and place an emphasis on looking at the business in money terms”

invested in furniture or the car. The balance sheet is a picture at a point in time. John’s position could improve or disimprove one month later. When you start a

business you should look at your own balance sheet. From your own personal example you can begin to build a balance sheet for the business using the terms with which you will have become familiar. Further such terms are as follows.

At business start-up there are three basic statements you must understand in order to measure your financial position. In addition, it is vital to understand the concept of breakeven. The three statements are:

1. Balance Sheet

The balance sheet is a picture of the business at a point in time. It tells you where the money came from (share capital, loans or profit retained in the business) and where it went to (including fixed assets, stocks, debtors and cash). Formulating a personal balance sheet will help you to understand how a balance sheet works in

House	€100,000
Mortgage	€65,000
Overdraft	€600
Car	€4,000
Credit cards	€800
Furniture	€10,000
Money owed to John	€1,000

Fixed assets

These are the valuable resources owned by the business such as machinery, buildings, vans, trucks or desks.

Current assets

These are resources that have a short life and will be converted to cash within one year such as stock in a retail shop or debtors.

In John’s personal example, his house is a fixed asset but the €1,000 owed to John is a current asset. Now prepare a simple opening balance sheet for your business using the following format:

Liabilities	€	Assets	€
Own Funds		Fixed Assets	
Borrowed		Working Capital	
	_____		_____
	_____		_____

business. Let us look, for example, at the financial position of John Brown on 10 May 2003:

As shown above, it is difficult to get a clear picture of John’s assets or liabilities. A simple balance sheet (right) will assist us to present the position in a manner which is more meaningful.

Where did the €48,600 come from? When we set out John’s assets and liabilities it was clear that he had an excess of assets over liabilities. This is John’s capital, made up of past savings in the form of a deposit for the house, a surplus on a day to day basis re-

Liabilities	€	Assets	€
Mortgage	65,000	House	100,000
Overdraft	600	Car	4,000
Credit Cards	800	Furniture	10,000
	_____	Money owed to John	1,000
Total Liabilities	66,400		_____
John’s Capital	48,600		115,000
	_____		_____
Total Capital	115,000		115,000

2. Profit and Loss Account

The second financial statement to be included in your business plan is the profit and loss account. This statement assists in monitoring the day to day performance of the business and gives you the information needed to identify areas where corrective action should be taken.

Preparing your Profit and Loss Account

The following pointers will assist you to prepare a profit and loss account.

Income

The sales income is based on the sales made and invoiced within a given period. Although some of these sales may not be paid for three months, they must be accounted for.

Accruals

Income and expenditure must be matched to appropriate time periods. If, for example, you want to calculate profits on a monthly basis but electricity bills are received bi-monthly it is not correct to charge the two months' electricity against the (one) month when it is due. Equally bills for such items as insurance and audit will arrive once a year but you must put in a provision for them each month so that you can meet the liabilities when they become due.

Gross Profit

Gross profit is the difference between the sales income and the cost of goods sold. The gross profit is the measure of efficiency of the 'production' side of the business. The amount is what is left to cover all overheads such as rent, rates, depreciation etc.

Overheads

This is the general term given to all the operating expenses incurred in the running of the business. Overheads include administration, rent, rates, advertising, professional fees and depreciation.

Net Profit

Net profit is the amount remaining after you have deducted the overheads from gross

profit. This is the figure which will be subject to tax but available for re-investment as retained earnings or paid to shareholders as dividends.

A profit and loss account is formulated as follows:

The reader of your business plan will look carefully at the projected profit and loss

	Budget €	Actual €
A. Sales		
Direct Costs		
Materials purchased		
Direct labour costs		
Stock charge (opening-closing stock)		
B. Cost of Goods Sold		
C. Gross Profit (A - B = C)		
D. Gross Profit as % of Sales (C divided by A x 100 = D)		
Overheads		
Salaries & administration		
Sales & distribution		
Professional services		
Rent & rates		
Insurance		
Financial charges		
Depreciation		
E. Total Overheads		
F. Net Profit before Tax (C - E = F)		

account. It is also a critical tool to enable you monitor how you are doing on a regular basis. By preparing a profit and loss account every month and monitoring actual figures against those projected you will be in a position to take corrective action quickly if necessary.

