

# Fact Sheet I: Options

*Study at post-graduate level can be an all-consuming pursuit. This fact sheet invites you to pause for a moment and consider possible routes for you to take upon completion of your current studies.*

## Further Study

Have you been bitten by the academic bug? Has your current course of study aroused interest in areas that you now feel compelled to study at a higher level? Do you have a sense of how a higher qualification might be a tangible asset in terms of career development? It may be that the career you envisage for yourself requires specific vocational training. Now is the time to investigate options. Study prospectuses; investigate possible courses on the internet; talk to your current tutors/supervisors and seek the opinion of as many informed and trusted individuals as you can.

## Employment

In other words – get a job! Scour the job adverts; prepare your CV; fill in the application forms; shine at interview and secure the position. Finding a job can be a full time occupation in itself and there are many excellent publications that provide useful advice – such as *The Perfect CV* and *The Perfect Interview* by Max Eggert. Useful general job search websites include:

<http://jobs.guardian.co.uk/>

<http://www.careerbuilder.co.uk>

<http://www.fish4.co.uk/iad/jobs>

<http://www.totaljobs.com/>

<http://www.prospects.ac.uk>

However, in the arts, music technology, music, audio and media sectors many jobs are simply not advertised in such a broad manner. Be sure to check out the Recruitment pages of relevant industry publications and subscribe to email lists such as Arts Council England's *Arts Jobs*.

<http://www.artscouncil.org.uk/pressnews/maillinglists.php>

## Self-employment

Do you dream of being your own boss? Do you aspire to a particular lifestyle? Do you have plans for a product or service you can offer? Or are you motivated by a passion for personal creativity and the longing to make the art that only you can? If any of these questions strike a chord, then this series of resources will prove useful.

## **The “Portfolio” Career**

In reality, these options are not “Either/Or”, mutually exclusive choices. Rather, many individuals – particularly within the arts and related creative industries – are increasingly managing multiple activities and drawing income from diverse sources.

Consider a fictitious, yet typical post-graduate Music Technology student, Fiona. Upon completion of her MSc, Fiona embarks upon a part-time PhD whilst working for the equivalent of 2 days per week for her local authority Music Service as a peripatetic instrumental teacher. The income from this position is supplemented by private, self-employed piano lessons and occasional session playing and engineering.

By contrast, Mark – an equally fictitious character – is making a living by doing a number of successive “temping” jobs which draw on his ability as a computer programmer. This work, however well paid, is relentlessly dull and is only seen as a “stop gap” solution until Mark’s real passion for ambient electronic music begins to bear financial fruit. To this end, Mark is investing in studio equipment and setting up his own record label and distribution network. Occasional gigs and self-promoted installation events have begun to generate interest and a modest income.

Such scenarios are extremely common and recognisable. The “portfolio” approach has many benefits in terms of spreading financial risk and providing a wide range of experience. The potential pitfalls are obvious. Without careful self-management, the portfolio worker can find himself or herself being pulled in too many conflicting directions at once. There is also the danger of developing a reputation for being a generalist, a “Jack of all trades”, rather than gaining recognition in a specific field. For those starting out in business by themselves – especially in the arts - the financial imperative to hold down a “proper job” whilst simultaneously seeking to develop the new venture, can prove frustrating and something of a “Catch 22” situation.

## **Conclusion**

There are many options open to you. The key is to make – and act upon – informed choices. Many people who express dissatisfaction with their own career path admit, when pressed, that they have simply drifted passively from one thing to the next without actively taking control.

These resources will assist you in determining whether self-employment could be one of the right options for you. If it is, you will also find much useful guidance, practical help and advice.

## Fact Sheet 2: Personal Checklist

*Self-employment presents numerous challenges and makes significant demands of any individual. Before embarking upon any form of self-employment it is wise to pause and consider your personality, your attributes and weaknesses. Take time to reflect honestly upon the following checklist.*

Are you:

- A risk taker
- Visionary
- Ambitious
- Motivated
- Disciplined
- Hard working
- Interested in business
- A quick learner
- Organised
- A good manager
- An optimist
- A realist
- Able to see the big picture
- Conscious of detail
- Good with money
- A good communicator
- Personable
- Responsible
- A survivor
- A leader
- A strategist
- A clear thinker
- An extrovert
- Highly numerate and literate
- Surrounded by supportive friends/family

Many entrepreneurs attribute their success to a combination of the above personal characteristics. The importance of many of these is self-evident. However, it would be a very rare individual indeed who is endowed with all. Most of us, as complex and flawed human beings, are capable of exhibiting degrees of all of these aptitudes and while it is clear that the presence of such qualities can only aid the budding entrepreneur, their absence should not necessarily be a barrier to self-employment.

