

The **bestselling** startup guide –
now fully revised and updated



START YOUR BUSINESS

week by week

How to plan and launch your
successful business – one step
at a time

Steve Parks

How To Plan

What To Do

Who to Contact

Advice & Inspiration

How To Succeed

Praise for *Start Your Business Week by Week*

'This is just what people toying with the idea of starting on their own need to hear...the weekly format does help to break the process of founding a business into manageable chunks.'

The Sunday Times

"*Start Your Business Week by Week* is written in such a clear and friendly way that you can't help being drawn into the excitement of becoming an entrepreneur. Breaking down the process into weekly steps makes it suddenly seem more achievable, and I'm sure many more people will be encouraged to turn their ideas into their own businesses as a result."

Former Prime Minister Tony Blair

A survey of readers found that 87% rated *Start Your Business Week by Week* as 'Essential reading for start-ups'. Here are some of the comments from these readers:

'I bought your book yesterday and read it in one go last night. I have been thinking about launching a business for the last year or so and now with your help I feel I can do it. The structure is great, and the simple realisation that starting a business is a process rather than an action was worth the cover price alone.'

'I began seriously thinking about starting up again after two years away from business. Working for someone else just isn't the same! I made several glaring mistakes the first time around, and have found reading the book and using the site a huge help in making sure the same mistakes won't be repeated.'

"I have been skipping merrily along through the weeks in my nifty business book. Although I have read all the way through to Week Eight, I am still doing business back in Week Three. Wherever I go, I tote my trusty notebook of ideas plus my ever-increasing list of things to do!"

"I shall be recommending it to my 'cultural entrepreneurship' students at the University of Warwick where I lecture and following the steps as I start up my own business over the forthcoming 6-12 months."

'The magic words "Week by Week" on the front cover leapt out at me and I thought "thank God someone's had the intelligence to write down how to start up businesses in recipe style: WONDERFUL! It makes so much sense." The book is written in a very accessible way: the content is well organised; it's full of useful de-mystifying information, and is nicely peppered with stories and anecdotes to keep you going through the darker hours. It is going to have a heavy hand in making my idea come to life.'

Many more stories of businesses that started up using this book are available on the website – and I'd love to hear your story too. Simply go to **www.weekbyweek.net/startyourbusiness**



5 Week Five: The Founders

This week you'll decide on the founding team for your business.

A lot of people seem to have a picture of entrepreneurs as Lone Rangers, but in many successful businesses in reality there is a small team of co-founders who each bring different skills to the new enterprise.

Starting a business is very hard work, and can feel quite lonely at times. Even just having one other person in your business from the start can make a big difference – to your sanity as well as your success. It'll be a great help to be able to share the workload between you. You can also support each other through the tough times, and celebrate together in the good times.

The founders of Innocent Drinks say that having a founding team of three, each with a different skill-set, was a vital part of their success. I hear the same from many entrepreneurs – as well as hearing from solo founders just how tough it was to do it alone.

There's an African proverb that says: 'If you want to go quickly, go alone. If you want to go far, go together.'

Deciding what's right for you

It may be that you really do want to do this on your own at this stage, and if you're sure about that, it's fine. Do talk it over with your mentor though.

Solo founders can skip ahead to the section ‘Write about the founders’ on p.53, and you’ll have some spare time this week – I suggest reading at least one biography of an entrepreneur you admire and making notes of things you can learn from them.

Choosing co-founders

Choosing co-founders really is like dating and getting married. You have a far greater chance of lasting success if you don’t rush into things and take the time to see how you cope together with the challenges that can present themselves. I once had a very bad experience with co-founders who were great to know as friends and in the early stages of running a small business – but when the company started becoming large and successful they didn’t know what to do, and began behaving irrationally and doing things that made them feel more in control.

It caused some big problems and a messy split before I was eventually able to end up in one company that was large and fast growing, and they were able to end up in a much smaller business that they felt more comfortable with.

This is a fairly common story in fast-growth businesses, and highlights the importance of bringing in co-founders very slowly and carefully – making sure there’s clear agreement that one person is in charge, and what to do in the event of disagreement.

Is there anyone that you would like to work with? A friend, a family member, someone you work with now? Have a think about what they would be like to work with, how you rate their work, how hardworking they are, and what skills they could bring to the business. Can you imagine working twelve-hour days with them, and then still wanting to go to the pub to chat over the day?

