

# The reluctant entrepreneur

How to start up a business and sustain it

David C.S. Murray



DAVID C.S. MURRAY

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# **THE RELUCTANT ENTREPRENEUR**

HOW TO START UP A  
BUSINESS AND SUSTAIN IT

The Reluctant Entrepreneur: How to start up a business and sustain it

1<sup>st</sup> edition

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## ABOUT THE AUTHOR

David Murray, MBA BA (Hons) MCInstM, Chartered Marketer, Dip MRS, is the Director of the award-winning Murray Consultancy Ltd, a company he founded in 2000. Before starting up the company, he had gained over 20 years' experience in research roles within Telewest Communications (formerly Southwestern Bell), The Liverpool Daily Post and Echo Ltd (now Trinity Mirror), and Littlewoods. His company is a full-service Market Research Consultancy covering all aspects of consumer, business-to-business and behavioural research. The organisation undertakes a wide variety of research-based projects including face-to-face interviewing, telephone interviewing, business-to-business research, online interviewing, Focus Groups, in-depth interviewing, Desk Research, and tracking studies. Over the last eighteen years the company has built up an enviable client base of private, public and voluntary sector organisations, which has resulted in repeat business, referrals and company growth. What sets the Murray Consultancy's competitive advantages over generic consultancies are:

- The application of multivariate statistics (i.e. how datasets interact with each other) to provide actionable solutions
- The company has won two international awards
- The company has its own fieldforce of market research interviewers offering a more traditional and scientific approach compared with the 'DIY' solutions like SurveyMonkey

He is the Chair of the pan-European Business Information Group (B.I.G.) – a group comprising membership from 14 European countries. He was the ambassador for Market Research for the local Chartered Institute of Marketing Merseyside branch, having been Chair for five years.

In 2006 he received the prestigious BIG European Research award for a paper he submitted on how to successfully evaluate Employee Satisfaction in a call centre working environment using multiple regression analyses. Seven years later, his company won this prestigious award for a paper outlining how research findings impacted on a client's bottom-line. David is a firm believer in continuous improvement and currently accumulates over 30 hours per annum in Continuous Professional Development. He also believes in putting something back into the business community and is currently a mentor helping new businesses start up by advising how to effectively evaluate the market for their product or service. At the time of writing, his company has turned over £2 million at an average of £110,000 per year. Project count is just over 550 at an average value of £4,000.

Outside his day job, he follows the 2016/7 premier league champions, Chelsea FC (since 1967), is a linguist speaking four other languages and is a devotee of the 1970s progressive music scene.

# 1 TRIGGERS FOR LAUNCHING THE MURRAY CONSULTANCY

David now continues with his reflections on how to start up and sustain a business, which could apply to the launch of any personal or professional service.

I was 45 years old when, as a result of circumstances outlined shortly, I decided to ‘go it alone’ and start up my own business. For twenty years before that I was a market research practitioner, known as the ‘anorak’ of the marketing departments I used to work for in previous jobs.

The four companies I worked for from 1980 – 2000 employed me ‘to get under the fingernails’ of consumer behaviour, particularly how this behaviour impacted on the purchase, or lack of purchase, of their products or services. This either entailed commissioning a market research consultancy to do the work for us or utilising our resource of freelance market research interviewers to engage target groups of consumers to enable us to carry out the research ourselves.

Generally, the results of the research were seldom implemented, just perceived to be a glorified insurance policy to ensure previously made decisions were the right ones or for a company director to be able to say in a board meeting...”*Yes, Nigel, we have actually researched this and found...*”. But it paid the mortgage and fellow employees respected my skills and resourcefulness. In 1999, about half-way through my working life, I was working for a subsidiary of a company as Marketing Manager (Research, Analysis and Planning). Our head office decided to restructure resulting in 25% of the workforce being made redundant. I survived, but lost the research aspect of my job, which was centralised at head office. The planning side was reallocated elsewhere to a company director. The remainder of my function, analysis, was moved to the Finance Department as it was construed to be analytical and a support function rather than having an association with sales and marketing or any customer-facing function.

One Sunday night, I was sitting at home watching TV and, all of a sudden, I felt very shivery. Suspecting I was going to be ill, I thought ‘*Oh great, a week off work*’. I then rationalised my thoughts and concluded that I needed a new job. Up till the move to Finance, I loved my job. Even after working in Finance, it broke my heart leaving the company but I needed to think of the future.

I joined a market research agency on the operational side – questionnaire design, fieldwork, data analysis and reporting – still reflecting my core competence as a research practitioner. I did have customer interface but only after the commission took place. Unfortunately the agency closed as a result of a bad debt leaving me with three choices:

- Sign on the dole
- Join the job market
- Start up on my own

Up to this point I had never ever contemplated the third option – starting up my own business.

We can ignore the first option.

I did successfully secure an interview within the telecoms industry interrogating and evaluating data which did reflect on my skillsets, but after what I consider was a successful interview, I was informed that the interviewer considered I would be very soon bored with the job. The whole process of job searching for suitable positions within companies/agencies/consultancies in an industry which was very mature with online research competing with my forte, ‘traditional’ (face-to-face, telephone, self-completion) market research at the age of 45, was going to take time. Time I really didn’t want to have.

The company I worked for closed down with four live projects which had either started or were about to start. I decided, initially, as I would have been the point-of-contact on all four jobs, to contact all four clients and point out what had happened. As they had commissioned the market research because they had informational gaps in their business, they would still be keen to have the research carried out. I pointed out that I would be carrying out the research anyway using the same resources and processes as had been displayed in the original proposal and, with their approval, I would deliver the projects as per the original deadlines. Three of the four answered in the affirmative. I didn’t even have to play my ‘trump card’ – as my overheads would be lower, the price would be reduced.

This bought me time. What a buzz I got carrying out these three projects on my own account. I did have the odd problem convincing some of my freelance market research interviewers as they considered something untoward was occurring. But the promise of being paid on a weekly basis, and, actually doing so, convinced them I was acting in good faith. To enable weekly payments I decided the last thing I wanted to do was to go ‘cap in hand’ to the client and ask for some upfront payment, so I lent myself funds from some savings I had to generate cash flow and build good faith with my fieldforce. Upon delivery of the jobs, I got paid, so I, in turn, could repay myself.

In the meantime, I reacquainted myself with previous employers, budget holders I knew from the past, and, given time, they recruited me, in the capacity as a sole trader, to carry out some independent research. Upon reflection, this was perhaps the most significant ‘trigger’ to convince me to start up my own market research consultancy – the ability to deliver as good as if not better market research projects than my previous employer...on my own account. The Murray Consultancy was launched.

This was more as a result of circumstance rather than taking a more pragmatic approach to launching a new business. What was in my favour can be summarised as:

- There was work-in-progress from my previous employer for me to do
- Carrying out these projects bought me time and convinced me I was confident and competent to deliver projects within the original deadlines set
- Apart from generating initial cash flow into the business to pay my workforce, the decision was of low financial risk
- I had the best of both worlds – making money whilst I decided if running my own business was really for me.

In May 2000, I officially started trading as a sole trader. However the decision was not taken lightly despite having inherited four projects. There are horrendous statistics out there:

*“50% of start-ups in the UK fail within 5 years”* (Daily Telegraph, 2014)

Key reasons for business failures are:

- Financial management/cash-flow issues/bad debt
- Lack of focus
- Inability to pay tax bills
- Lack of insurance/indemnity cover
- Reliance on small number of customers

With the benefit of hindsight reflecting on the Merseyside SME (small medium enterprises) marketplace since I launched my own business, with my knowledge of how the local business community is strewn with commercial corpses and tragedies, some of whom I know personally, I would never have started.

I have never known or heard of anyone who has started a business that has become an ‘overnight sensation’. It does take a lot of effort and determination, long hours, sleepless nights, frustration and self-belief. This book will outline how I sustained the business since 2000, learned from early mistakes made (to be honest, I personally would not like to relive the first two years of my commercial existence again). I hope that the following chapters will provide guidance to current and future entrepreneurs on how to grow and develop a successful business from, literally, a blank sheet of paper.

But, at the end of the day, based on the assumption that I would last commercially as long as I have done, it’s been damned good fun.