For example, a good head for figures and the ability to deal with money is obviously a desirable asset to any business. However, if in your honest self-appraisal you can admit to ineptitude in financial matters you can then take steps to counteract and compensate for your lack of natural ability – take a course on financial management, put in place the appropriate systems, go into partnership with someone who has the necessary, complimentary skills.

The key is to be brutally honest and realistic about your own strengths and weaknesses.

## Fact Sheet 3: Legal Structures

*When starting out in self-employment, it is important to set up the right legal structure. There are a number of options to choose from. This fact-sheet will explain some of the key features of each and help you determine which is the most appropriate for your situation.*

### **Sole Trader**

This is perhaps the simplest option and the most common route for individuals starting out. As a sole trader, you are the business! You are responsible for paying your own tax and National Insurance. In legal terms, there is no distinction between you and the business. This makes many things simple – you get to keep all profits after tax, for example. However, you should consider the fact that you are personally liable for everything. So, in a worst-case scenario, if you were to go out of business owing money, you would have to meet those debts from your personal assets.

In order to operate as a sole trader you must inform the Inland Revenue. You must do this as soon as possible and certainly within 3 months of starting self-employment – otherwise you will be fined £100.

Think about a name. You could simply call the business by your own name but you might want to trade under a name that is more descriptive and helps potential clients understand what you do – eg “Live Sound Solutions”, “Obscure Electronica Records” or “York Keyboard Repairs”. Be careful in your choice of business name, as the wrong decision could cause you problems. The first thing to do is to check that nobody else is already using the same name – or even one too similar. To take a name that is already associated with an established business could open you up to legal action. Check all the directories, trade magazines and websites you find. You should also search the National Business Register at:

<http://www.start.biz/home.htm>

You must also avoid certain words – like “International” and “Federation” – as the law restricts their use. (Business Names Act 1985 & Business Names Regulations 1981) Companies House has all the information you need at:

<http://www.companieshouse.gov.uk/>

When you’ve decided upon your business name, it’s a good idea – though not compulsory - to register it with the National Business Register.

If you do choose a business name that is different from your own name, you must make certain that all documents and stationery (such as letterheads and business cards) also bear your name as owner of the business. All such paperwork must also include an official, permanent address at which documents could be served. You are also obliged to display all this information in a notice at your place of work.

## Partnerships

A partnership is when 2 or more people (maximum 20) set up in business together. As with sole traders, business partners are personally responsible for the business and financially liable. In law, you and your partners are the business. Each partner reaps the financial rewards from the business according to their agreed share in the business – usually based upon their initial investment. There are pros and cons to business partnership.

Self-employment can be a lonely affair. Working with a partner (or partners) is a way a sharing the stresses and burdens. It is a rare individual who possesses all the skills and qualities needed to make a success of self-employment – working with a partner is a way of mitigating your own shortcomings and giving the business access to a broader pool of skills. If you're happiest working by yourself, coding software at your PC, your products may never see the light of day unless you team up with someone who has the necessary extrovert personality and marketing skills to turn your great ideas into viable income streams. Most people find that they make better decisions working in a team. Having a partner gives you a sounding board and means that potentially crucial business decisions are made through a process of discussion. There are also a number of simple, obvious and practical reasons why partnership can be valuable to the small business. For instance, the business need not grind to a halt if one of you is taken ill.

However, partnership is not for everybody and business partnership can be a sure-fire way to wreck a good friendship! You may resent a lack of autonomy. Some people find that, in collaborating with others, spontaneity is lost and the decision making process is slowed down. You may find that working together exposes fundamental differences in outlook and vision that can cause tensions. For example, one partner might see self-employment as a vehicle for sustaining a relaxed life-style – being able to saunter into the office at midday, take long lunch breaks, spend time pursuing personal interests which may not prove terribly lucrative – whilst the other partner, who has visions of world domination, international recognition and extraordinary wealth, works every hour available and is constantly wanting to push the business forward. In working in close confinement with somebody else, even the most insignificant, petty differences can assume monumental proportions and cause stresses and strains on the relationship. What do you do if you like to work with music on in the background whilst your partner can only concentrate in absolute silence? Resentment and conflict can build all too easily – to the detriment of the business.

Remember, too, that you are jointly responsible for the finances of the business. If your partner runs up huge debts, you are just as liable for those debts as they are.