3. Cash Flow Forecast

A cash flow forecast is a best estimate of your expected receipts and payments throughout the period in question. The cash flow will assist you to set out what you can achieve within a given timeframe. Sometimes you may wish to grow your business faster but cash is necessary to enable you to trade at all. If cash planning is a weakness in your personal life take extra care in your business to avoid difficulty with what will probably be large amounts of money.

Overtrading

Cash planning is very important to ensure that you do not overtrade, particularly

at the early stage. If you want to take on extra business, you must fund stock, debtors and other items at roughly the rate at which the business is growing. *For instance, if, instead of the €50,000 sales forecast in your business plan, your sales reach €150,000, there will be considerable additional stock and debtors to fund as well as higher overheads to pay. However, if you agreed a €5,000 overdraft with your bank but now find that, due to serious overtrading, you cannot pay the bills this is a threat to your business. Your only option is to work your way out of this difficulty through a return to cash planning.* It may be clear from your forecast that you are trying to grow too fast without adequate funding. Cash planning will help you to avoid overtrading and associated problems.

Difference between cash and profit

One business person put it thus: "Profit is an accounting concept but cash is reality." People who run successful companies place a great emphasis on cash flow. It is true that you can survive a month of losses but could you survive a month in business without cash? If you offer credit to your customers the real difference between profit and cash will become very clear. You may have made a healthy profit during the month on your

"if cash planning is a weakness in your personal life take extra care in your business"

invoiced sales but, although there are a number of cheques "in the post," you are under severe pressure because you are unable to pay the wages. Equally, if you are in a retail environment the value of your stock may reflect well in your balance sheet but if you cannot convert this stock into cash you could go out of business.

Preparing your cash flow

"I did one of those one time but it never worked out." This was a comment made by

one businessperson disillusioned with the whole cash planning process. In your first year of business cash planning will be difficult because

you do not have solid figures from previous years to work from. Your bank manager will not expect you to predict your exact position three years ahead in your first year of operation. However, he or she would like to think you took the time to make a best estimate of your cash requirement for the first 12 months; that you have given some thought to the "what if" possibilities that could arise such as: "what if we only do half this level of turnover?" or: "what if the customers are slow to accept the product?" or indeed: "if the product or service takes off what are the parameters within which we can operate?" The quality of the cash flow will be determined by the time and effort that go into its assumptions.

There are four stages in the preparation of a cash flow, as follows.

1. Estimate the amount and timing of expected receipts.
2. Estimate the amount and timing of anticipated payments.
3. Compare each month's total receipts
4. Include the opening balance for each period with net cash inflow/outflow for that period to arrive at the projected closing balance. The closing balance in period one will be the opening balance in period two etc.

If you have never prepared a cashflow or are unsure about how to do so, work through the case study on page 50 and then use the blank sheets provided to prepare your own.

In summary, your business plan must provide a detailed picture of the financial position of the business. It is only possible here to give you a very simple introduction to assist you and get you started.

4. Break-Even Analysis

The break-even level of sales is the level of sales required to generate sufficient gross profit to cover the overheads of the business and thereby break even. A common mistake made by small businesses is to use up too much start-up capital on **fixed costs** (costs that remain fixed irrespective of changes in turnover e.g. rent, rates or leasing payments, etc). There is a tendency to buy or lease more equipment than is necessary at that point. It should not be a question of what is desirable but of what is absolutely essential. The higher the fixed costs' plateau the longer it takes to reach break-even and hence profitability. Many small companies with excellent production output run out of money just before they reach the break-even level and the accumulated losses of the early months put them out of business. Break-even analysis is an important tool for use in preparing a business plan and in the day to day running of the business. The formula for break-even is as follows:

<u>Total Fixed Costs</u>	
Unit selling price - unit variable cost	
For example:	
Fixed costs are	€30,000
Unit selling price	€8
Unit variable costs are	€3
$\frac{€30,000}{€8 - €3} = 6,000 \text{ units}$	

This business must produce and sell 6000 units, otherwise it will be making a loss.

If the variable cost per unit was increased to €4 then the break-even point would become:

$\frac{€30,000}{€8 - €4} = 7,500 \text{ units}$

However, few businesses sell only one product so a more general equation may be more useful if your business sells hundreds of products, for example if you own a retail outlet.

