



**Business training...**

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# What we are going to cover...

## How to start a business

1. Your ambitions
2. Your business idea
3. Benefits & challenges
4. Skills you need

## Business Structure

1. Types of business
2. Legal requirements
3. Name and logo
4. Business account

## My Business Plan

1. Why is it important?
2. How do I write one?
3. What must I include?
4. What do I do with it?

## Sales, Marketing & Operations

1. Products & promotion
2. Relevancy
3. Relationships
4. Your daily activities

## Financial Planning

1. Budgeting process
2. Start up & running costs
3. Reserves
4. Financial support

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Questions...

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**How to start my business...**

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# How to start a business...

Ambitions

Business Idea

Benefits  
&  
Challenges

Skills you need

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Questions...

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**Business structure...**

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# Legal structures for *charities*

Charitable  
Incorporated  
Organisation  
(CIO)

Is only ever a charity  
registered on the Charities  
Commission

Company  
Limited by  
Guarantee  
(CLG)

Is both a charity and a  
limited company, registered  
both with Companies  
House and the Charities  
Commission

Trust

The trustees and not the  
organisation are  
'incorporated' and  
registered by the Charities  
Commission

Unincorporated  
Association

Can be both a charity and  
commercially focused, but,  
because it is not  
'incorporated' it cannot  
enter into contracts or own  
property

Royal Charter

An incorporated  
organisation, granted by  
the crown (the most recent  
being the Chartered  
Institute of Fundraising in  
2020)



# Legal structures for *businesses and companies*

Sole  
Trader

The business is you and must be registered with HMRC. You are responsible for all liabilities

Partnership

Involves two or more individuals that agree to share in the profits or losses of the business. Liabilities split between the partners

Limited  
Liability  
Partnership  
(LLP)

Registered on Companies House, Limited Liability Partnerships are two or more partners and their liability is limited to the amount they each put into the business

Limited Company  
(LC)

Is a limited company with shareholders and for-profit aims. Profits are allocated to the amount of shares each registered director holds and are extracted as dividends after all taxes have been factored

	Always a charity?	Can be a charity	Corporate	Constitution
CIO	Yes	Yes	Yes but not a company	Constitution
CLG	No	Yes	Yes	Articles of Association
CIC	No	No	Yes	Articles of Association
CBS	No	Yes but not registered	Yes but not a company	Articles of Association
Trust	No	Yes	No	Rules
Unincorporated Association	No	Yes	No	Rules/Constitution

# Pros of charitable status

- Greater access to grant funding bodies
- Public positive perception...usually
- Everyone understands the concept of a charity, but not a social enterprise or CIC
- Tax exemption on profits
- Business rates relief (80% relief allowed, remaining 20% is discretionary)
- Gift Aid (25% on qualifying donations from HMRC).

# Cons of charitable status

- Adherence to charitable law, inc charity annual return...can be complicated/administrative
- Charity Commission regulation as well as Companies House
- Trustees as 'Directors' cannot personally benefit
- Good trustees can be hard to come by
- Cost of preparing annual accounts
- Liable for VAT if commissioning private organisations (need accountancy advice).

# Community-interest-company (CIC) status

- CICs are not charities
- CICs have 'directors' and not 'trustees'
- CICs can create 'advisory boards', but they are 'advisors' only
- Register with the Companies House and details sit on the CIC Register. Your company name has to always appear with 'CIC' after it; e.g. KIKIT PWR CIC
- CIC Register has to approve your not-for-profit 'objects and activities'
- Have to identify an 'asset lock' – another CIC or charitable organisation to pass on your 'assets' if you were to cease trading
- Can be limited by 'shares' (CLS) or by 'guarantee' (CLG), the latter being more acceptable for grant makers
- Easy to set up (<https://www.gov.uk/set-up-a-social-enterprise>) and cheap (£27).

# Community-interest-company (CIC) objects and activities

- 'objects and activities' can feel daunting...they're not
- While this is the CIC Register's language, think about it in three different phases:
  - What is the problem you are trying to resolve? – your objects
  - What are the activities you will do to resolve the problem? – your activities
  - What does the resolution of the problem look like? - your benefits?

Example of Exit UK CICs 'objects and activities':

## Objectives

The objectives of Exit UK Solutions CIC is to provide help to individuals who want to leave behind extremist activities, specifically far-right, while providing support and advice to their families and the broader community in how to counter the negative impact extremism has upon British society.