The key to successful partnership is to be relentlessly honest with yourself, and with each other, from the outset. Talk openly about you dreams for the business, your goals and personal ambitions. Understand each other's strengths and weaknesses. Make sure that you really do compliment each – not overlap, duplicate and replicate each other's failings. It really does pay to invest in this planning time before making such commitments. Draw up written agreements about your plans, your respective roles and what each of you will get out of the business. It is equally important to

consider what happens when either of you wants to call it a day - for whatever reason. Who owns what? How will you split the assets? Will one partner be able to continue trading using the same business? Planning for the end of a business may seem like courting failure (rather like planning for the divorce on your wedding day!) but it really is much easier and far less stressful to iron out, and agree upon, the options before starting up.

It's not necessary, but you may wish to consider consulting a solicitor to draw upon a more binding legal agreement between partners.

Don't be unduly discouraged by the potential downsides to partnership, however, as there is much evidence to suggest that business built on sound partnerships can achieve more in shorter times than their sole trader counterparts.

### **Limited Company (Company Limited by Shares)**

In contrast to businesses that operate as sole traders or partnerships, a limited company is a legally separate, independent body – distinct from you as an individual. In other words, you are not the company. The company has a life of its own, its own identity. The company can sell products or services, purchase property, run up debts, be sued. In fact any business dealings are made by the company – not by you as an individual. Those to whom the business owes money can only pursue the company. Your personal wealth and assets are secure as your liability is limited (hence the term “limited company”) to the level of your investment in the company.

So why become a limited company? The process of becoming a limited company, incorporation, is relatively straightforward but does involve work and expense. There are also many more legal demands and duties placed upon limited companies than upon sole traders and partnerships, so you will need to be convinced of the merits of incorporation before taking such a step. Perhaps the main benefit bestowed by incorporation is the financial protection that limited status affords. You should therefore consider how much your chosen business exposes you to financial risk. A private instrumental teacher, for example, has little initial financial outlay and would be unlikely to incur crippling debts. However, a manufacturer of esoteric microphone pre-amps might have to rent or purchase manufacturing facilities, employ staff, and buy parts in bulk – all before seeing any income. Such a business might be well advised to operate as a limited company.

There may well be other financial imperatives for incorporation. Considerations such as tax implications may mean that it is financially worthwhile for the sole trader or partnership to become a limited company. You should take professional advice from someone such as an accountant who knows your business, understands your sector, can see your projections for the next few years and is up to date on current tax law.

So, how do you set up a limited company? A company must have at least 2 appointed officers – a director and a secretary. You can deal directly with Companies House

<http://www.companieshouse.gov.uk/>

This is the cheapest option at £20 - £80. However, although the Companies House website is very easy to navigate and staff are helpful they can only give general guidance about broad issues. Filling in all the appropriate forms can be time-consuming and daunting to the initiated. It could prove all too easy to make costly mistakes at this stage.

Alternatively, you could use an online company registration service to act as an intermediary between you and Companies House. For an example of such an operation, visit:

<http://www.companyregistrations.co.uk>

(NB This is an example and does not constitute recommendation.)

For a typical fee of around £100, such an online service will guide you through the process and, by making use of electronic registration, will be able to get your new company up and running very quickly indeed.

You can also use the services of a solicitor or accountant. Fees will vary but it may be in your best interest to deal with someone with whom you have an established relationship and someone who knows you and your business.

In order to form a limited company, you will need to decide upon the name of the business. You (or your agent) should check that your choice of name is not already taken by another company. As outlined above, there are a number of restrictions about the wording of business names. You must also avoid anything that might be deemed offensive or might be seen to imply criminal activity.

In addition to your Companies House registration fee, and the fee charged by your agent, you will need to submit:

- A *Memorandum of Association* that sets out the company's name; where the registered office of the company will be and the objects of the company – what it will do.
- The *Articles of Association* document that describes the rules that the company will adopt for running its own affairs.
- Form 10, which lists the names, addresses, dates of birth, and occupations of the directors and company secretary. In addition, the form lists any other company directorships held in the last 5 years.
- Form 12, which is a statutory declaration of compliance with all the legal requirements relating to incorporation.

Upon incorporation, you will be given unique, registered company number. You will need to quote this when opening a limited company bank account.

This company number should be quoted on all business documents and stationery, along with the directors' names, place of registration and registered address.

A new company typically issues 1000 shares at a nominal value of £1.00 each – money held by the company as assets. The shares are held by shareholders and the balance of power in the company is determined by the proportion of share ownership. Thus, to hold 51% of the shares is to effectively control the company. Share ownership also determines the allocation of assets in the event of the company being wound up.