To calculate your break-even point in such a business you must first establish your gross profit (refer to the profit and loss account). If you are not yet trading research on your competitors will give you some indication of the sort of margins you should aim for.

Assuming the gross profit can be reached and that the overheads do not change the break-even, turnover is:

Overheads	€15,000
Gross Profit Margin	20%
B/E is: $\frac{€15,000 \times 100}{20} = €75,000$	

Therefore a turnover of €75,000 is needed to cover all overheads provided the margin is maintained.

Contact a qualified accountant if you require assistance to transfer the facts and figures of your business to a break-even formula or chart.

Set out below the action you must take:

The Business Plan

Why Prepare A Business Plan ?

Useful Tips

Structure Of The Plan

Checklist

Why prepare a business plan?

Business planning is fundamental to success in business. It is the key to getting things done and making things happen. *Putting it down on paper* is a first step to translating the ideas in your mind into concrete realities. The finished business plan becomes an operating tool that will help you to manage your business and work towards its success. A good, well organised business plan will tell you if your idea makes sense.

It is also the first marketing aid that you will use to persuade interested third parties such as investors, banks and the State agencies of the potential viability of the business.

“putting it down on paper is a first step to translating the ideas in your mind into concrete realities”

What will the plan do for you?

1. It will act as a map for the business.
2. It will assist you with management control.
3. It will help you brief key employees.
4. It will help you secure financing.

Useful Tips

Things to bear in mind when writing the plan are as follows.

Own the content

By preparing the plan yourself you will “own the content” and identify problems that are likely to arise. This will allow consideration of how you will solve them. If you have a partner in the business it is a good idea for you to work through the plan together. This will give you an insight into how you will work together in the business.

Ensure the plan fits you

If the small business is an extension of the owner manager then the plan must capture your personal motivation and direction. There is no use preparing a plan that is in direct conflict with what you really want from business or life over the coming years. Not everything has to be committed to paper. It is

more important that you have thought the issues through and that you and your family are comfortable with the direction, structure and pace of growth planned for the business.

Be realistic - err on the side of caution

Be careful about producing figures or projections that are clearly at odds with the experience of others in the same business. If you present a case which shows a net profit of 10% of sales when the average in the industry is 4%-6% you will have to be able to show how you are going to achieve the difference. Remember the importance of realism. Over optimistic forecasts will put your investment at risk.

Be clear in your objectives

If the plan is to provide you with a direction then your objectives and goals should be clearly stated, realistic and attainable. The objectives as set out in the plan must be clear to the reader. They are in effect a measure of your ability to deliver as a manager.

Nothing will go exactly as planned

During the process of starting up and operating your business you will encounter various problems which cannot be foreseen. If you have a documented plan with identifiable goals, you will be able to see clearly the difference between what is actually happening against what you had planned would happen. This gives you control over the situation and enables you to decide more clearly the corrective action needed to put yourself back on course.

Avoid padding

Keep the document brief and to the point. If it is a simple business the plan should reflect this. If it is a complex business you may need to prepare a more elaborate, but equally realistic document.

Presentation

The plan should be typed and bound with a table of contents. It should be written to communicate rather than to impress, easy and simple to follow, with accurate text and figures.

The Structure of the Business Plan

A good business plan will contain the following sections.

Executive Summary

The executive summary is an overall view of your business and its potential. It is a very important part of the plan. Many readers of business plans tend to skim through sections which are not of particular interest to them and focus only on the areas in which they have specialist knowledge. They will, however, always read the executive summary. It is essential, therefore, that you present the essence of your plan in a few short paragraphs at the start so that, even if much of it goes unread, the thrust of what you intend to do, your objectives and the way you are going to achieve them will be clear to the reader. It is important to highlight the ways in which the plan meets the assessment criteria of the reader.

Background and Description of the Business

In this section you should set out the rationale behind the business. If the plan is for an existing business this section will provide a brief synopsis of the business history to date. It is important to present the reader with a clear, unambiguous statement of what you propose to make or sell and why you perceive this product or service to be appropriate at this time.

Management and Organisational Structure

In this section you should detail how your company will be organised and managed.