## 2 'DO'S

I am not going to take you through a potted history of the Murray Consultancy Ltd from 2000 to the present day as I don't want to give the impression of this book being a 'Local boy makes good' tale of self-glorification. Instead, it's a guide to creating and sustaining a long-term business. It's all learning based, sharing with you the experiences and knowledge I have picked up along the way. It's hasn't all been plain sailing, there have been experiences I wouldn't ever want to live through again. On the plus side, there have been great moments to savour, some of which I'm proud to say are my legacy. If I'm driving through the city of Liverpool and I see neighbourhood health centres or NHS Treatment Centres, or am in a supermarket and I see any dispensers of Capri Sun, I think to myself "*Brought to you courtesy of the Murray Consultancy*". There was never such a thing as 'Monday morning blues', clockwatching, having to deal with a nasty egotistical boss. If you have a history of working in the corporate world, you'll find there's a world of difference between saying:

*"As a result of my actions, my corporate employer's profitability/sales increased by x%"*

and

*"As a result of my actions, **my** profitability/sales increased by x%"*

I will also make this advice as general as possible irrespective of whether you are starting a new personal or professional service business.

### 2.1 PLANNING

In an ideal world you'd love to have about a year to plan and set up your new business before launching to a marketplace you've had the time to communicate to. In the real world you really don't have that luxury. Many businesses, like mine, started up out of necessity. Many businesses start up because a gap in the market was identified and there was an immediate need to exploit it before their competitors did. Others start up 'to pick up the pieces' of a company that has gone out of business – voluntarily or otherwise. In terms of launching a business to give yourself the best possible start, we'll have to take an 'ideal world' scenario. Don't forget it's your money you're investing and spending. It's, therefore, best to give yourself as much time as you can afford to '**look before you leap**'.

A fundamental part of the prelaunch planning process is research. I know I do this for a living but I personally didn't do any because of my circumstances at the time – I had some

orders to fulfil which helped to kick start the business. But, again, in an ideal world, do your research. Particularly, if you need to borrow money from a financial institution, for example a bank, venture capitalist or any corporate funder, none of them will entertain your proposition without you displaying what you know about the marketplace you are about to trade in. There is a need for you to justify why you need to purchase capital equipment, stock, an e-commerce website because the lender will expect, at some stage, to be repaid... with interest. Many people have this perception that research costs money.

If you employ a research consultant, yes, research definitely equates to money. That consultant could probably produce and charge you for research you could do for free.

I'm not talking here about you going out and interviewing a representative sample of your target market, I'm talking about you demonstrating a knowledge of the trading conditions within your target market. Basic information you will require includes:

- Size of market – volume, value, geographical coverage
- Customer profiles – business/consumer, demographics, lifestyle
- Customer average spend levels
- Frequency of purchase
- Competition – who are they, how many are there, size of their businesses, product range, market share
- Market trends – growth or contracting
- Route-to-market – networks, supply chain
- Gaps/opportunities – based on what you have learned so far
- Optimum methods in contacting your prospects

This may sound like a daunting task. The first thought that comes to mind is where do I start?

If you live in a large town, chances are that town will have a very good library, which, in turn, will have a very good reference section. The reference section employs librarians who know the contents of their library 'backwards'. They are employed to help members of the general public to 'find a needle in a haystack'. They are quite used to entrepreneurs, like you, asking them, for example:

*"I've got a meeting with my bank manager about a loan for a people-carrier to start a new chauffeuring business to take holiday-makers to local airports and I've been asked to produce a business plan, part of which is research into this. Could you tell me where to start looking?"*

This is very specific and you'll find you'll need to define what market you are in. The answer is the holiday market not the car market nor the personal services market. The leading supplier of market research reports about the holiday market are Mintel. Mintel's holidays and travel market research reports provide an extensive overview of the marketplace including information on the holidays' market size, average consumer expenditure, destinations, trends and, for your specific interest, how holiday makers access their holiday destinations. Mintel will provide a breakdown of transportation. What will interest you is air travel. There may be further breakdowns by region. So, for example, there is data relating to the number of North West holidaymakers who access their holiday destination by air. This is your market!

If you are doing your searching via the Internet and you've found the appropriate Mintel page, you'll read 'Holiday Review UK...January 2018...£1,995 (excluding VAT)'. That's why you need to go to the reference section of your local library to access reports like this free-of-charge either in hard copy or online (libraries will have authorised access).

This is a great starting off point. There are many other references you can use for in-depth information about the holiday market and where you fit into this huge marketplace, for example:

- Keynote
- McCarthy's Dataquest
- ABTA
- Travel Weekly
- The Drum
- Statista.com
- Saga
- Barclays Corporate
- Tourism Alliance

to name but a few.

You then need to identify who your competitors are. You mightn't find them in a listing in any of the above research documents, but then again, a wealth of databases accessible over the Internet will help you to identify who you are up against. Let us again look at our example. Who can take you to an airport? Good old Yellow Pages has had an online facility for many years. By accessing yell.com and searching on concepts like 'Airport transfers' you'll find, say, in Liverpool alone, 200 competitors. In Manchester there are 150. A similar online facility is touchlocal.com, where you can search on your defined marketplace and further refine your geographical searches.

You also need to include in your business plan what you are going to charge for your service. The easiest way of ascertaining your pricing structure without any cost attached (apart from your phone bill) is a market research technique called 'Mystery shopping'. Just dial the phone number of a selection of your potential competitors and ask them to quote you on say the cost to take a family of four to Manchester airport at 4 AM (probably the most expensive time of the day for accessing early morning flights). Obviously, once they've given you a price, don't commit yourself, just thank them for the quote and disconnect the call. Change the scenario and the airport and you'll end up with a full list of competitive prices for specific time segments to your local airports.

You can then start assembling your business plan by feeding in other variables like:

- Your daily capacity/number of journeys you can realistically handle
- Expenses – petrol costs
- Airport access/parking charges
- People carrier maintenance costs and depreciation
- Wages

You will then be able to build an income and expenditure forecast for presentation to your potential funder. For percentage growth figures, Mintel give annual forecasts spread over at least the next five years.

This applies to any business start up irrespective of the market you want to target.

**Action point:** Research the market you are about to enter.

## 2.2 IDENTIFY WHY A PROSPECT SHOULD BUY FROM YOU

Your research and newly found knowledge of your competitors should enable you to identify why you are better than them. Identify your competitive advantages or U.S.P.s (**U**nique **S**elling **P**ropositions). When you are pitching to a prospect, you've got under two minutes to impress him/her to generate a more detailed conversation about you, your company and your proposition. Within this two minute window-of-opportunity, focus your sales pitch on your uniqueness, or what you've got that your competition doesn't have. Your USPs could be:

- Price advantage/cost savings to the prospect
- Personal touch – always dealing with you personally not a faceless individual on the other end of a phone line
- Over 20 years experience in this type of business
- Payment terms
- Special offers

As time progresses you will be able to show prospects satisfied customer testimonials and references. In my business, my USP, when asked ‘*Why the Murray Consultancy?*’ was:

“*We win awards for what we do*” and this generates more interest and discussion, even if it’s just what the award was for. Very few of my competitors have this USP.

**Action point:** Ascertain what differentiates you from your competition to give you competitive advantage.

### 2.3 DO ‘FREE’

It’s amazing how much free advice, support, counselling, networking opportunities there are out there. Some examples are: Meet the Contractor, the Women’s Organisation, The PA Hub, Learning Pool Live Local, Business Forums, Cluster Group meetings. Eventbrite.co.uk is a great starting off point. HMRC (the organisation responsible for collecting taxes) run free courses for you to learn what is expected of you in terms of your tax liabilities and it’s useful to meet new business owners whom you will have a lot in common with. Get yourself onto as many free trade registers as you can (read the small print to avoid being sent an invoice). Examples of these are: thomsonlocal, 192.com, companies-in-the-uk, directory\*online (\*just type in a region or country e.g. Wales), manta.com, plus.google.com, mrweb.com, xing.com.