A limited company must comply with a number of legal requirements – such as the filing of annual returns, informing Companies House of changes to directors etc... Not to do so can attract severe penalties and some such misdemeanours are categorised as criminal offences.

### **Company Limited By Guarantee**

There will be circumstances under which, whilst the legal protection of incorporation is desirable, a company limited by shares is not the appropriate model. Such ventures will usually be those conceived as “not-for-profit” enterprises, run for public, community benefit.

The term “not-for-profit” is often misunderstood and probably requires a little explanation. Not-for-profit does not mean that the organisation cannot generate income or charge for services. Nor does it mean that those who work for the company do so on a voluntary basis. Employees are paid a salary. What it does mean is that any money made is used to reinvest into the work of the company – it cannot be used to finance huge bonuses or luxury holidays for the directors!

A company limited by guarantee does not have shareholders; rather it has guarantors – a board of directors or trustees who usually serve in a voluntary capacity and who all agree to guarantee the company by committing themselves to paying a fixed figure (usually a nominal amount such as £1.00) in the event of the company having to be wound up.

This legal status is obviously particularly relevant to public benefit organisations such as clubs, membership organisations, charities, sports and arts organisations. The company limited by guarantee is a very common model within the arts world – Theatre In Education groups, Opera Companies, Community Recording Studios and Festivals are all typically constituted in this way. In the public benefit arena, the company limited by guarantee has a significant advantage over the company limited by shares in that it can apply for public funding. Since companies limited by shares are primarily run for profit for the benefit of shareholders they are usually prohibited from applying for any form of public funding.

A company limited by guarantee may indeed be the vehicle you need to pursue your vision. However, as with all these decisions, you should seek advice from a wide range of sources before committing yourself to a particular route. Talk to similar organisations, potential funding bodies, Arts Council England, solicitors and accountants. One thing to bear in mind is that if you are to act as the manager of

the company and earn an income from its work, you will, by definition, be relinquishing control to a board of trustees/directors who will, in effect, become your employers.

You should note that the process setting up a company limited by guarantee can prove more complex and costly than incorporation as a company limited by shares.

## **Charity**

If your work is for the public benefit, you may wish to investigate charitable status. To qualify for charitable status, your organisation – usually a trust, unincorporated association or company limited by guarantee – must be established for charitable purposes only and be for the public benefit. Beware – not everything that may be perceived as being for the general public benefit is actually charitable under UK law.

Charitable status is granted and regulated by the Charities Commission in England and Wales. (The Office of the Scottish Charity Regulator performs the function in Scotland). Charitable status has a number benefits around the ability to derive funding from particular sources. However, charity law is particularly complex and beyond the immediate scope of these resources. You should consult widely and take expert advice before considering charity registration. For further information, visit:

<http://www.charity-commission.gov.uk>

## **Changing status**

Bear in mind that nothing need be fixed in stone. It is possible to change from one structure to another as your business and circumstances change. A typical route might be to start out as a sole trader, discover a kindred spirit with whom you wish to enter into partnership and then, as the business grows and the associated financial risk escalates, to incorporate and become a limited company. Research, take the best advice you can and choose the structure that works for you now, and for as far as you can reasonably project into the future.



Many entrepreneurs attribute their success to a combination of the above personal characteristics. The importance of many of these is self-evident. However, it would be a very rare individual indeed who is endowed with all. Most of us, as complex and flawed human beings, are capable of exhibiting degrees of all of these aptitudes and while it is clear that the presence of such qualities can only aid the budding entrepreneur, their absence should not necessarily be a barrier to self-employment.

For example, a good head for figures and the ability to deal with money is obviously a desirable asset to any business. However, if in your honest self-appraisal you can admit to ineptitude in financial matters you can then take steps to counteract and compensate for your lack of natural ability – take a course on financial management, put in place the appropriate systems, go into partnership with someone who has the necessary, complimentary skills.

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# Fact Sheet 4: Writing a Business Plan

*A written business is an invaluable tool for any business at any stage but is especially useful for a new enterprise. Developing a well thought out business plan is an essential first step for a new enterprise.*

## **Why write a business plan?**

A good business plan performs many functions. Many people often see a business plan in terms of a document that is for *external* use only. However, whilst it is true that a polished and convincing business plan is an essential requirement for communicating with potential partners, stakeholders, banks, funders and other investors, perhaps the most fundamentally important reason for having such a plan is its key role as an *internal* working document - within the business, for use by the business.