If you decide it would be a good idea, approach them about it. They’ll hopefully be flattered, as it shows a great deal of respect for them and their work. Take them for a drink or a meal and tell them all about your ambitions. At first they’ll be a bit stunned, but gradually they’ll start coming up with questions, concerns, and then even ideas.

Don't rush into anything. You both need lots of time to think about it, but as you don't have to give up your day jobs yet you can work on the business together with little risk to see how you get on.

Decide on roles

Aside from who is to lead the team, if there are going to be two or more of you then you need to specify what your roles are.

These are some of the things to do in your business. Add your own thoughts to this list, and then split the tasks up between you:

- Selling to your customers – actually clinching the deals.
- Managing the money and the admin.
- Buying from your suppliers.
- Actually doing what it is that your business does (you might all end up involved in this at first), or managing the people who do this work.
- Promoting your business to potential customers using PR, advertising, promotional stunts, special offers, leaflets, websites etc.

Agreeing terms

To ensure that your founding team works together smoothly, it's important that you establish some ground rules at the very start:

Equality. The amount of the business you own and what you will get paid need to reflect what you put into the company. If at all possible put in equal amounts of work, equal amounts of initial investment, own an equal share of the business, take equal pay, and so on. This helps to remove so many problems further down the line.

If this really isn't possible, then carefully document what you've agreed each person will get and in return for what – how much each person is investing, how much time they will spend working on the business, and what percentage of the business they will own.

Leadership. There can only be one leader in the business. This should be the person who is better at being positive, seeing the bigger picture, the long-term vision, and communicating it to others. The other people will all be part of the management team, taking roles suitable to their talents and experience, but there needs to be a leader who is allowed to make the key decisions after having heard the views of the others. One person being the leader does not affect equality – they shouldn't start to think they're above everyone else or that their contribution is more special or their opinions matter more. Their role is to support the founding team, remind them of the ambition you all share, and help to develop a consensus about the way to get there. It's just a different role in a team of equals.

It may seem a bit too formal, but it's well worth having a simple written agreement at this stage to set out:

- Who is to be involved.
- What their involvement will be.
- The fact that the work everyone does will become the property of the company once formed.
- What shares/ownership of the company each person will have when it is formed.
- What will happen if people leave before the company is formed.

This will be enough for now. You can then draft a more detailed shareholders' agreement at a later stage when you know more about the business.

Decide on pay

You'll have done your monthly budget back in Week Three, and now is the time to use that, along with the details of any savings you have, to work out how much you will pay yourself, if anything, from the company.

This will be a careful balance between not taking too much cash out of the business and making sure that you're not going to run into problems or be distracted by personal finance issues when you really should be working!

This pay will only come into effect once you start work in the business full time at a later date.

Get everyone in the founding team to do the same exercise, and it's also something to discuss with your mentor.

Emma

Emma decides that she'd like to find a business partner to start her business with, as she thinks she'll be too lonely moving from a big company to just being on her own. She's also terrible at managing money and any administrative tasks.

Her friend Alan works in the accounts team at the same company, and they worked together brilliantly on a project last year, which is when they got to know each other. He's one of the people who have been encouraging Emma to start her own business. He's very good at the skills where Emma is weak.

Emma decides to approach him and he's very flattered, but a bit nervous about the risks. They agree to work together on the planning and to defer the final decision until later. It's agreed that he will have a 40 per cent stake in the company if he joins, investing 40 per cent of the money, and that he will take care of the accounts, admin and negotiating with suppliers.

Remember

Your start-up team are not there for you to boss around. You need to let them contribute ideas, shape their part of the business, and grow their skills in order for them to be as excited and committed to the company as you.

Write about the founders

Write a one- or two-page report on your founding team. Give a brief description of each of you, including career background, experience in this marketplace, specialist skills etc. Why are you the right people to run this business?

You should also each write a CV to attach to this document.

It's important to write this up, as you'll be using this document later.

THIS WEEK'S TO DO LIST

- ☐ Decide if you want to start up alone or with others.
- ☐ Talk to people about joining you in business.
- ☐ Form your start-up team.
- ☐ Decide on roles.
- ☐ Write up a founders' agreement.
- ☐ Write up a founders' document.
- ☐ Each of you should write a CV.

THIS WEEK'S RECOMMENDED READING

Brilliant CV: What Employers Want to See and How You Should Write It,
by Dr Jim Bright and Joanne Earl (Pearson).