## Activities

- To engage and listen to those people the majority of society either ignores or vilifies, in order to understand the triggers they have for getting involved in extremist activities
- To educate people involved in extremist activities that only dialogue and respecting shared values is the way to resolve their issues and respect others
- To create a support network for those individuals seeking to leave extremist activities behind, of those who have gone through what they are - from former extremists, to family members who have had loved ones lost to and come back from extremism
- To be an ongoing support network to these individuals, providing them with advice and support about everything from health and welfare, to careers and community involvement
- To create opportunities for those who have left extremism behind to help others turn away from extremist activities, by sharing their experiences or directly mentoring those affected by extremism
- To more broadly empower young people with the understanding, real life experiences and skills to better equip them and entre dialogue with those from different backgrounds, cultures and communities
- To equip and train those tasked with safeguarding young and those vulnerable to extremism, with the skills necessary to teach and mentor them effectively away from extremist views and activities.

## Benefits

- Successfully helping individuals exit from extremist activities, specifically far-right
- Steering those who held extreme views into positive members of society
- More resilient families, better able to support and challenge family members affected by extremism
- More resilient communities, able to counteract the negative messages and activities of extremists

# Community-interest-company (CIC) asset lock

- 'Asset lock' sounds scary, but it is as simple as the words sound
- If you couldn't trade anymore (for any number of reasons) what registered charity or registered social enterprise would you want any remaining assets to go to?
- It could be any Cancer UK or it could be KIKIT PWR CIC?

# Pros of a Community-interest-company (CIC)

- CICs only need one director (good to have more if you need multiple signatories)
- Easy to set up – simple forms and process, quick
- Easy to manage – one regulator, simple reporting, no trustees
- Remuneration more flexible, especially if you are a CLS
- Is increasing recognised as a ‘good corporate vehicle’ by the public



# Cons of a Community-interest-company (CIC)

- Liability for all normal taxes – corporation tax, VAT, etc
- No Gift Aid
- Limited access to grant making bodies (usually 50% versus 100% if the grant is suitable)
- Ultimate responsibility rests with you
- Not as recognisable as a good corporate entity as a charity.

# Charitable and non-for-profit scenarios

KIKIT becomes a full charity, but maintains its CLG status



Legal status	
Services	Outreach & Community Centre Personal and community safeguarding assessment Drugs and alcohol recovery services Training and Consultancy
Customer Type	Statutory: HO, LAs Charity partners: CGL, Umbrella Trusts: Lottery, etc Corporate foundations Public

## Pros

- Sends the strongest possible not-for-profit message
- Opens the door to all possible sorts of funding; e.g. all trusts and foundations
- Tax efficient; e.g. no need to charge VAT or pay Corporation Tax
- One organisation and brand to manage minimising time and cost
- Most transparent operating model

## Cons

- Depending on charitable model, means that current directors would have significantly less control
- No means of extracting dividends or untaken profit
- Can be time consuming to set up and not always guaranteed that it will be possible (e.g. Charities Commission may reject the charitable aims)
- VAT would be liable for all suppliers, without being able to be reclaimed
- Reputational risk is all placed on one brand (e.g. if Small Steps becomes tarnished in some way, then there is no alternative to face customers)

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Questions...

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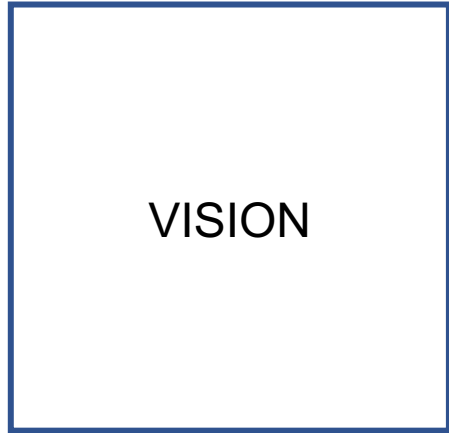


**My business plan...**

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# My business plan...



What exactly do you want to achieve? When you have set your vision make sure you build it into every part of your business.