Set up profiles within Facebook and linkedin (I actually got business from this latter site)

Networking has been likened to making love to an elephant – it’s not all that pleasant doing it and you have to wait a long time for any returns. However, it is a necessity to get yourself known and there are plenty of free networking opportunities locally. There is even a bespoke website to inform you what networking opportunities there are [www.findnetworkingevents.com](http://www.findnetworkingevents.com) Other examples include attending business-to-business exhibitions, eventbrite listings relating to your local area, local Chambers of Commerce, open coffee mornings, events pertaining to relevant trade associations, being asked as a guest to attend a BNI meeting (Business Networking International). Although not official, there is nothing to prevent you attending BNI events at different venues (or as they call them ‘chapters’) provided you are invited. Rules may have changed, but you can, or used to be able to, attend two BNI meetings at the same chapter before you are asked to commit yourself, which involves paying an annual membership fee. Or you could act as a substitute for a current member who is ill or on holiday and can’t attend. If you feel BNI is not for you after you’ve been to, say, five chapters, at least you’ll have put yourself in front of 100 – 150 people. If you do commit yourself to joining BNI after having experienced its power and benefits, you’ll

find it a great way of learning how to summarise your business in one minute and how to effectively present to a group of like-minded entrepreneurs.

**Action point:** Compile a list of free, or highly affordable, ways in which you can create awareness of your business.

## 2.4 ACQUAINT/REACQUAINT YOURSELF WITH AS MANY PEOPLE FROM YOUR WORKING CAREER

It goes without saying, the cheapest or most effective way available to get yourself known throughout the marketplace is word-of-mouth. It doesn't matter if the person you are telling will not purchase your product or service, he/she may know plenty of people who might. Just let them know you're starting a new business and to pass the word around. Include in that list previous employers (providing you left in good terms). I left a publishing company ten years before I started up my new business. I noticed they'd launched a new magazine. I phoned up their marketing manager, whom I knew as she had worked for a sister publication. After the 'small talk', I broached the subject of their new magazine and asked if her department had researched reader feedback. She said she hadn't and told me she'd consider utilising my services. One week later I got a phone call asking me to attend a meeting to discuss feedback monitoring. I secured the order and continued working for this publishing group for almost a decade.

**Action point:** Draw up a list of people from your commercial past you consider may be useful to you in the future and get in touch with them.

## 2.5 START-OFF WITH THE LOWEST COST BASE POSSIBLE

In conjunction with '**Doing Free**', don't go crazy spending money you may not even have. Despite having tried to work from home, I found it impossible to work within this environment. There were too many distractions – England was playing the West Indies at cricket and the Euro 2000 football championship interfered with my focus. My alarm would ring at 7 am, I would switch it off and lie there wondering why I was getting up so early as my 'office' was just the next door along the hall. I needed to get up, get dressed in my working attire (a suit), get into my car, drive into the city centre and get behind a desk. I was a lot more focussed getting into that discipline. Many people do successfully work from home, but not me. The solution was hot-desking, which gave me a good city centre postcode (never give prospects the perception you're working out of your back bedroom). I could interact with fellow hot-deskers and use shared facilities (printers, high speed broadband, kitchen, meeting rooms).

There are nowadays many variations of the hot-desking theme. One very interesting variation I consider was the concept of an incubation unit which is described as “*Business incubation is a unique and highly flexible combination of business development processes, infrastructure and people designed to nurture new and small businesses by helping them to survive and grow through the difficult and vulnerable early stages of development.*” (Diogenes, 2011). The theory being that after a couple of years of being ‘nurtured’ you are big enough to ‘fly the nest’ and prosper independently in your own premises. One necessity I needed to purchase was a website. If I was talking to prospects, they’d always ask, because of the nature of my business, what my website address was. If this is a working standard within your industry, get one built. The website industry is very competitive. Websites are not as expensive as they used to be....you can even build one yourself – WIX, Squarespace and 1and1 come immediately to mind. In the very early days of your business until you feel you are established, spend as little as you can. Only purchase necessities that are business-critical.

**Action Point:** Only purchase necessities that are business-critical.

## 2.6 GET ON APPROVED SUPPLIER LISTS/ FRAMEWORK AGREEMENTS

Once you’ve successfully proven your ability to deliver projects effectively and efficiently, formulate at least three case studies with about half a page of A4 on each covering a ‘treatment’ of the jobs without going into too much detail or breaching client confidentiality. Out of courtesy, ask the client for their permission. They’ll probably authenticate it with a testimonial about how well you carried out the job. These will act as ‘blueprints’ for applying for jobs/commissions in the future. Furthermore, they will prove to be a good investment in time when you are applying to be recognised as approved suppliers to local government bodies or medium – large private sector companies. Many large private, public and third sector employers set up framework agreements, which they will access when they need a supplier of certain goods and services. A framework agreement is defined as: “*A framework is an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. In other words, it is a general term for agreements that set out terms and conditions for making specific purchases or call-offs*” (BRE, 2017). When you have been accepted as an approved supplier, you won’t be instantly contacted to put in a bid for work, in fact you mightn’t hear anything for a few months, but when you are contacted, it’ll just be you and several other generic companies competing for the work rather than a tender being advertised nationwide or, at the time of writing, EU-wide where literally hundreds of potential suppliers will express an influence and apply.

**Action Point:** Make an investment in time by getting on as many approved supplier lists and/or agreements as possible.

## 2.7 APPLY FOR (LOCAL) PUBLIC SECTORS TENDERS

If the public sector commissioning authorities do not have a framework agreement or an approved supplier list, they'll publish a tender in a number of online portals. The main portals are CHEST, Crown Commercial (they operate with both framework agreements and tenders), supply2gov, Compete for/Due North, Offex, coupled with specialist public sector commissioning bodies for health, education, Ministry of Defence, local borough councils to name but a few. It is worthwhile applying for Government contracts – commissions are usually of high value and their accounts payable departments pay you on time. However, I would describe the process of applying through the tendering process as an art form. The private sector permits you to build long-term relationships with clients and you end up being the sole provider of that service (subject to the quality of your work). With the public sector you are as good as your next proposal.

You are proposing to a group of commissioners or members of a sub-committee whom you will never meet (unless they cannot choose between 2 or 3 suppliers and may call you for an interview). They have a standard bid assessment format, a series of fixed questions common to all applicants, a rating or marking scale and the process is highly impersonal. Every tender document will comprise a Pass/Fail section or what used to be call a PQQ (Pre-Qualification Questionnaire).

This section is strictly factual just to ensure you and your company are credible, fit-for-purpose, potential suppliers in terms of credentials, turnover, profitability, in possession of requisite insurance/assurance documents (mainly Professional Indemnity, Public Liability and Employer Liability), you have no criminal record nor any record of failed directorship of other companies. If you 'fail' at any of these junctures, your documentation/proposal will not be taken any further.

One of the Pass/Fail questions may be phrased: "*Please relate your company's Equality and Diversity Policy*" (500 words). Don't answer, as I did, in my very first application "*We are a small consultancy and currently have no equality and diversity policy*"...wrong answer. If you want to trade with the government or any other public sector authority, you will need to have a number of policies so as to illustrate compliance. Apart from equality and diversity, other policies you will need include:

- Health and Safety
- Environmental Sustainability
- Equal Opportunities
- Information Management/Data Protection
- Quality Assurance
- Risk Assessment

- Staff health and wellbeing
- Business Continuity
- Social Value (this is now becoming a fixture on local government tender documents)

This list is by no means exhaustive.

Many of the above are as a result of statutory requirements or laid down by the principles or values of your own professional association (for example Chartered Institute of Marketing, Chartered Management Institute). In order to give yourself a reasonable chance of securing public sector work, you will need to formulate policies for each of the above and review them at least once a year or every time a statute has been updated. It's a very worthwhile investment of time and resource if you want to work with the public sector – it's 'Hobson's Choice' really.