Clearly link the people in the business to the objectives set out in the plan. If the business is

going to be initially organised and run by you as a sole trader, state this and provide a brief résumé which summarises your relevant experience and establishes your suitability for the business. If you are planning to set up a larger company with a management team you must provide much greater detail of the organisational structure of the company. This should include information about professional advisers and/or technical experts you have retained to help you overcome particular weaknesses and provide you with on-going advice and assistance as you develop the business.

Market Research and the Marketing Plan - is there a market for the product or service?

You may have collected your information for this section in a variety of ways. It is possible that you have obtained advance purchase commitments from buyers. You could be a retailer who has based your market research on a study of traffic and pedestrian flows, activity patterns and competition. If you are a painter decorator you might have piloted the service for a number of months and now have a good basis for setting a realistic sales target. Whatever your business or method of researching it, you should now be in a position to answer the following questions.

- *Demand* - this includes both the need for your product or service and the extent of this need. Evidence of the need must be clearly shown. You should also indicate whether your product or service is a repeat item which will be purchased again and again by your customers or whether sales will be once-off. Say too if the product or service is likely to be in demand over a long period of time or if it is a short lived fad.
- *Target market* - this is the market you intend to seek for your product or service. The larger your potential market the better but, more importantly, you need to know if it is growing, levelling out or declining.

- *Competition* - Regardless of the product or service that you offer you will always have competition. Reaction by your competitors may alter some of the assumptions you have made in relation to price, service, promotion or advertising.

Product Range

Detail the product range that will be introduced. It is important to highlight the **Unique Selling Points** of your product or service. It may be a totally unique product for instance; it could be a service which includes specialised knowledge; it could be very keen pricing.

Pricing Strategy

Pricing has to be carefully considered because the price you select has an important effect on the image of the product or service you are offering. If you choose one price it positions your product for one market. At a lower price or a higher price the same product would be perceived entirely differently.

Channels of Distribution

You must decide the geographic area in which you will market your product or service and whether it is better to sell directly yourself, go to retail outlets or use wholesalers. You can sometimes beat the competition or generate much more profit by using a unique distribution system.

How will the Product or Service be promoted? The promotion of your business is divided between advertising, personal selling and sales promotion.

- **Advertising:** Specify in the plan the papers, magazines, directories such as Golden Pages, radio or TV that you have identified as most appropriate for targeting your customers. The advertising message should be planned carefully and repeated consistently for optimum impact.
- **Personal Selling:** A personal selling strategy is particularly effective and

necessary when a product must be explained in order that it is fully understood by the potential customer.

- **Sales Promotion:** Sales promotion includes such schemes as free samples, contests and introductory offers. It is very important to link promotion to your cash flow.

Sales Management

- Who will conduct the selling for your business and have they been professionally trained to sell?
- What selling methods will you employ, for example telephone selling, cold calling, following up leads from mailshots, advertising etc?
- What sales volume and activity targets, such as calls per day etc, have you set for each salesperson or selling method?
- How long is the sales process - from the customer becoming aware of your product or service to making the buying decision, receiving the product or service and finally paying for it?
- What procedures do you have for handling customer complaints?
- Will you make the product yourself or buy in either ready to sell or as components for assembly?

Sales Forecasts

You will need to prepare a sales forecast on which you can base monthly cash flows and budgets. While it is not always easy for a start-up company to accurately project sales you should use your market research to give as clear a picture as possible. The realism of the assumptions behind your sales forecasts is one of the most critical factors in the success or failure of the venture. Make sure you give sufficient time to this.

The Operations' Plan - how will you guarantee product/service quality?

"Operations" is the general name given to all the activities required to implement strategy. Once you have decided what to sell, to whom

and at what price you may still need to find someone to make your product, sell it and deliver it.

Do not confine this section of your plan to a list of the equipment you are proposing to purchase. Describe instead the type and function of the equipment you are buying so that the reader will have a clear image of your operational environment.

Describe the manufacturing process to be used and, if appropriate, explain how your principal competitors go about their manufacturing. Include the following information.

- A description of the equipment that will be required and its capabilities.
- A drawing of the layout of your production unit showing the path of materials and finished goods.
- Procedures for monitoring and controlling quality.
- Raw material sourcing - list your principal suppliers, the terms of trade and any possible vulnerability in this area.
- Employment - the proposed number of employees if any and the initial training to be provided.

