

## Barclays - Summary

# Supporting new business start-ups

### Introduction

Barclays operates in 50 countries worldwide and employs more than 156,000 people. In the UK, Barclays has 741,000 business customers, many of which are small enterprises or business start-ups. Barclays offers a special service for these, called Local Business. To set up a business is a challenge. It requires the entrepreneur to make key decisions. Barclays offers support with this process.

### The business idea

The first step for the entrepreneur is to develop an innovative and original business idea. Many people are inspired by existing businesses. Others develop a hobby or spot a gap in the market. Before setting up, market research is necessary to analyse the intended market. Research looks at questions of who, what, where, when and how. For example:

- Who is the competition?
- What is the target market?
- Where are customers based?
- When do they want the product?
- How do I reach them?

These questions can usually be answered from secondary research sources. The answers help the business to develop an effective marketing strategy.

### Types of organisation

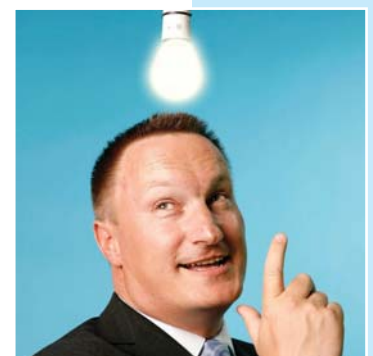
A key decision for a new business is what legal form the business should take. There are three main options:

- Sole traders – have a single owner, who controls the business. The owner takes all of the profit but also all of the risk. If the business fails, the owner is liable for debts and this liability includes his or her personal assets. The sole trader could become bankrupt.
- Partnerships – have between 2 and 20 partners. Partners bring more skills and more capital to a business but, like sole traders, most partnerships have unlimited liability. Their personal money can be taken to pay business debts.
- A limited company – is a separate legal entity from its owners, who are shareholders. It is more complicated to set up a limited company, but the entrepreneur gains from limited liability. This means shareholders are liable only to the level of their investment.

### Budgets and plans

A well-structured business plan will help to prevent failure. This forecasts costs and revenues and sets out how the business will be financed. A detailed budget helps a business to keep control. One of the common difficulties faced by businesses is cash flow. Many new businesses need to offer credit when they set up in order to attract customers. This often leaves them short of cash. Barclays can help by giving advice on:

- managing debt
- avoiding late payments
- speeding up payment.



A new business needs more specialised financial advice and a different banking service to personal customers. Barclays provides a wide range of services to support new businesses from initial idea to running the business.

## Finance

Barclays can also provide business finance such as:

- an overdraft – this is an agreement that allows the withdrawal of more funds from a current account than there is deposited
- a business credit card – this allows the business to borrow quickly and flexibly
- a bank loan – useful for borrowing and managing larger amounts.

## Conclusion

Starting a new business can be challenging. To be successful, the entrepreneur needs an innovative and attractive business idea, effective research and a clear planning framework. Barclays provides a wide range of services to support new businesses.