A good business plan – and the process of developing it and physically committing it to paper – will help you to:

- Carefully research, consider and develop your ideas
- Clarify and present your thoughts in a structured way
- Describe your vision and goals
- Set measurable objectives and measurable targets against which your progress may be evaluated
- Consider the financial implications of your decisions
- Open up new avenues for the business
- Develop a strategy for growing your business
- Produce a plan for marketing what you do

There are no hard and fast rules for writing a business plan. However, it pays to consider and address the following areas.

## **Personal Objectives, Goals and Vision**

You are your business' greatest asset. Who you are and what you want to do are crucial considerations. Don't be afraid to reflect on your personal dreams and motivations.

- Why do you want to start a business?
- Do you see the business as your main income – or is it a supplementary sideline?
- Are you planning to stick with the business or is it an investment that you plan to sell as a going concern at a later date?
- Do you envisage employing people?

The answers to questions such as these will guide you and shape the way you run the business.

## **The purpose of the business – a mission statement**

What is your business going to do? Be as exact and specific as you possibly can. For example, don't just say you're going to write software – specify: "XYZ Software Ltd will develop and distribute specialist 5.1 processing plug-ins in VST and AU formats for the post-production industry."

It is a good idea to try and condense your ideas into a series of memorable points or a simple paragraph. Inability to express yourself clearly in this way might be a sign that you're lacking focus by trying to be too ambitious and become all things to all people.

A clear succinct mission statement is a valuable marketing tool if it enables your audience/market to quickly understand what you do and gain a sense of why and how you do it.

A mission statement also functions as a useful internal guide for your business, reminding you to focus on your core aims and objectives. In addition to defining what you *do*, a mission statement helps you clarify what you *don't* do. This can be great help in keeping you from becoming distracted, spreading yourself too thinly and losing focus.

For example, what do you do if your business is a record label committed to developing local emerging ambient artists and suddenly an improvising jazz guitarist from the USA suddenly contacts you? He loves the work on your label; you admire his ideas and could see a possible market for his material. Clearly it's outside of the core mission of your business. So what do you do? Your business plan should act as the yardstick against which all new possibilities and invitations are assessed. In making you stop and take time to consider, the business plan has already performed a useful function. It gives you the leverage to reassure yourself that you need to stick to your initial vision for the business and not go with the new artist. Alternatively, the situation might convince you that your original vision for the business was too limited in scope and that you have broader and more eclectic tastes than your operation currently caters for. There is no need to be hostage to a decision taken some time ago. Re-evaluate and, if necessary, write a new mission statement that more accurately reflects your new direction. The point is, that in stopping to weigh new ventures against your mission statement, you are more likely to make carefully considered decisions and avoid potentially troublesome knee-jerk reactions.

## **Business vision**

In this section, you should set out your longer-term goals for your work. Take time to dream and imagine how your business will develop over the next few years. Dare to believe what you might achieve, temper this with a healthy dose of realism and ask yourself: "Where do I want to be in 5 years?" 5 years is a useful time frame in that it's a little beyond the 1 – 3 years that most of us can easily imagine but not so far into the future as to be inconceivable. Starting by trying to envisage where you

want to be is vital in business. Without such vision, it is nigh on impossible to set out the objectives and strategies that will guide you. Do you aspire to become the market leader in your chosen field with an international market place and offices around the globe – or will you be content to make a comfortable and relaxed living, handcrafting bespoke products in a semi-domestic setting? How will you and the world view your endeavours?

Again, there is great value in being as specific as possible.

## **Market analysis**

People working in the arts can shy away from the terms “market” and “marketing”. They can bring unfortunate connotations – “sordid” commerce and unscrupulous sales. The harsh reality is that, in order for you to derive any kind of income or even make a living from what you do, somebody somewhere is going to have to want to pay you in return for the products or services you offer. If it helps soften the blow, think in terms of “audience” and “promotion”!