The Financial Plan - is this business viable?

This section of the business plan will provide the reader with the following information:

- the total funding required to start the business and the source/s of the funding;
- a detailed set of cash flow forecasts for the business (see case study - page 50);
- a projected profit and loss account for the business;
- details on the costing and pricing of your product or service.

The following checklist will assist you to ensure that you have completed your plan:

CHECKLIST	Yes	No
1. Management - have you clearly set out how your business will be managed?	<input type="checkbox"/>	<input type="checkbox"/>
2. Market - have you clearly demonstrated that there is a market for your product or service?	<input type="checkbox"/>	<input type="checkbox"/>
3. Operations - have you thought through the day to day operational issues necessary to make your business a success?	<input type="checkbox"/>	<input type="checkbox"/>
4. Finance - have you clearly demonstrated the financial viability of the business?	<input type="checkbox"/>	<input type="checkbox"/>

If you have incorporated the above, you have the basis of a good, workable plan which can be reviewed and modified as your business progresses. You also have an excellent basis on which to proceed and present your plan to the relevant government agencies and funding organisations.

Starting out on your own will be one of the most challenging endeavours of your life. At times you will find it frustrating, lonely and stressful. However, it is never boring. Running your own business offers a varied and diversified career opportunity. Companies are not started by supermen or superwomen. They are developed by ordinary people with a vision for the future. If you have such a vision and want to take more control of your career call into your local branch of Bank of Ireland.

Cash Flow Forecast

Receipts

Payments

Sample Forecasts

3. Grants

Any grants received from government agencies are a receipt in a cash flow. However, many companies are too optimistic about receipts of grants. Allow sufficient time for the grants to be processed, as long delays are not uncommon. Carefully examine your letter of offer and ensure all conditions are met. In this case grants to be received are as follows:

Type	Amount	Received
Research & Development	€2,000	January
Capital Expenditure/Employment	€30,000	August
Training	€10,000	October
Capital Expenditure/Employment	€10,500	December

4. Share Capital

- €30,000 paid up in January.

Any equity contributed by you or other people is a receipt in the cash flow. In a cash flow, it must be in cash. You may be contributing machinery etc. However, this will not be included here.

5. Bridging Loans

- €30,000 drawn down in May.
- €10,500 drawn down in September.

This company availed of bridging loans to fund the delay in grant payments in relation to machinery purchased.

6. VAT Refund

- A net refund of €6,000 is due in November.

If you are in receipt of VAT refunds, these should also be treated as receipts.

Payments

1. Cash Purchases

- January €6,000
- February €4,000

You may have to pay cash immediately for many of your purchases. Hence, in January and February this person has to pay in cash for some purchases.

2. Credit Purchases

Month	30 Days	60 Days	Total
January	12,000	3,000	15,000
February	1,000	5,000	6,000
March	5,000	5,000	10,000
April	4,000	8,000	12,000
May	6,000	6,000	12,000
June	9,000	8,000	17,000
July	11,000	9,000	20,000
August	6,000	6,000	12,000
September	9,000	6,000	15,000
October	7,000	8,000	15,000
November	8,000	11,000	19,000
December	9,000	14,000	23,000
Total	87,000	89,000	176,000

Using Schedule B (page 55) in a manner similar to Schedule A, the total payments due in each month on the basis of different credit terms secured can be calculated. The purchases for €12,000 made in January with 30 days credit will be paid for in February. In March the purchases for €30,000 made in January with 60 days credit will be paid for along with the purchases for €1,000 made in February with 30 days credit. The total payment in March, therefore, will be €4,000.

Small Firm Ltd will commence operations in January 20XX. The following are the expected receipts and payments for the 12 months to December 20XX.

Prepare a cash flow forecast from the information supplied.