You only have to formulate the policies once and you have them for your corporate life (subject to necessary updating). Assuming you have no 'Fails' in this section, you now proceed to the main section of the bid application form, where you will be asked a series of questions focussed on your ability to carry out the job. Questions usually are marked on a rating scale between nought and five. Here's an interpretation thereof:

<b>SCORE</b>	<b>SCORE STANDARDS</b>	<b>INTERPRETATION OF RESPONSE</b>
5	Excellent Answer	Exemplar response, with a high level of substantiating information and detail provided
4	Good Answer	High quality response, with good level of substantiating information provided
3	Acceptable Answer	Good standard of response with majority of requirements met, but with some minor reservations
2	Poor Answer	Acceptable basic response with significant reservations but not sufficient to warrant rejection
1	Very Poor Answer	Unsatisfactory Response – Does not meet minimum requirements or is inadequately substantiated
0	No Answer Given	An unanswered response, or a response that does not fulfil the requirement in any way

Scores of 0, 1 or 2 are self-explanatory. A score of 3 signifies you know what you are writing about and your response is considered satisfactory. Don't forget these commissioners/ procurement executives don't know you or your business. You need to prove to them your company is fit-for-purpose and more 'fit' than any other company which has submitted a proposal. This is why you need to continually add value to your responses to aspire to scores of 4 or even 5.

It is beyond the scope of this book to help you win public sector contracts. It's more to put you in the right frame of mind and to highlight the measures you must take to win them. Tender applications are very competitive, you need to take time to effectively complete them (3 – 5 days for a tender worth £10 – 20K). Companies have been set up by former public sector procurement executives to either train or even write bids. I would highly recommend going on a course (you can google training providers or ask your local Chamber of Commerce to advise you). Here's our experience of bid writing pre- and post attending a bid writing course.

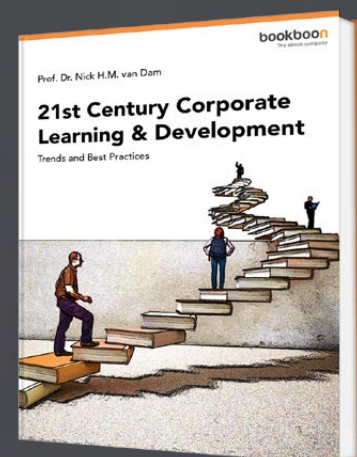
Prior to attending a course, we applied for nine local public sector contracts. We had an 11% success rate. The more mathematically astute among you will have worked out that was only one contract! And that was only because we suggested a statistical technique I knew the theory of, to provide a solution to the commissioner's requirements. Nobody else had obviously suggested this as the remainder of our proposal was, upon reflection, pretty average.

The course highlighted the inadequacies of our previous submissions and what we needed to do to 'excite' the commissioners. It wasn't rocket science; I thought initially our knowledge of the subject matter was superior. It was more to do with 'playing the game' rather than

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trying to baffle the commissioners with science. We implemented the trainer's advice and recommendations and now I can quantify our success rate as one in three applications. Our top earner was £64,000 – you don't need to many jobs like that to earn a living!

Here's our top ten tips in applying for public sector tenders:

1. Read the contents of the requirements thoroughly – for tenders with a specialist requirement, the authors will have employed consultants to write the spec. Every sentence will be relevant, concise and straight to the point.
2. Don't be frightened to employ third parties/subcontractors to enable you to complete the contract or part thereof as long as you identify you are doing so – the commissioners don't mind you subcontracting an element of the job to add value to it, in fact many even encourage it.
3. When writing your proposal, never assume the reader/commissioner knows what you are writing about – be painstaking about what you consider to be the obvious.
4. One question may stipulate a maximum of 500 words – stick to that allowance.
5. Layout – make your wordage as attractive and readable as possible. For example, write a block of text followed by a number of bullet-pointed subsections rather than a continuous string of text.
6. Never leave any doubt in the commissioner's mind that you may not be totally capable of carrying out certain elements of a job. In other words – blow your own trumpet. Your competitors certainly will.
7. You will be asked for case studies to illustrate your experience of generic jobs. Write these case studies under four headings with about 6 – 10 lines on each:
  - a. Objectives
  - b. Methodology
  - c. Key findings (beware of client confidentiality)
  - d. Impact on client – try and get a testimonial
8. Provide a risk analysis with contingencies to prove you have the capability of handling scenarios which could potentially delay or even jeopardise the job. The commissioner requires guarantees you can see the job from its inception through to its conclusion.
9. If you are asked to propose a timetable of processes leading up to delivery or presentation of the job, use a GANTT chart (a chart in which a series of horizontal lines shows the amount of work to be done or production to be completed in certain periods of time in relation to the total lifespan of the project) rather than just a listing and timing of processes.
10. When pricing, give a breakdown of the cost elements (with a 'buffer' to cover any cost elements you mightn't have allowed for).

You'll be up against competitors, even market leaders. Commissioners like to appoint within their comfort zone. You will be proposing against a commissioner's maxim "You don't get sacked for buying IBM!" You need to prove you can do a better job than them using a more creative and cost-effective approach.

**Action Point:** Include the public sector in your target customer base and familiarise yourself as to how to deal with their tendering processes.

## 2.8 CASH FLOW IS KING

There will be occasions where, at the end of any one month, more money is going out of the business than coming in. Look at your business as being quarterly because you are not a cash business, projects take one or two months to complete, and your terms and conditions permit a gestation period of thirty days till your invoices are paid. So if you're cash flow negative at the end of month 1, you've got two further months to rectify that as long as you can rectify that short-term cash flow negativity by the end of that quarter. There is also nothing wrong if, at times, you are trading at a loss as long as you remain cash flow positive – in others words you're in a position to pay your bills...particularly the government. You will find your month end bank balance may reduce for several months where your expenditure is greater than your income....as long as you don't make a habit of it. In my business, which is project based, I can go through a period of paying my staff, my suppliers, the government (VAT, taxes) without being paid by my customer(s). Then, all of a sudden, the customer pays and any short-term negative cash flows are very quickly forgotten about when you find you are not only cash flow positive but also making a profit.

On a project based business, there is one very important consideration: agree terms with the customer that reflect:

- An upfront payment (33% or 50% depending on the duration of the job) with immediate payment to enable you to make purchases/pay wages
- Payment for the balance to be made 30 days from date of invoice

If payment is not made after this period of time – send them a statement first of all, followed by a 'gentle reminder' e-mail, followed by a telephone call, followed by a letter which includes a revised invoice reflecting the price and late payment interest and a copy of your payment terms policy. It's amazing how quickly they'll pay you when you start charging interest. You'll find some private sector companies are reluctant to pay within agreed terms. Chase them for payment. I've even gone and sat in a company's reception till I got paid. (This was for an invoice which was 90 days beyond agreed payment terms). If

you're concerned about what the company will think about you chasing them for payment, ask yourself if you really want to do business again with a company who won't pay you for work you have done?

On the topic of being cash flow negative, don't go to your bank for an overdraft or bank loan, as they'll charge you horrendous interest rates, and you'll have to pay them back. Try and trade yourself out of cash flow negativity. I would also advise you against not paying your suppliers out of terms. There is one thing that tarnishes your reputation very quickly and that is being known as a poor payer. Don't forget your suppliers reserve the right not to do business with you if you demonstrate a tendency not to pay your bills on time.

**Action Point:** Focus on being paid promptly by formulating an enforceable terms and conditions policy.

## 2.9 YOUR CLIENTS ARE KING

In an ideal world you'll want your clients to commission you 3 – 4 times a year, you don't expect them to approach your competitors for quotes, and you'll want them to refer you to their suppliers or clients to enable you to develop your client list. I recommend you read a short book entitled "Raving Fans" (Blanchard, 1993). The book only takes a couple of hours to read and may appear to take an over simplified approach, but it does endorse the fact you need to create and sustain such a client service that your client will rant and rave about the service you provide to the extent that they will never find the need to approach one of your competitors and will become one of your sales team in that their 'raving' will create referrals for you. To bring this about you need to go beyond customer satisfaction. Satisfaction means 'enough having been done'. (I know that Advanced Level course I did in Latin would come in handy one day!) In other words, you've done enough to enable you to raise the invoice and be paid for your service. There is a reasonable probability you'll be approached to carry out more work for them.

