

Barclays - Brief

Supporting new business start-ups

Introduction

Barclays operates in 50 countries worldwide. It employs more than 156,000 people. In the UK, Barclays has 741,000 business customers. Many of these are small enterprises or start-up businesses. Barclays offers a special service for these. This is called Local Business. To set up a new business can be a challenge. Entrepreneurs have to make key decisions when setting up. Barclays offers support with this process.

The business idea

The first step is to come up with an idea. This needs to be new and original. Ideas come from many places. Some people get them from other businesses. Others use skills they have or spot a gap in the market. Before setting up, market research is necessary. This is to find out about the target market. Research needs to look at questions such as:

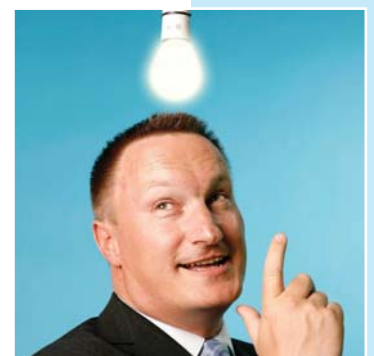
- who is in the market already?
- what is the target market?
- where are customers based?
- when do they want the product?
- how do I reach them?

Desk research can provide the answers to these questions.

Types of organisation

New businesses have to decide what legal form to take. There are three main types:

- Sole traders. A single owner controls the business. The owner takes all of the profit. She or he also takes all of the risk. If the business fails, the owner is liable for debts. This means the owner's own money and assets are at risk. The sole trader could become bankrupt.



- Partnerships have between 2 and 20 partners. Partners bring more skills. They may also bring more capital. Like the sole trader, most partners can lose their own assets if the business fails.
- Limited company. This is a separate legal body from its owners, who are shareholders. It is more complicated to set up, but the shareholders' level of risk is limited to the amount they put into the company. This is known as limited liability.

Budgets and plans

A new business needs a good plan to help prevent failure. The plan forecasts costs and revenues. It also sets out how the business will be financed. A detailed budget helps a business to keep control. A common problem is cash flow. Many new businesses need to offer customers credit in order to attract custom. This often leaves the business short of cash. Barclays can help by giving advice on how to:

- manage debt
- avoid late payments
- speed up payments from customers.

A new business needs financial advice. It also needs a special banking service. Barclays provides a wide range of services to support new businesses.

Finance

Barclays can also provide business finance such as:

- overdrafts – these allow a person to withdraw more money from a current account than there is in it at the time
- a business credit card – this allows instant borrowing. It also creates flexibility
- a bank loan - this is useful if the business wants to borrow larger amounts.

Conclusion

Starting a new business is a challenge. It needs a good business idea, good research and a clear planning framework. Barclays provides a wide range of services to support new businesses from initial idea to running the business.