Receipts

1. Sales

Month	Cash Sales	Credit Sales		Total
		30 Days	60 Days	
January	-	7,000	3,000	10,000
February	500	10,000	2,000	12,500
March	500	18,000	-	18,500
April	1,000	15,000	5,000	21,000
May	1,000	10,000	10,000	21,000
June	1,000	12,000	18,000	31,000
July	2,000	11,000	19,000	32,000
August	2,000	13,000	15,000	30,000
September	2,000	12,000	20,000	34,000
October	3,000	10,000	15,000	28,000
November	3,000	20,000	10,000	33,000
December	3,000	15,000	20,000	38,000
Total	19,000	153,000	137,000	309,000

A. Cash Sales

In the case study, there are both cash sales and credit sales. If you are in the pub business, the chances are it will be on a cash basis. However, a number of retailers in rural areas operate on the basis of cash and credit. Look at how you are going to operate. In the example, you start with €500 in February. If yours is a cash only business, your sales and receipts will be the same for each month.

B. Credit Sales

By looking at schedule A 'Receipts from Debtors' (page 54), you will see how to complete the credit sales. Of the total €10,000 sold in January, €7,000 will come in in cash in February. As this is a new start-up with no sales in the previous year, the only receipts are €7,000. In March, as you can see, €3,000 is received from the customers who took 60 days but €10,000 is also received from the customers who paid 30 days after the sale in February. This produces a total receipt of €13,000 in March. Now using this method, work your way along schedule A, arriving at the total receipts in each month. Having completed the totals, now insert them in the receipts in the cashflow.

2. Term Loan

- €40,000 to finance purchase of fixed assets, drawn down in full in May.

Case Study

In preparing your own cash flow, pay particular attention to the relationship between your debtor and creditor days. If you are waiting 60 days for debtors to pay while your creditors require payment in 30 days, you need more working capital to fund the business than a person will need where it is the reverse.

3. Wages/Salaries

(Figures are net of all deductions)

- Director/Owner: €700 per month

Month	Manufacturing	Administration	Sales	Total
January	1,500	400	500	2,400
February	1,500	400	500	2,400
March	1,500	400	500	2,400
April	2,000	400	1,000	3,400
May	2,500	400	1,000	3,900
June	2,500	400	1,000	3,900
July	2,000	400	1,000	3,400
August	2,000	400	1,000	3,400
September	2,000	400	1,000	3,400
October	2,500	400	1,000	3,900
November	2,500	400	1,000	3,900
December	3,000	400	1,000	4,400
Total	25,500	4,800	10,500	40,800

Simply add the €700 per month director's/owner's salary to the total column to get the total wages and salaries each month. The figures are net of deductions. The tax is accounted for in row 12.

4. Rent/Rates/Insurance

- February: €2,000
- March: €400
- September: €600

5. Light/Heat/Power

- Payable every second month

February	April	June	August	October	December
2,000	1,000	1,000	1,000	1,500	2,000

6. Telephone/Postage/Stationery

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
300	450	150	450	150	450	125	500	125	600	300	900

7. Commissions

- 1% of all sales payable one month in arrears.

8. Motor/Travel

- January - March: €500 per month
- April - December: €1,000 per month

9. Advertising

- January - March: €400 per month
- April - September: €200 per month
- October - November: €400 per month
- December: €500

If you want to advertise, set out a budget in advance rather than reacting to people who phone you. Once-off advertisements do not yield the desired results.

10. Loan Repayments

- Term loan €1,500 per month commencing in June
- Bridging loans repaid on receipt of grant as follows:
 - August: €30,000
 - December: €10,500

11. Financial Charges

- Leasing €1,500 per quarter in advance commencing in January.
- Bank interest:
 - August €900
 - September €500
 - December €400

12. PAYE/PRSI/NIC/VAT

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1,000	2,000	1,100	2,500	1,000	3,000	1,300	3,000	1,300	1,300	1,500	3,500

Keeping your tax affairs in order is one of the most important disciplines in business. If you allow arrears to build up, you may find it impossible to work your way out of them.

