

WHAT THEY DON'T TELL YOU ABOUT STARTING A BUSINESS!



**How to Avoid the 7 Big
Mistakes that will Stop
your Personal Business
Dead in its Tracks**

Ben Coker

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Who is This Book For?

First of all, the advice given in this book is designed for readers in the United Kingdom.

In other countries, there are different rules and regulations and although *the same principles apply* as those explained here readers should take local advice before taking formal or informal steps to start their own business.

This E-Edition has been specially edited for those who wish to start a business in the sphere of Personal or Life Coaching, Holistic Therapies and Healing Modalities

This book is intended for **you** if -

- You're considering starting a business soon
- You want to know more about how business works
- You'd like someday to start a business
- You have a passion that you would love to spend more time on
- You aren't 100% comfortable being employed but aren't sure what else you might do
- You've started a business before that 'didn't work'
- You've been approached to 'join' a 'business opportunity'

If *any* of these is true for you then you need this book, and if you've already started your own business, this book will also be invaluable.

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Unedited copies of the book are obtainable in the Resources section

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Introduction The Business Landscape

I've written this book because over the years I've seen hundreds of friends, acquaintances and colleagues attempt to start their own business only for it to end in disappointment and sometimes the loss of a lot of money.

Personally, I've set up and operated quite a few businesses of my own. They've all succeeded in one way or another and I've never lost any money on a business venture and one of those businesses still provides me with a regular monthly income even though I don't 'do' it much any more.

Before we start, I probably need to briefly define the 'business landscape' in the UK as you may not be entirely familiar with what goes on and this may help your understanding of the concept of 'having your own business'.

Businesses are usually categorised in one of three groups: Corporates, Small to Medium sized Enterprises (SMEs) and Sole Traders or Owner Managed Operations (OMOs).

As a therapist or coach, it is likely that you would be most interested in the last two categories.

Corporates

'Business' as most people understand, is dominated by quite a small number of very large businesses -

- Global Enterprises like Microsoft, Google or Coca Cola
- Large Corporations and Public Companies (PLCs)

- Public sector companies such as organisations like the Health Service and Network Rail

The first two of these are quoted on the Stock Exchange and owned by shareholders who may be

- the directors of the company,
- private individuals (which is why they are called public companies) and
- other companies like insurers and investment companies who invest money on behalf of their clients' pension funds

The national organisations and public sector operations tend to be largely or wholly owned by the State but may include other shareholders or stakeholders such as Trades Unions.

SMEs (Small and Medium sized Enterprises)

The second category, which makes up the vast majority of businesses, is made up of Private Limited Companies and Limited Liability Partnerships (LLPs).

Limited Companies (Ltd.) and LLPs are owned by their Directors or Partners but other people such as family members may also hold shares.

These companies are not quoted on the Stock Exchange and ordinary members of the public don't have access to their shares.

Sole Traders or OMOs (Owner Managed Operations)

Sole Trader businesses usually have one or two owners but are not registered with Companies House*. Whilst there are millions of these 'businesses' most of them are really

containers for self-employment, although they may have employees other than the owner(s).

However, Limited Companies can also be owned, managed and operated by a single Director.

The Personal Business

There's a standing joke about the 'small businessman' (or businesswoman) because no-one really likes to be called 'small' when the implication is 'unimportant', so I prefer to describe any business operated or owned entirely by one or two people, whatever its legal status, as a **PERSONAL BUSINESS**.

That's what this book is about - creating your own **Personal Business**.

*Companies House is the government organisation holding information on all registered businesses - it is not the same as and is not connected with HMRC (His Majesty's Revenue & Customs)

Special Note:

There are a lot of misconceptions around creating a business either as a sole trader, partnership or limited company. Most of these relate to taxation and the amount of effort involved.

Allow me to explain some of them:

- You do not *have* to register for and charge VAT unless your company turns over approx. £90,000 a year (an ever

increasing number). This VAT rule applies to all forms of business, not just Limited Companies.

- If you register for VAT you can reclaim all the VAT you pay on any business expenditure, but, you have to charge VAT on taxable items.
- Any business can voluntarily register for VAT regardless of turnover. If you provide non-taxable products or services, this has significant advantages.
- If you keep your records up to date (as and when expenditure and income occurs) it will only take you 2-3 hours each quarter to do your VAT return - it's very simple and can be done easily on line
- If you have a Limited Company or an LLP you *must* have a **business** bank account, otherwise the whole idea of 'limited liability' doesn't work!
- Forming a Limited Company is not expensive, it can be done for online £50 direct on the Companies House website and there are significant tax and personal liability advantages.