What will provide you with a higher probability of further work and going 'beyond satisfaction' are, for example:

- Thanking them, at the onset, for the work they have just given you
- In mid-project, suggest an added value dimension you could carry out beyond what was originally suggested in your proposal at no extra cost
- Continually update the client on progress reporting
- Completing the job ahead of schedule
- Offering a discount for payment within terms

- Supporting their preferred local charities (don't forget to let client know through your website or social media you've done this)
- Attending any external presentations they may do
- Refer them to your clients/suppliers
- Suggest courses-of-action they may take
- Congratulate them on meritorious acts they have carried out, for example winning award

**Action Point:** Treat your customers very well and they'll come back for more.

## 2.10 SELF-PROMOTION

Because you are providing a professional service, the service you will be providing may be constrained or controlled by a professional or regulatory body, for example the Market Research Society or the Association of Chartered Certified Accountants or the Law Society. To enhance your reputation as a professional supplier of your designated service, attend their meetings, network, volunteer your services to sit on their committees or be a guest speaker on one of your areas of specialisation at one of their events. A prospects' perception of you and your company will be enhanced if you are noticed being a key player within your industry.

**Action Point:** Become an authority in some aspect of your field of operation or expertise and tell people about it.

## 2.11 BE YOURSELF

You'll come across plenty of guys who can best be described as 'heroes within their own lunch hour' – all talk, little actual action, are in love with themselves, can talk you into submission. It's all a pretence – when it comes time for them to deliver what they've said they can, they fall short or need to renegotiate or get a delivery extension or try and get more money out of you. These guys are part of the 50% of new businesses which fail (I mentioned earlier). You will be valued and respected if you are yourself. Don't try and be somebody you are not. You can never be somebody you are not for long. You will be found out, particularly when you can't deliver what you've promised.

I have never ever considered myself to be a salesman. I probably still don't. My core competence is that I am a market research practitioner. But one thing I have learned is

that, in the world of professional services, people buy people. A sale is the most important aspect of any business. It is amazing when you've got a sale under your belt – it gives you work, you get money which you can invest in your business, you can pay bills, you can pay yourself a salary, you can eat. Some people say people are the most important aspect of any business, some say marketing. Give me a sale any day of the week. I mentioned from the onset, cumulative sales since day 1 have been over £2 million – so I must be a salesman. I reckon I've done this by focusing on my core competence – the 'nuts and bolts' of my proposition, the detail, the benefits and value of what is, in reality, the investment made by the prospect, as opposed to: *'This is the price...this is what I am going to give you...and you can have it next week...sign here please'*. Treat people as you expect to be treated. You want to do business with this prospect again and again. You'll not do this by pretending to be someone you are not by promising to deliver something you can't.

**Action Point:** People buy people. Demonstrate who you actually are.

## 2.12 BUILD A PROFESSIONAL REPUTATION

Of the 551 projects carried out, at the time of writing, I can safely say I was only dissatisfied with the outcomes of two of them. One of them was with a client from the Home Counties whose budget for the job was that small I couldn't offer an incentive for local residents to attend a public meeting and very few turned up. In a very uncomfortable meeting I mentioned the lack of incentive to which the client replied they had full attendances at other centres throughout the country. Rather than walk away from the job, I spent money advertising another public meeting in the local press and thankfully we got a reasonable turnout. I never heard from the client again and thankfully the client's location was geographically remote should there have been any adverse feedback picked up and spread locally. The other project taught me never to work outside my core competences again. The subject matter was microbiology. Even at school I dropped biology as quick as I could because I didn't understand the subject. We could only achieve about 50% of the entire project, and, on this occasion, I did walk away from completing it by reaching an agreement with the client that he wouldn't be charged for the work we'd completed. I didn't pay myself a salary that month. I pass the company every day I'm driving to work. Despite the experience happening 8 years ago, it still haunts me. However, I'm satisfied with the outcome of the remaining 549 to the extent that majority of the clients have placed further business with us and many have referred us on to their business contacts who have approached us for proposals. We have done business with 157 different corporate clients, which means each client has, on average, placed 3.5 orders with my company. So to use that old adage...we must be doing something right.

Clients are not placing repeat business worth, on average £4,000 per commission, unless they consider they are deriving value and benefits from my business. In business, people are buying people. Ask yourself the question, “Would you ever place business with somebody you didn’t like?” It is therefore vital to build and maintain a consistently professional relationship with the client and continually add value to that relationship.

This sounds like something you would read in a text book but it quite simply means:

- Deliver what you have said you would in your proposal
- Even if it has cost you more than you thought, charge the client what you proposed you would
- Keep the client fully informed of how their order is progressing
- Take them out for coffee and have a chat – congratulate them on their football team’s great performance on Saturday and then talk business
- At times over-deliver (not all the time or the client will expect that from you all the time)

By over-delivering I mean (in my business) giving them something of additional value they didn’t order, for example, additional interviews (they ordered 400 interviews, we carried out 420). And most important of all – never let your high standards slip. There are plenty of competitors out there who are ready to take your place if you let a client down.

**Action Point:** Give yourself as many opportunities of gaining repeat business from that client.

## 2.13 FOLLOW THE CLIENT

There will be many instances where personal clients you have been working with move on to other companies for career advancement. Before they leave, write them a personalised letter (not an e-mail) wishing them all the best in their new job. Or better still, phone them a few days before departure. You can finish off the telephone conversation by saying if they need any help or support in their new job (don’t identify what at this stage because you’ll only be guessing) to contact you. My record following a client moving from one company to another, and then, a few years later, to another was six moves with work from each of the six companies.

**Action point:** Update an ongoing list of the whereabouts of clients you have done business with.

## 2.14 MARKET/SELL WHEN YOU ARE BUSY

This may sound physically impossible. It’s always great to win business. There is always a need not just to think about today but also tomorrow. By that I mean, what’s going to happen when you’ve fulfilled the order? The last thing you want is the order book to be empty and you have to go searching for new business. In my business, there are certain aspects of the job I don’t get involved in, for example fieldwork or data inputting. This frees up time to allow me to focus on ‘tomorrow’. This could take the form of:

- Updating the website
- Attend networking events
- Phoning up clients you’ve recently done work for and ask them how useful the recommendations were, then ask them if you have any further requirements – it’s so much easier getting business from an existing client than a prospect
- Research who your clients are connected with on social media, for example LinkedIn and get connected with them
- Formulate a ‘hit-list’ of who you would ideally like to do business with
- Formulate a contact strategy to connect with these targets

**Action Point:** Keep your order book topped up.

## 2.15 EXPLOIT ANY LUCK THAT COMES YOUR WAY

This has not been scientifically proven, but the longer you are in business, and the more you put into growing your business, the greater the probability you are likely to succeed. The great golfer Gary Player once said ‘*The harder you work, the more luck you earn*’. I remember watching Baroness Karen Brady being interviewed by Fern Britton on Sunday. Karen said ‘*The more you put in, the more you will get out*’.

Companies who may have turned you down in the past will contact you resulting in order placement. Contacts you have chanced upon whilst networking may approach you. Clients will recommend you to their clients/suppliers. You may get a ‘nugget’/piece of advice – ‘*so and so is looking for a (research) supplier*’.

We had just won our first order with our local council. We were commissioned to find out to what extent householders recycle their waste. One of our interviewers engaged a respondent and invited her to take part in the survey. At the end of the interview, the respondent asked the name of the research company who was carrying out the survey. She explained she had just been appointed to a senior position within a large employer and was looking for a

market research supplier. When this was fed back to me, I immediately followed up that lead, organised a meeting which resulted in the following sequence of events:

- An initial trial order secured
- Follow-up orders – greater in size and value than the trial
- Regular ongoing business with that company – not just from the initial contact but other departments within her organisation
- Referrals into other generic organisations within their sector
- A decade's worth of business within that sector

**Action Point:** Opportunities will arise when you least expect them. The more you put in, the more likely these opportunities will happen.



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## 3 'DON'TS'

### 3.1 DON'T SET YOURSELF UP TO FAIL

Because you're a 'new kid on the block', you need to prove yourself by working within your own parameters or within your core competences. You won't have a 'safety net' to protect you, so just offer and do what you're good at. Show you've got the confidence and competence to carry out what you're good at and build from there. I recall being commissioned to carry out certain projects which took me back 25 years when I was working for a large corporate in the private sector. Now I was doing similar work and getting paid for that. More of the same please! Get a few years under your belt before you tackle something outside your comfort zone. You'll find as market needs change you'll have to make a move and learn new skills. My company was offered a very specialised contract nobody could offer in the city. For the record it was called 'Conjoint Analysis' or how to effectively measure choice and trade-offs. I was aware of it but didn't really understand the mechanics of it...but I soon learnt! For the first job of its kind, I subcontracted out the tricky bits under the proviso I could 'shadow' the expert to take on board how he carried out the analyses. We went on to carry out quite a number of commissions of this nature, but I would never have accepted a job like this in the early days.