You will need to understand:

- The potential size of your market: Is your product or service destined for global appeal or will it be limited to a local niche?
- Your target customers: Who are they? How many are there? What percentage of the total available market do they occupy? You really need to build up an understanding of who is likely to purchase your products or services. Are you selling to individuals or to other business? If your main clients are going to be other businesses, who makes the purchasing decisions? Is your product specific to a particular age group? What are your customers likely to spend on products or services such as yours? How often will your customers return for repeat business? If you’re selling expensive, bespoke hardware, it’s unlikely that you’ll generate a high turnover of repeat business - unless you can diversify into other, complimentary products. If you’re selling to individuals, try to understand all you can about their lifestyle and cultural preferences. Companies such as Amazon are very good at making suggestions along the lines of, “If you like this, then why not try this...”
- Market trends: How are your potential customers making decisions about the purchase of services and products now? How does this differ from the way they behaved 1, 3 and 5 years ago? How will they do it in the future? What impact is technology having? What formats predominate? Which technologies are falling by the wayside? Examine real sales data – don’t just make your own judgements about the likely success of formats based on limited criteria, otherwise you could end up backing the next Betamax! Be wary of those who predict that the fastest big thing is necessarily going to spell the demise of last year’s technology – witness the resurgence in the appeal of vinyl.

- **Competition:** Who else is providing similar products and services to your sector? List them, consider their share of the market and ask yourself some searching questions about whether there really is room for your work to even get noticed let alone generate any customers. What do your competitors offer in terms of quality of product, price, after-sales service? What percentage of the market do they occupy? What is the public perception of these other brands? Do your competitors offer something that you don't (or can't)? How will you differentiate yourself from the others? How do your competitors' operations compare to yours? Do they have huge factories and large amounts of stock? What can you learn from them about how to grow a business in your chosen sector? How do they reach their customers? Can you find out what future plans they might have?

## **Marketing Strategy**

A marketing strategy defines your goals in terms of the types and sizes of market you intend to reach in order to grow your business. Set yourself ambitious goals that are specific enough to be measurable and are tempered with an appropriate degree of realism. You should be aiming for targets that can be achieved on a sustainable basis. To do this, you will need to understand your potential customer base and know what your customers need and expect. You will need to develop a Unique Selling Proposition (USP) that clearly identifies what you have to offer and sets you apart from the competition.

Your marketing strategy should also consider how you are going to measure the effectiveness of your marketing and what action you might need to take if it proves ineffective. You should include plans to review and revise your marketing strategy and plan in line with changing circumstances.

## **Marketing Plan**

If a marketing *strategy* contains the headline goals and objectives, the marketing *plan* goes into detail about what you are actually going to do and how you are going to meet the targets set out in the strategy. You will need to consider how to:

- Attract more customers
- Increase the typical amount that each customer spends (special offers to entice them to buy 2 CDs rather than just 1)
- Make your customers purchase your products or services more often
- Ensure your customers develop loyalty and stick with your business for life

You should work to develop a series of clear and consistent marketing messages that differentiate you from the competition and that are relevant to both your business and the potential customers.

It's sometimes useful to think in terms of 2 types of marketing message – a short, concise headline and a more complete, developed argument. The former is sometimes known as an “elevator speech”. Imagine you find yourself in a lift with a

potentially lucrative client. They turn to you and casually ask, “So, tell me – what do you do?” You’ve got about 30 seconds before the lift reaches the ground floor. What do you say? What’s the hook that’s going to entice them to take find out more rather than just walk away? This is the kind of message you might want to use on the Welcome page of your website or on a postcard.

The longer, more developed message will demonstrate that you have an understanding of your customers’ needs/interests/problems and that your business can provide just what they’re looking for. Of course, your customers might be blissfully unaware that they have any kind of need in the first place – how are you going to sell them your surround sound system if they are perfectly happy with stereo? Your message should go on to demonstrate how your product or service can surpass the offerings of the competition. Can you provide examples of other satisfied customers? In the music technology and audio industries, you can score points if your customer recommendation comes from a recognised authority or prominent figure. You can’t fail to notice how the major musical instrument manufacturers rely on celebrity endorsement.

Having established the key messages, your marketing plan will need to decide upon the media via which you deliver your campaign. Media might include:

- Business cards
- Letterheads
- Website
- Trade magazine adverts
- Yellow pages
- Online business directories
- Email
- Posters
- Postcards
- Hand bills
- Press releases
- Local newspapers
- Radio
- TV
- Telemarketing
- Networking events
- Demo CD or Showreel
- Word of mouth

Don't underestimate the power of word of mouth. It's a legitimate and effective form of marketing – not an abdication of effort in other areas. For many areas of the music technology, sound recording and audio industries, word of mouth is the most common way of securing work. Many self-employed composers, sound engineers and audio editors will attest to the fact that even the most glossy publicity and professional showreels have little impact compared to the interest generated by word of mouth. This means that the most powerful weapon in your marketing arsenal is your professional behaviour and the quality of your work. In the words of one post-production professional, "You're only as good as your last job!"