13. Capital Expenditure

- Land & Buildings: €67,000 payable in May
- Plant & Equipment: €31,000 payable in September

14. Other Payments

- January: Company Formation Costs €500
- May: Legal Costs €2,000
- December: Audit Fees €1,500

Name of Company:

Small Firm Ltd

SCHEDULE A

Period From:

Jan 20XX

Period To:

Dec 20XX

RECEIPTS FROM DEBTORS

PERIOD ENDING	PROJECTED CREDIT SALES (Total= €290,000)	FUNDS TO BE RECEIVED IN PERIODS											
		1	2	3	4	5	6	7	8	9	10	11	12
Outstanding from previous year		JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1	10,000	€	7,000	3,000	€	€	€	€	€	€	€	€	€
2	12,000			10,000	2,000								
3	18,000				18,000								
4	20,000					15,000	5,000						
5	20,000						10,000	10,000					
6	30,000							12,000	18,000				
7	30,000								11,000	19,000			
8	28,000									13,000	15,000		
9	32,000										12,000	20,000	
10	25,000											10,000	15,000
11	30,000												20,000
12	35,000												
RECEIPTS FROM DEBTORS (TO CASH FLOW FORECAST)	0	7,000	13,000	20,000	15,000	15,000	22,000	29,000	32,000	27,000	30,000	35,000	

Name of Company:

Small Firm Ltd

SCHEDULE B

Period From:

Jan 20XX

PAYMENTS TO CREDITORS

Period To:

Dec 20XX

PERIOD ENDING	PROJECTED CREDIT PURCHASES (Total=€176,000)	FUNDS TO BE PAID IN PERIODS											
		1	2	3	4	5	6	7	8	9	10	11	12
Outstanding from previous year	€	€	€	€	€	€	€	€	€	€	€	€	€
1 JAN	15,000	12,000	3,000										
2 FEB	6,000		1,000	5,000									
3 MAR	10,000			5,000	5,000								
4 APR	12,000				4,000	8,000							
5 MAY	12,000					6,000	6,000						
6 JUNE	17,000					9,000	8,000	8,000					
7 JULY	20,000						11,000	9,000	9,000				
8 AUG	12,000							6,000	6,000	6,000			
9 SEPT	15,000									9,000	6,000		
10 OCT	15,000											7,000	8,000
11 NOV	19,000												8,000
12 DEC	23,000												
PAYMENTS TO CREDITORS (TO CASH FLOW FORECAST)	0	12,000	4,000	10,000	9,000	14,000	15,000	19,000	15,000	15,000	15,000	13,000	16,000

Bank of Ireland

www.bankofireland.ie/business



Bank of Ireland has a full range of services for Business Customers.

These include:

- A special fees package for start-up businesses
- A comprehensive range of products (Lending, Deposit, International Payments, Invoice Discounting, Electronic Banking etc.) providing solutions to all your banking needs
- Specialist Franchise and Enterprise Support Units
- A range of information guides and brochures covering business issues

So, if you have a new business idea you would like to discuss, just contact your local Bank of Ireland Branch

Name of Company:

Period From:

CASH FLOW FORECAST (Sample)

Period To:

Month Ending:		1	2	3	4	5	6	7	8	9	10	11	12	Total
Receipts	Schedule	€	€	€	€	€	€	€	€	€	€	€	€	€
Cash Sales		Sales for which payment is received immediately												
From Debtors	A	Receipts in respect of credit sales												
Term Loans														
Grants		Central, local and government agencies												
Share Capital		Owner's investment in business												
Other Sources:		Sales of assets, director's loans, VAT refunds etc.												
A. Total Receipts														
Payments		€	€	€	€	€	€	€	€	€	€	€	€	€
Cash Purchases		Purchase of supplies for which payment is made immediately												
To Creditors	B	Payment for goods bought on credit												
Wages and Salaries (net)		Enter payment net of all deductions												
Rent, rates and insurance														
Light, heat and power														
Telephone, post and stationery														
Selling & distribution expenses		Commissions, entertainment expenses etc.												
Motor Travel														
Advertising														
Loan Repayments		Check loan conditions for repayment schedules												
Financial charges/interest		Bank interest, leasing/hire purchase charges etc.												
PAYE, PRSI, NIC, VAT														
Capital Expenditure		Payments for fixed assets - premises, plant & equipment, motor vehicles etc.												
Other Payments		Audit, legal fees, private health and pension systems												
B. Total Payments														
C. Net Cash (A - B)														
D. Opening Balance														
Closing Balance (C + D)		Closing balance in period 1 is opening balance in period 2 etc.												

Who Helps Small Business?

KEY AGENCIES YOU SHOULD TALK TO

These organisations can assist by providing a comprehensive range of supports for a person starting or growing their business. Support can take the form of information, access to mentors, feasibility studies, employment or capital grants, repayable preference shares or, in some instances, direct equity investment. Talk to one or more of the organisations. They will help point you in the right direction.