**Action point:** Stay within your comfort zone, particularly in your early days.

### 3.2 DON'T BORROW MONEY

You may require funding to launch your business. First of all look out for grants, European funding (for example European Regional Development Fund, Eurostars, and SME funding programmes), Arts Heritage Funding, Growth Hubs, BIDs (Business Improvement District), Business Doctors, Business Angels, Innovation Grants, match funding for research and testing new innovations, Princes Trust, Alumni Associations, to name but a few (most relevant at the time of writing).

**Action Point:** Exhaust some of these possibilities before you go to banks or other short-term financing institutions.

### 3.3 DON'T GO OVERDRAWN

I heard a very sad conversation recently *'I have to go and see my bank manager on Friday... see if I can get an overdraft to pay my staff'*. He may have been successful, but what happens if he has to do the same next month...and the next. Banks, in my humble opinion, love extending you credit because they know you have to pay it back...plus interest. In fact, the only time I hear from my bank manager, is when he (or it could be a she) wants to lend me money. It is within the bank's interest to extract as much money as possible from their clients. Some business leaders have this macho image that debt is part of their business. I don't get that. It's an unnecessary business cost that increases the longer you take to pay it off.

**Action Point:** Debt in reality is a cost. Avoid!

### 3.4 DON'T AGREE TO SO-CALLED 'STRATEGIC ALLIANCES'

If you have a skill and people whom you've been networking with or come in contact with will think about how you could add value to their business. In fact, it's quite complimentary when you're asked to form an alliance with them, you feel wanted, you feel it's another way in which you can earn more money. If someone approaches you with that proposition ask yourself why are they doing this? It's not because they're looking out for you, they're looking out for themselves. They are adding value to their business by exploiting a skill that they don't have but you do. AVOID LIKE THE PLAGUE. I'll give you three actual examples.

- (i) I was offered hot-desking facilities by a company when I started up in return for my expertise in carrying out social research at local community level. I thought this solved a great problem as I didn't enjoy working at home and I wanted to work in the city centre and I couldn't really afford my own premises at the time. Due to my naivety at the time, let me put it this way, they got their pound of flesh – charged me a ridiculous rent (in fact more than I was eventually paying for my own office accommodation), reimbursed me (eventually) for a fraction of what the research was worth and branded it as their research. Fair enough, I agreed to all this. The worst thing was I was focussing more on their business and not my own. But when I had commercially 'grown up', I left.
- (ii) I was offered the opportunity to jointly apply for a number of research based contracts for a major Quango (a **quasi-autonomous non-governmental organisation**) with a managing director who had a contact within this organisation. The tender documents arrived and I spent weeks on end formulating proposals. One proposal resulted us in being short-listed for a job. I was on holiday overseas and I received a phone call advising me to attend an interview in the UK. As the job was quite

lucrative and I had very little work to come back to after holiday, I agreed I would return to the UK. My wife was livid, we had a 'discussion' about it, but I still departed for this joint interview with this managing director, let's call him Eric. Upon arrival at his office I said that we had a lot of preparatory research to do to swot up on the potential contract. Eric then replied that he usually went for a swim at this time and left it up to me. I was livid. I also felt that it was probably better I was left on my own to carry out what I thought was relevant. We arrived at the venue. As he was the lead organisation, he presented the proposal. He couldn't present to save his life. He didn't even have the wit to show the panel of interviewers some respect by standing up to present. Needless to say we didn't get the job and I returned to my holiday venue with nothing.

- (iii) You'd have thought I'd have learnt by now. A former employee of a local advertising agency, who had just been made redundant, made me an interesting proposition. His former company employed my company on numerous occasions to carry out research for their clients which made recommendations as to how to market their products/services. He suggested that, if we joined forces, he could provide added value marketing services based on the recommendations made by my research. We even went on a course to ascertain how this could work. So I let him loose with two of my clients. The guy was clueless. I reckon he could even mess up a cup of coffee. One client did not achieve any response from an extensive mailing campaign because the response mechanism was not placed correctly on the mailpiece for the Royal Mail to activate. The client said to me '*Has this guy ever worked with mail campaigns before?*' One of the most embarrassing and painful meetings I've ever attended. The other client agreed a campaign including advertising in the regional press and exhibitions. I asked my 'associate' if the client was paying upfront for this, to which he replied that we (i.e. my company) would pay and we'd then invoice the client. He thought my business was a 'cash cow' and could sustain that risk. At this stage I asked him to contact the client immediately and get an upfront payment. He left the office never to return. A few days later I had to phone the client and point out the error of my associate's ways and that this service would not be available. One week later the client folded.

The moral of the story is only form a strategic alliance with someone or a company if it is to **your** advantage. Don't let yourself get exploited. It's your business that matters **not** somebody else's.

**Action Point:** Always think "*What's in it for me?*". The mnemonic is rather like a radio station – WIIFM!

### 3.5 DON'T EMPLOY STAFF UNTIL YOU REALLY HAVE TO

It sounds really glamorous when you're networking or talking generally about business and you're told that they've been trading for a couple of years and in that short time have employed, say, five staff. I know there's much bravado attached to this or the chap you're talking to likes to portray a macho image, but let's look what this means in reality. At the end of each month, you need to pay your staff whether you can afford it or not. You've succeeded in paying them, you breathe a sigh of relief, then two weeks later you need to pay their tax and National Insurance contributions. Then two weeks after that you need to pay them again. The moral of the story is as above – don't employ staff until you really have to or until you can really afford to. You need to justify your investment in staff.

When you appoint staff, there is obviously a settling in and training period – three months is usually adequate before they can realistically start adding value to your business either through generating new business or giving existing business a quicker turn round period because they have inherited business critical processes. In my opinion, you need to reach a particular level of annual turnover where you can determine that you can't grow the business any further without additional staff. My level of 'critical mass' was £100,000. I appointed two additional members who fulfilled the quicker business processes objective to free up time for me to generate enhanced sales volumes. Collectively the two additional staff members, over three years, helped boost turnover to £250,000. These days, business is not unfortunately at these levels as I have not replaced any staff recently. I am continually asking myself the question, will additional staff solve this?

**Action Point:** Establish what your critical mass is based on what you have achieved, on your own, over a 12-month period before you think about recruiting staff.

### 3.6 DON'T OVERPAY YOURSELF

It is always very tempting, when you're looking at your bank statement which confirms you've had a good month financially, to pay yourself a sizeable salary. Personal remuneration is always a 'bigger picture' decision. Irrespective of the size of your bank balance, you need to evaluate:

- What is my current work-in-progress?
- What is my level of forward bookings?
- Have I any big bills to pay?
- How much do I owe HMRC and when it is due?
- How much am I owed and how long will they take to pay me?

**Action Point:** Look beyond your bank statement.

### 3.7 DON'T EXPECT TO PAY YOURSELF WHAT YOU USED TO EARN IN PREVIOUS EMPLOYMENT

The company I used to work for before taking the 'quantum leap' into self-employment paid me £30K per annum. Fast forward four years and I was paying myself £30K per annum. Within that four period:

- I didn't pay myself anything for the first six months
- Thereafter there were months I didn't pay myself anything because I was waiting for a client to pay me
- There were times I had to pay my staff first before I paid myself

Sounds very lamentable, but within this four year timeframe – and this is one thing that is very difficult to quantify:

- I was my own boss
- I had no nasty, self-righteous bosses to answer to
- I was (better) motivated
- The profit I was making was not for some corporation but for my benefit to reinvest or pay myself
- I was in charge of my own destiny

**Action Point:** You will have small beginnings, but look at the bigger picture.

### 3.8 DON'T UNDERSTATE YOUR VAT AND TAX LIABILITIES

Unless your accountant carries out these assessments on your behalf, there is an element of trust between the HMRC (Her Majesty's Revenue and Customs) and your business when you submit a tax or VAT return. They'll accept what you have stated...then, at very short notice, you'll be advised of a visit from one of their inspectors. I received a visit quite early on in my corporate existence and the official spent three hours going through my income and expenditure figures. She uncovered only two issues – I was claiming VAT on postage stamps and had claimed back VAT from items of business expenditure on a trip to Holland. The latter was very easily solved – I had to adjust my next quarter's returns to deduct the VAT claimed back for the Dutch trip. As regards the claim on postage stamps, which was a recurring claim ever since I/my company was VAT rated, I had to go through all my expenditure statements since 2000 and extract all purchases of stamps from Royal Mail counters and evaluate the VAT element I had claimed and then adjust next quarter's VAT returns accordingly. We are not talking vast amounts of money here, but it does exemplify how thorough HMRC inspectors are when they pay you a visit.