## **Objectives**

In this section you will need to convert your broad 5-year vision into short and medium-term milestones – targets by which you can measure progress. In order to achieve your vision and long-term goals, you will need to have a sound grasp of how much income you need to generate each year, month, week and even day. These become targets that you need to meet – or, better still, exceed.

If working out daily targets seems a little extreme, consider the fact that your business may well be spending money on a daily basis. Every phone call you make, every stamp you stick on a letter represents outgoing money. All these seemingly insignificant costs add up and, when coupled to the larger regular expenses like rent, insurance, salaries, mean that even a small business can burn hundreds of pounds a day – just to stand still. With such sobering facts you begin to understand why major retailers set *hourly* sales targets.

Remember to make your targets as realistic as possible. If you look at your targets and realise they are based on you working 24 hours a day, 7 days a week for a whole year you need factor in a sensible amount of downtime! Likewise, try to consider seasonal variations. For example, if your work is dependant on a live audience, how might the summer holiday period deplete that audience? On the other hand, if your work is studio based, you may find that the summer period is particularly busy as you try to meet deadlines for autumn releases.

## **Operation**

How will you make all your plans happen? Will you need instruments? Equipment? Premises? Staff? Consider the financial aspect of every aspect of what it will take to run your business from day to day. Don't forget to factor in all those costs that might not at first be apparent – public liability insurance, membership of professional and trade bodies etc...

## **Current financial position**

In this section, you will provide a full and thorough analysis of the current financial state of the business. What does your business own in terms of assets? If you employ an accountant he or she will be able to advise you more about how to demonstrate the value of things that you bring to the business. For example, you may have musical instruments, a computer or other equipment that can now be considered part of the business. What money are you able to invest to get things started? Have you secured any other investment? Does the business owe any money on, for example, bank loans? Is the business owed any money for work you have already undertaken?

## **Financial requirements**

What is it going to take, financially, to run the business? State all the costs associated with running the business – most of these will already have been identified by your business plan thus far. Couple this with your income targets to gain an understanding of where potential shortfalls might be. You may need to plan for how

you are going to make up any difference between what you have and what you need. Can you seek additional investment? Do you have any personal savings behind you that could go into the business? Will you be able to put together a convincing case to secure a bank loan? Have you researched the possibility of grants? Remember that if you have based your assumptions on being able to borrow money, you will need to include the repayments (plus interest, of course) in all your figures. Provide a break-even analysis which demonstrates how much money you need to earn – and by when – in order to break even.

## **Financial projections**

This area is crucially important to all business. One common caricature of a businessman is of someone constantly engrossed in performance charts and spreadsheets – and with good reason. You need to be able to assess your position at various points in the future under a changing set of circumstances with accuracy.

Perhaps the most vital aspect of financial forecasting is the cashflow. A cashflow forecast is a spreadsheet that itemises income and outgoings in a particular time-frame. This is usually on a monthly basis but, depending on the nature of your business or for particularly critical projects, you may need to calculate your figures on a weekly basis. The purpose of a cashflow is to enable you to know how much money you have available at any particular time. This will help you anticipate and compensate for potentially difficult situations. For example, imagine you are manufacturing products that you know you can sell for £10,000. If the parts and raw materials cost you £5,000 you stand to make a healthy £5,000 profit. But – what do you do if you have to pay for the parts 3 months before you can sell the products. Do you have a spare £5,000 sitting around? Can you negotiate an overdraft or extended credit terms with your suppliers? Perhaps you could secure advance orders with some sort of deposit paid up-front? These sorts of issues (and the possible solutions) are only highlighted by cashflow analysis.

If you secure a grant of any sort, you may well be asked to provide a cash flow to show the key points at which you need to draw down money in instalments.

## **Management and systems**

How are you going to manage your business? Potential investors, funders and banks will be keen to see that you put in place robust mechanisms to deal with the day to day running of the business. What systems will you develop to ensure that everything runs smoothly? How will you manage the progression of projects? How will you prioritise multiple, conflicting demands on your time? How will you monitor and report on financial data measured against targets? How will you manage any staff and what reporting will you expect of them?

## **Risks**

It's important to be aware of, and to confront risks, before they develop into major threats. Be ruthlessly honest with yourself. This is one area that is key in helping you spot and avoid potential disaster. It may help you to think along the lines of a classic SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) in which the negative factors are either internal – your own weaknesses – or external in the form of threats from outside.

