

## Going self-employed: Is it right for me?

### Your guide to going self-employed in the UK

Do you dream of being your own boss? Do you have brilliant business idea? Are you ready to make your vision a reality?

The attraction of self-employment is bountiful, as are the benefits:

- **More autonomy over your work and flexibility in your working hours** – offering increased work-life balance, particularly appealing for those with caring responsibilities
- **Heightened job satisfaction** – you are pursuing your passion, exercising your creative flair and applying your skills to what you are best at
- **Greater earning potential** – day rates for freelance or self-employed consultants tend to be higher than those salaried

And with the number of self-employed people in the UK now standing at nearly 5 million, the draw for the entrepreneur, the start-up or the freelancer to go it alone is ever growing.

So, you have an idea. You're passionate about it. You're full of enthusiasm and excitement for the future (keep this up!). But you have some questions.

How do I turn my dream into a reality? And crucially, is self-employment right path for me?

We're here to help, but in order to answer these two questions, you need to answer a few more...

### Define the “why?” – What is the need for your business?

Defining the purpose of your business – not just what you do, but why it is of value to your customers – underpins your entire business plan and informs every decision you make thereafter.

This crucial first step in establishing a business is often not given the attention it deserves, but it needn't be a daunting process. Consider the following:

- **Who are your customers? Why should they buy from you?**

What need can you fulfil/problem can you solve? If you're unsure what the answer is – ask. Market research, surveys, product trials and focus groups can provide invaluable insight.

- **Who are your competitors?**

Who else in your market is offering similar products or services? How can you offer something different, something extra, something unique or something better? Learn from your competitors. They may also provide valuable collaboration opportunities.

- **What is your motivation?**

What makes you passionate about your business idea? What unique skills can you utilise to make your business a success and where are your skills gaps? The freedom offered by self-employment also inevitably means you'll encounter many challenges along the way, but it is your passion and motivation for what you do that will see you through.

For further support in defining your business and developing your business plan, [click here](#).

## **Financing your dream – How will you finance your business?**

For every new business there are start-up costs, but it is also a good idea to think about budgeting ongoing to ensure your accounts are in order.

- **What are your start-up costs?**

Top tip: overestimate on cost and underspend on purchases. Buy the essentials to get your business off the ground and then reward yourself with the luxuries when you reach key milestones.

- **How will you finance your start-up costs?**

Will your business be self-funded or will you need to borrow money? As well as business loans, there are various start-up grants and crowdfunding opportunities available to new businesses, so it is worth looking into the best option for your budget needs.

- **How will you adjust to the transition from being salaried to self-employed?**

The financial demands of daily life need to be carefully considered when transitioning from a monthly salary to generating your own income and receiving that income at irregular intervals, particularly for seasonal businesses. But that's not all, you need to consider (and accommodate for) the loss of employee benefits, such as holiday pay, sick pay, employer pension contributions, maternity/paternity pay.

## **Define your business structure – What type of business will you be?**

“A great one” doesn't count. That goes without saying.

Your business structure will influence the tax you pay, the degree of personal liability you have and your ability to raise finance, so this is a key decision when starting up.

- **Sole Trader**

As a sole trader, you are solely responsible for the business. The business is run by you, you are responsible for registering the business with HMRC and for completing an annual self-assessment tax return for income tax and national insurance contributions, in turn you are entitled to keep all of the profits as income, and you are responsible for all liabilities, including personal assets.

- **Partnership**

A partnership is where two or more individuals share the profits, losses, risks, costs, debts and benefits of the business. Each partner is responsible for paying tax on their share of the profits and each is also responsible for the other person's negligence.

- **Limited Company**

A limited company is owned by shareholders and run by directors – even if that is just one person. It exists as an entirely separate legal entity. Unlike a sole trader, the way in which the company is run and its finances are separate to the personal affairs of its owner. This means the personal assets of the shareholders and directors aren't at risk should the company run into difficulty. The company pays a Corporation Tax and all profits are retained by the company, which are then distributed to shareholders as dividends. Limited companies also require

registering with Companies House, which means the company name is protected and cannot be used by anyone else.

Navigating the pros and cons of these business structures can be tricky, so we recommend seeking legal advice to ensure you choose the best option for your business.

### **Create an identity – What's in a name?**

Everything. A positive, clear and memorable name is integral to the success of your business. No pressure!

But, before setting your heart on a business name, check whether it has been [trademarked](#) or registered with [Companies House](#), and whether the .com and .co.uk web domains are available, as well as the social media handles. Once you have the green light, register that name across all platforms and mediums.

Name in place, now time to develop your brand identity:

#### **The visual**

Your brand identity involves so much more than a logo. While your logo operates as a recognisable symbol of your brand, you also need to define a colour palette, fonts, use of imagery/photography/video/graphics, and how your brand is represented online and offline.

#### **The voice**

Often overlooked, but your brand voice is as important in conveying who you are and the value of your proposition as your visual brand. How you represent your business in the words, tone and style of your writing is fundamental to influencing and engaging your audience. Don't just sell or inform, have an opinion and entertain – and do it in a way that is unique and memorable.

#### **Be seen, get heard**

You've developed your brand look, feel and voice, now it's time to get out there and be consistent in the representation of your brand across all communication channels. Make an impact.

### **Being self-employed doesn't mean being alone**

Going it alone can be, well, lonely. But it doesn't have to be this way. There is a wealth of support for entrepreneurs, start-ups, small businesses and new businesses.

Our [MENTA Start Right Programme](#) is a fully-funded, three-step course for new businesses with less than one year's trading. You'll discover everything you need to start a business, including legal requirements, marketing your business, identifying your target audience and bookkeeping. Plus, you'll learn alongside likeminded business owners in a supportive and engaging environment, enabling you to develop and grow your idea and your network.

There are also various companies who are able to help new businesses get off the ground. From brand consultants, designers, app and web developers, content writers to accountants and book

keepers, virtual assistants, IT providers, business coaches and mentors, there are fellow small business owners on-hand to plug skills gaps, while also offering vital companionship and advice.

Check out our [upcoming networking events](#) to meet small business owners or find out more about out [1-2-1 business coaching](#) service here.