**Action Point:** Never be complacent with HMRC – Big Brother is watching you!

### 3.9 DON'T TAKE REJECTION PERSONALLY

In my early days, I must admit that I took rejection personally. I thought '*Why could they conceivably turn me down?*' They made that decision commercially – perhaps my price was too high, they didn't like the way I had suggested carrying out the job, or, perhaps, more than likely, I hadn't enough experience under my belt. I didn't bother asking for the reasons why they had rejected my proposal. My pride was hurt. You'll find you will feel sorry for yourself if you are rejected. But you'll soon learn nobody really wants to share your 'pain'. I realised when I eventually started asking for feedback and what really shocked me was several prospects thought I wouldn't be doing a thorough enough job for the price I was charging – completely the answer I wasn't expecting. Just treat it as part of the learning curve. I started wishing prospects who had rejected me '*All the best with the project*', which is a good way of endearing prospects to contact you again. I then learned that "*A 'no' today, does not necessarily mean a 'no' tomorrow*". It's amazing, over the passage of time, prospects will offer you the opportunity to quote for new requirements that emerge. Learn from the feedback given and implement your shortcomings the next time round. Just get on with it, and write a better proposal next time!

**Action Point:** Find out the reasons for rejection and learn from them.

### 3.10 DON'T EMPOWER SUBCONTRACTORS

If you are a small/micro business and you've won a sizeable contract, chances are you'll need to subcontract certain aspects of the job. I'm not trying to appear to be a 'control freak' but you're not working for a corporation any more, the buck stops here. You are totally responsible for all acts and/or omissions of everyone employed – directly or indirectly. If your own direct employees (your payroll staff in other words) have demonstrated gross professional misconduct in terms of their acts and/or omissions you can sack them. However, if you are employing indirect labour (staff not on your payroll), your only real option is to take them off the job and don't use them again. In my profession, I am reliant on market research interviewers, all of whom are self-employed. They are paid a daily rate plus expenses and they are responsible for their own tax liability and insurance. Before I restructured the company and introduced a supervisory element to my fieldforce, I was being 'ripped-off' by a small element of interviewers who, let me put it this way, put more creativity into avoiding doing a day's work than actually doing a day's work.

Until I introduced this supervisory level which enabled me to tighten up on quality control and avoid operational misdemeanours, I had to deal with:

- Fraud – an interviewer submitting a pay claim for work she never carried out. I had to get the police involved ending up with the 'interviewer' being cautioned
- Racism – we nearly lost a big spending key account as a result of an interviewer's 'loose' words
- Police involvement – as a result of an interviewer's actions

The entire market research industry, along with many other professional and personal service industries, is based on Trust. I need my fieldforce to truthfully and honestly carry out what has been asked of them, and, in return, I pay them for their service. When that Trust is broken, there is a need to review processes and rectify them, hence the supervisory tier. Having reflected on what I've just written, we are only taking about two or three 'bad apples' out of the 87 interviewers/subcontractors we have used over the last eighteen years. But then again, it only takes two or three bad apples to make the entire barrel rotten. Generally, the standard of most interviewers'/subcontractors' work has been high, and, in some instances, miraculously brilliant.

**Action Point:** You do need to be 'control freak' – it's your business and the buck stops here.

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## 4 MY OWN PERSONAL MINDSETS AND MANTRAS

Without repeating what I had written previously, the following fifteen principles or paradigms have helped me sustain my business over the last eighteen years:

1. **Be yourself** – people buy people, don't try and pretend to be somebody you are not.
2. **Keep motivated** – if you are working on your own and you've not much work to do, and you're feeling somewhat dejected you need to remember you have the privileged position of being self-employed – a company director in fact. Maintain a positive attitude and talk to people. Aim to see, or at least talk to, at least three prospects a week. When I was feeling despondent, I would consult a diary I kept from my previous employer and I would remind myself of some of the unpleasant, unfulfilling times I spent there. I was soon remotivated.
3. **Don't set yourself up to fail** – work within your own limitations, don't take on an assignment unless you're 100% confident and competent you can complete that work to the client's satisfaction.
4. **Don't mess up** – my business operates within one of the UK's largest cities – Liverpool. Yet, commercially, it's only a village. Within certain business sectors, there is a great degree of familiarity. People talk. Don't get yourself a reputation for indifferent work or behaviour.
5. **Cash flow is king** – make sure you get paid on time, pay your suppliers (including HMRC) on time. Make sure your income is greater than your expenditure.
6. **The customers pay your wages** – you ideally want your customers to keep demanding more of your services on an ongoing basis. You can guarantee that with providing an excellent professional service in terms of delivering your services when or before promised and putting yourself in a position that the clients wouldn't dream of going anywhere else.
7. **Never let your admin get on top of you** – many say admin doesn't generate you income. It's all to do with time management. If you are the sole trader devote at least one day a month to deal with your admin...apart from sending out your invoices. I personally love sending out invoices – it's the second most enjoyable aspect of my business (the first one being getting paid!!). Invoices should be sent out immediately after a job has been completed or results presented to the client (refer point 6). In that one day of your working month do your monthly accounts, pay bills, do your VAT return (if applicable), pay staff, makes purchases (stationery, print matter), filing.
8. **A 'no' today doesn't mean a 'no' tomorrow** – never give up on trying to gain work from a prospect/target. Continuous improvement in the way you approach the prospect will pay dividends later on.

9. **Arrive at meetings before the start time** – late arrival gives the client the impression *‘Can he really carry out this difficult project if he can’t even turn up for a meeting in time’*. There was a boss of mine who used to stick a sign up on the door of the meeting room after the meeting start time had elapsed which stated *‘TOO LATE’*. Anyone who was late was never late again!
10. **A satisfied customer tells 8 people, a dissatisfied customer tells 9** – this was the philosophy of the American cable giant Cox Cable. In other words, more people will be aware of your shortcomings than those who are aware of your good service.
11. **Don’t be a ‘busy fool’** – it’s great to have plenty of work to do but make sure it’s profitable. I have been guilty of doing this on numerous occasions, as, due to my risk adversity, I’ve always preferred a full order book. It took me years to understand this wasn’t necessarily the way forward.
12. **Be careful whom you trust** – never start any work, particularly if it involves a cash outlay, until you have received written confirmation of the client’s commitment, preferably in the form of an official Purchase Order. If you get work from a private sector company, particularly a small or medium sized company, check their creditworthiness to ensure they have the resources to pay you. There are plenty of free access websites you can access, for example [www.duedil.com](http://www.duedil.com).
13. **Never get into debt** – try and make your business self-financing through carrying out profitable work and building a reserve of funds should there be a lull in business activities. It is within banks’ financial interests to lend you money or grant you an overdraft, then an extension to that overdraft...but you’ll ultimately have to pay it back...with interest.
14. **Never lend anyone any money** – least of all from your business account. If a friend or acquaintance wants to borrow money from you personally for commercial reasons to pay off debts, it’s because the banks and other finance houses have turned them down. You are literally their last hope and based on my actual experience, despite promises, you’ll never see your money again. And it’s also a very good way of losing that friend.
15. **Staff cost money** – don’t resort to investing in staff until you have reached a point where you cannot grow your business any further without *‘an extra pair of hands’*. Investment in staff to solve a short-term problem, for example fulfilling an order which is behind schedule, will create medium and longer-term problems when that order is fulfilled. Staff should be utilised to actually carry out the work to free you up to secure new business.
16. **Stay healthy, don’t over-commit** – this may contradict the previous principle in that if you are running and developing the business on your own, you need to remain fit and healthy, take limited holidays and even work weekends to alleviate the workload. It’s a very difficult trade-off. I remember when we won the biggest order in our corporate history – in fact three times as much as our previous biggest – we completed the job, but the cumulative stress of delivering that contract over a three month period made me ill to the extent that I had to take two weeks off work!