Aspects for you to consider include:

- Lack of experience – you and/or your staff/partners
- Capacity
- As a new start-up business you have no track record – this makes it much harder to develop brand loyalty or to raise finance
- Is the market place already overcrowded?
- Are you too dependent on agencies and factors beyond your control?
- If you are developing a new product, are you sufficiently unique/protected or could competitors bring their versions to market much sooner?
- Could you prove a victim of a fickle public and changing trends?
- Customers not paying on time

Don't be afraid to share these concerns with stakeholders – especially if your plan can include steps you can reasonably take to mitigate or eliminate the possible effects of these risks. If you paint too glowing a picture and claim your business is risk-free, many will simply assume you have your head in the clouds and are out of touch with reality.

## **Conclusion**

If you feel that any heading is particularly difficult, don't shy away from it! It may be forcing you to confront potential problems. For example, if you are finding it hard to describe your current market, don't bury your head in the sand and skim over that section. Throwing yourself into the issue head on may just make you realise that your grand idea is flawed and there is no market place for your work! Or it may help you to uncover whole new sectors for you to work in.

There are many resources available to help write a business plan, including software such as Business Plan Pro by Palo Alto Software:

[www.paloalto.co.uk](http://www.paloalto.co.uk)

# Reference Sheet I: Useful Websites

<http://www.york.ac.uk/enterprise>

This website is your portal to all enterprising and entrepreneurial activity at the University of York. Whether you are a student or an academic, in business or looking for inspiration these pages will have something for you.

<http://www.artsmanagement.net/index.php>

Arts Management Network is an international information service and network for cultural management and arts administration. Useful newsletters, resources and links to other information.

<http://www.businesslink.gov.uk>

Excellent source of all manner of business support.

<http://www.ccbusiness.org/>

Centre for Creative Business – Helping creative business to grow.

<http://www.creativeentrepreneurs.com/>

The CEC is the Network for the Creative Industries in Scotland

<http://www.cids.co.uk>

*“The Creative Industries Development Service (CIDS) works to help new and established creative businesses in Greater Manchester, whilst also taking a strategic overview of the sector – developing projects in response to industry needs.”*

## Newsletters and useful links.

<http://www.cultural-enterprise.com/>

Cultural Enterprise – supporting the creative industries in Wales.

<http://www.culturalenterpriseoffice.co.uk/website/>

Cultural Enterprise Office – Developing Scotland’s Cultural Businesses.

<http://www.culture.gov.uk/>

Official website of the Department of Culture, Media & Sport.

[http://www.culture.gov.uk/about\\_us/creativeindustries/](http://www.culture.gov.uk/about_us/creativeindustries/)

Creative Industries section of the DCMS website.

<http://www.freshcreative.org>

Creative Industries network in Northwest England.

<http://www.ideasmart.org>

Scottish site for business support and seed funding. Some useful links.

<http://www.itc-arts.org/>

*“The Independent Theatre Council (ITC) is the UK’s leading management association for the performing arts, representing around 700 organisations across the country”*

<http://www.lcace.org.uk/home.php>

*“London Centre for Arts and Cultural Enterprise is a university initiative promoting the exchange of knowledge and expertise with the capital’s arts and cultural sectors.”*

<http://ncge.com/>

National Council for Graduate Entrepreneurship

<http://www.own-it.org/>

Useful information and news about copyright issues.

<http://www.starttalkingideas.org/>

Really useful website with lots of practical business advice and links.

<http://www.enterprisequest.com/>

*“Tips, ideas & know-how, for small business & home business owners.”*

<http://www.scavenger.net>

*“Over 800 reports and guides to help you research a business idea, start up and run a new business.”*

A range of helpful fact-sheets in downloadable PDF format to purchase. Typical prices range from £3.99 - £5.99

[http://palalto.co.uk/software/business\\_plan\\_pro](http://palalto.co.uk/software/business_plan_pro)

Business planning software. Produces professional looking business plans using templates. Available in 2 versions – Standard & Premier

<http://www.startups.co.uk/>

Range of advice and guidance on all aspects of starting a business. Interesting interviews with entrepreneurs, case studies and useful links.

<http://www.hmrc.gov.uk/>

Inland Revenue home page.

<http://www.hmrc.gov.uk/findout/index.htm>

A good starting point for finding out about self-employment and your tax liabilities.

<http://www.start.biz/home.htm>

The National Business Register – support and set up for entrepreneurs and new businesses.

<http://www.companieshouse.gov.uk/>

The official website of Companies House - *the foundation of company information exchange in the UK: helping business, informing the public and benefiting the economy.*

<http://www.charity-commission.gov.uk>

The Charity Commission website – a vital starting point for anyone considering charitable status for their work.