# My business plan...

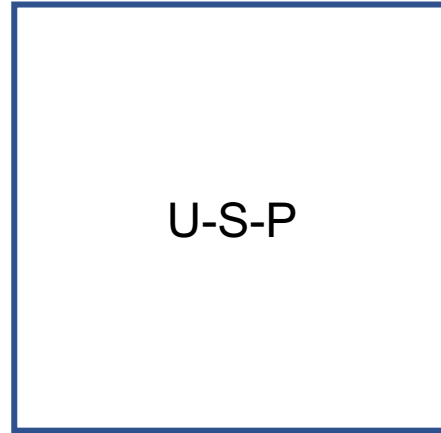


Clearly define your short term, medium term and long term goals. Think really big and make sure you refer to your goals regularly.





# My business plan...



Why are you different from  
the others in the market?  
and why will people buy  
from you? What would be  
the impact if your business  
didn't exist?



# My business plan...



MARKET-PLACE

Who are your competitors?  
What services do they all  
offer? What are the current  
and future trends of this  
sector? How to use to your  
advantage.



# My business plan...



CUSTOMER

What are their needs & wants? What are their motivations behind their actions? How will you keep attracting new and existing customers?

# My business plan...

VISION

What exactly do you want to achieve? When you have set your vision make sure you build it into every part of your business.

GOALS

Clearly define your short term, medium term and long term goals. Think really big and make sure you refer to your goals regularly.

U-S-P

Why are you different from the others in the market? and why will people buy from you? What would be the impact if your business didn't exist?

MARKET-PLACE

Who are your competitors? What services do they all offer? What are the current and future trends of this sector? How to use to your advantage.

CUSTOMER

What are their needs & wants? What are their motivations behind their actions? How will you keep attracting new and existing customers?

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# Sales, marketing & operations...

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July 2020



customers

products

# How to start a business...

Products &  
Promotion

Relevancy

Relationships

Your daily  
activities

# Customers & Products...

Increase Risk

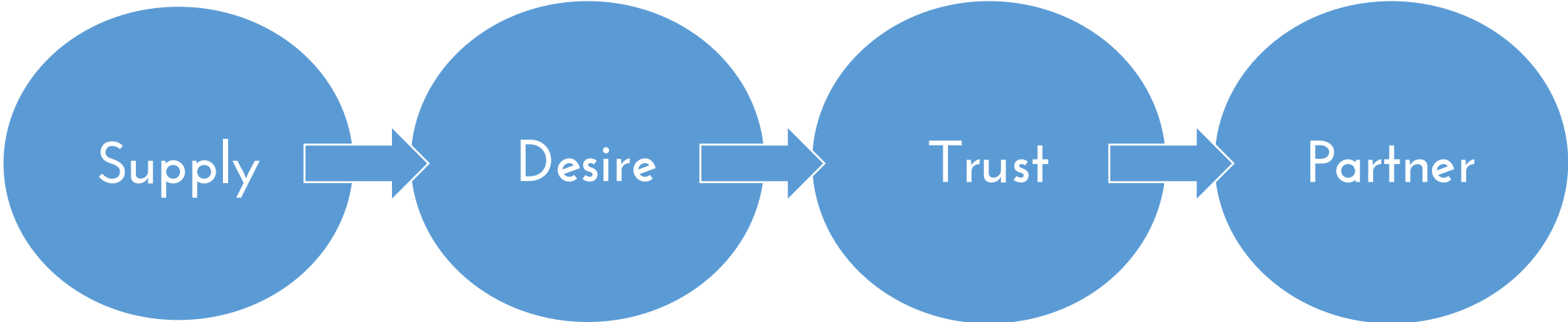
Increase Risk





Relationship lifecycle...

# Relationship life-cycle



Transactional

Emotional

Understand Business

Strategic Ally

Limited or no  
Loyalty

Enjoy working with  
you

Personalities

Create value

Arms Length

Value relationship

History & Culture

Dependant on you

Want to support  
you

Content to Context

Very loyal



Building relationships...

Building relationships...

Didn't know what to do...

Knew what to do, but didn't do it...



# Building relationships

How strong is the  
relationship?

What is their current  
situation?

How much do they  
value you?

Do you understand their  
processes?

# Building relationships

R

S

V

P

Who are the  
key  
stakeholders?

Build  
relationships  
with them

Develop trust  
and  
buy-in

Professional and  
personal drivers

Three questions...

What do you do best?

What do people care about?

What generates the most value?

ASK!



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Questions...

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# Financial Planning

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# How to start a business...

Budgeting  
Process

Start-up &  
running costs

Reserves

Financial  
Support



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Questions...

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# Thank You

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