## 5 IF I HAD MY TIME AGAIN, WHAT WOULD I DO DIFFERENTLY?

Upon reflection there are certain things I would have done differently, particularly in the first two years, specifically:

### 5.1 FOCUS ON MY OWN BUSINESS AND NOT ON OTHERS'

I elaborated on this in Chapter 4. I have concluded, as part of my learning process, I was a 'busy fool'. I was working very hard on low margins when I should have been treating the so-called strategic alliances commercially, by that I mean charge them prices that reflected market value rather than prices which reflected cost plus a contribution towards paying myself a living wage. I suppose I was grateful for the work and accepted the prices the 'alliances' quoted me as acceptable to them. In my naivety, I accepted too quickly rather than negotiate a higher price which they would have had to have paid if they went elsewhere. It felt like I was back working for an employer rather than myself. I didn't pay myself a wage for the first six months. I celebrated this event by taking myself out for a decent lunch! In my first year (2000 – 2001) of trading my accountant praised me for my turnover figure (about £50K). My profit figure, which should have been 25 – 33% of this was derisory (about 8 – 10%). But at least I made a profit. All of this changed in the second year – turnover was roughly the same, but I made a loss, not a massive one, but of significant magnitude to reassess my fledging business. I am not encouraging this, but it is not the end of the world – if you make a loss, as long as you learn from the experience and don't do it again. It's the old maxim '*Profit is sanity, turnover is vanity*'.

### 5.2 PRICING

Pricing was always a major weakness. I was grossly undercharging clients for work that both the client and I considered to be very professional and superior to anything else out there in the local marketplace (their words not mine). I was of the opinion that I had to undercut the competition to gain their business. I eventually found that the demand for market research was price inelastic, by that I mean there were other aspects of the proposition that were more important, for example quality, actionable results, methods employed. There was one conversation I had with a buyer for a local borough council, whose doors I had been knocking on for a number of years. In a local government tender, it was specified that a proposal would be scored on the basis of 70% for the methodology to be employed and 30% for the price to be charged. I submitted my proposal, was not awarded the job, asked

for feedback and was told that the clue was in the above methodology to be employed/price to be charged ratio, where less emphasis was being placed on price. The buyer's very words were *'For God's sake, put your prices up!'* He went on to explain his perception was that the price I would have charged for the project would result in the quality and delivery of the commission being inferior to the contract-winning competitor. Next year I submitted a proposal with a significantly higher price and was awarded the job.

### 5.3 FORMULATING ENFORCEABLE TERMS AND CONDITIONS

It was quite a few years before I took advice from a credit control expert and introduced terms and conditions relating to when I should be paid for work I had carried out for them. Again, this was a reflection on me being too grateful for the work and not being overly emphatic about being paid either on or within payment terms. Some companies, particularly small intermediaries in the private sector exploited this. It was 'custom and practice' in the market research industry to charge 50% up front to cover necessary payments I had to make (questionnaire printing, interviewer payments) and 50% upon completion. There have been instances when I had completed the work before they had made the initial, upfront payment! Again, in my naivety, I would proceed and present the findings, but, at least, being on the client's premises I would have a quick word with their accounts payable manager pointing out the key findings of the research had just been presented and I hadn't even been paid for the agreed upfront payment.

Furthermore, I would not forward the full report till their cheque had cleared. Accounts payable must have a book of excuses withholding payment – I am sure I have heard them all – *'Never received your invoice'*, *'Have to wait for our customers to pay us'*, *'I've just checked and you're on the next pay run'*, *'Just waiting for the authorised signatory to sign off the invoice'* are common ones. There have been times where I planted myself in a client's reception to collect a payment. If any of their staff would ask *'Can I help you?'* I would answer loudly *'I'm just waiting for an overdue cheque payment'*. It's amazing how quickly they pay to save embarrassment should another client/supplier be also waiting in reception for a meeting! I would then be given the cheque...and then wait 90 days for the final payment. I have come a long way since then. I always thought that if you chased payment too often or too vociferously, the client would go elsewhere for their requirements. I now have a professionally drawn up terms and conditions statement (about one A4 page in length) which is enclosed with every proposal – something I should have done from the onset. "Cash flow is king". I have not noticed any detrimental impact on my business since I introduced this.

## 5.4 MANAGE MY TIME BETTER

I would get up when the alarm would go off at 6 am, be at work for 7.30 – 8 am, access e-mails, deal with the relevant ones, and then access the Internet for a good half hour. The content I would be accessing would be very rarely work related. Don't get me wrong, The Internet is a great invention, but why was I getting up at silly o'clock to surf the web? I could have stayed in bed for an extra half hour. Other time-wasting activities included:

- Carrying out **all** the company's admin
- Reading trade publications
- Insisting on face-to-face meetings with clients when a phone call or even an e-mail would have sufficed
- Networking with the wrong prospect groups

However, much of the above is all part of the learning curve, particularly the latter. Books are written about time management, training companies run courses on this discipline. If I reflect on one piece of advice I was given which completely contravenes the theory of working on your business' priorities is the concept of having 'to eat a frog' (Haynes, 2004) – it's not all that pleasant doing so, but when it's eaten, it's out of the way and you don't have to worry about having to do it anymore. In a business sense, this means getting all the jobs done first you don't like doing, then focussing on the jobs you enjoy doing – your mind is a lot clearer and focussed in that the less enjoyable jobs are out of the way and the quality of the more enjoyable jobs is enhanced.

## 5.5 NOT TO HAVE BEEN SO TIMID OR NAIVE FROM THE ONSET

I know hindsight is an exact science, but launching your own business is rather like jumping into a swimming pool at the deep end if you don't know how to swim. I learned very quickly that there is no such a thing as clients, prospects, or even suppliers giving you a chance or making allowances because you're a new kid on the block. There are some unscrupulous people out there whom you will think are doing you a favour. You will soon discover who your true 'friends' are and whom you can trust and whom you can't.

## 6 REFLECTION

When I was in the corporate world, I had never ever contemplated taking the ‘quantum leap’ and becoming self-employed and running my own business. I was very risk averse. Despite having a very specialised set of skills, I never ever got promoted in the corporate world – being a middle manager was about the furthest I ever achieved. Yet I looked around me and noticed people getting promoted, earning higher salaries than me, being ‘flavour of the month’, but it didn’t overly bother me because I felt comfortable in my cocoon – my job(s) commanded respect and I got a pay-check every month, sometimes with a bonus. My move into the world of self-employment was as a result of circumstance – start up on my own or sign on the dole?

Fast forward eighteen years – if someone had told me whilst I was considering setting up my own business that I would have carried out over 550 market research projects and only to be disappointed with two of them, would have been market leader within the region, would have been dealing with ‘blue-chip’ clients for example Capita, Coca-Cola Enterprises, The Trinity Mirror Publishing Group (to name but a few) and would have sold over £2 million worth of market research, I would have accepted that straightaway.

I’m sure there are other generic entrepreneurs out there with a significantly higher rate of achievement, but if I can reflect on one question I was asking myself when I was feeling shivery in 1999 (see Chapter 2 Page 4) and was looking forward to a week off work:

*“With all my qualifications and skills, is this the best I can ever think of achieving?”*

I am now in a position where I can hold my head high and say that I have achieved rewards commensurate with my qualifications and skills and have actually exceeded my expectations as a result of my journey into the unknown. I had to learn a lot very quickly.

Nobody will make allowances for you because you are a fledging business, you will be exploited by people whom you initially think are doing you a favour, you will trust people you shouldn’t, you will witness much carnage among small businesses whose leaders want to achieve what you are fundamentally trying to do, but if you follow some of the advice given throughout this e-book, you’ll successfully launch and sustain your own business.

Despite all the trials and tribulations encountered throughout my own corporate existence, particularly in the first couple of years, I wouldn’t have missed starting up and running my own company for the world!

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