County Enterprise Boards

35 nationally

To obtain address of your CEB, contact:

Dept. of Enterprise, Trade & Employment
Davitt House
65a Adelaide Road
Dublin 2
Tel: (01) 631 2121 Fax: (01) 631 2827
www.entemp.ie

Shannon Development

Shannon Town Centre
Co. Clare
Tel: (01) 061 361555 Fax: (061) 361903
Five regional offices
Covers Clare, Limerick, North Tipperary, South Offaly and North Kerry
www.shannon-dev.ie

Udarás na Gaeltachta

Na Forbacha
Gaillimh
Tel: (091) 503100 Fax: (091) 503101
Six regional offices
Covers parts of Counties Donegal, Mayo, Galway, Kerry, Cork, Meath & Waterford.
www.udaras.ie

Enterprise Ireland

Glasnevin
Dublin 9
Tel: (01) 808 2000 Fax: (01) 808 2020
Nine regional offices
www.enterprise-ireland.com

Tourism

Bord Fáilte
Baggot Street Bridge
Dublin 2
Tel: (01) 676 5871
Fax: (01) 602 4100
www.bftrade.travel.ie

CERT
CERT House
Amiens St., Dublin 1
Tel: (01) 874 2555
Fax: (01) 855 6821
www.cert.ie

Food/agri projects

Bord Bia
Clanwilliam Court
Lr Mount Street, Dublin 2
Tel: (01) 668 5155
Fax: (01) 668 7521
www.bordbia.ie

Bord Iascaigh Mhara
Box 12, Crofton Road
Dun Laoghaire Co. Dublin
Tel: (01) 214 4100
Fax: (01) 284 1123
www.bim.ie

Bord Glas
Commercial House
West End Village
Blanchardstown, Dublin 15
Tel: (01) 803 0398 Fax: (01) 803 0399
www.bordglas.ie

Electronics/ Software

National Microelectronics Application Centre (MAC)
UL Building, National Technological Park
Limerick
Tel: (061) 334699 Fax: (061) 330316
www.mac.ie

Local/ community projects

Area Partnership Dept. of the Taoiseach
For details contact: Government Buildings
Upper Merrion Street
Dublin 2
Tel: (01) 662 4888
Fax: (01) 619 4020

Leader Dept. of Agriculture, Food & Forestry Rural Dev. Div.,
Offices nationally: Kildare Street, Dublin 2
For your local Tel: (01) 607 2000
Leader contact: Fax: (01) 676 4555
www.pobail.ie

Border counties

The International Fund for Ireland
PO Box 2000
Dublin 2
Tel: (01) 478 0655
Fax: (01) 475 1351

Interreg
c/o Department of Finance
Ballagh House
73-79 Lr Mount Street
Dublin 2
Tel: (01) 676 7571 Fax: (01) 604 5710

Training & Development

FÁS
27-33 Upper Baggot Street
Dublin 4
Tel: (01) 607 0500
Fax: (01) 607 0600
www.fas.ie

IMI
Sandyford Road
Dublin 16
Tel: (01) 207 8400
Fax: (01) 295 5147
www.imi.ie

3rd Level Institutions
offer a range of business development programmes

Incubator space

Private
Contact local auctioneers for listings

Universities/RTC's
Campus business centres exist nationally

Enterprise Ireland
Glasnevin, Dublin 9
Contact your regional office
Tel: (01) 808 2000
Fax: (01) 808 2020

Associations

Small Firms Association
84-86 Lr Baggot Street
Dublin 2
Tel: (01) 605 1500
Fax: (01) 661 2861
www.sfa.ie

ISME
17 Kildare Street
Dublin 2
Tel: (01) 662 2755
Fax: (01) 661 2157
www.isme.ie

Chamber of Commerce of Ireland
17 Merrion Square
Dublin 2
Tel: (01) 661 2888
Fax: (01) 661 2811
www.chambersireland.ie

Individual initiatives

Irish Revenue
Central Revenue Information Office
Cathedral Street
off O'Connell Street
Dublin 1
www.revenue.ie

Health & Safety Authority
10 Hogan Place
Dublin 2
Tel: (01) 614 7000
www.hsa.ie