

Do your research before you start up in business

BUSINESS MATTERS

In her role as an insolvency practitioner at Plymouth-based Neville & Co, **Lisa Thomas** has seen why many start-ups can fail and advises that a great idea needs a fully structured business plan before you go for it



New businesses start up every day. Some are destined to thrive, some to break even and some to fail dismally.

If the core business is solid then you would think that things could not go wrong but often poor management can be the reason for failure. Directors lacking the skills, expertise or simply taking their eye off the ball can assist in or cause its downfall.

It's the insolvency practitioner in me that considers new ventures with a pessimistic view. This is probably because my job consists mainly of trying to sort things out for businesses when things go wrong.

Having said that, the expression "you won't know until you try" rings true. Most of the business people who I help through an insolvency process tell me they are glad they can say at least they gave it a shot. It is only with hindsight that some can appreciate they probably they should have called it a day sooner.

Some businesses do not even get off the ground due to poor preparation when they start. A proper legal structure, realistic cash flows and detailed plan are often ignored. These issues need careful attention to give a new business the best possible chance of success.

First things first, there will always be the question of how much money does the business need to get started. The directors will need some money to get the business set up and then depending on what they are doing may require funding to cover the initial months trading until the business gets into profit.

The directors need to get a good handle on the businesses financial position, preferably for at least the first 12 months of trade which will require good cash flow forecasts. The Bank will want to see sensible projections and business plans to be able to decide whether to support the business with a loan or an overdraft facility.

Some bank finance to small and medium sized businesses can be backed up by a government guarantee now called an Enterprise Funding Guarantee Scheme ("EFG") which will guarantee up to 75% of the bank lending.

The cashflows will need to include expenses for rent, wages, rates, utilities, purchases, PAYE, VAT and Corporation Tax (if all goes as planned). Many key expenses are often forgotten about or overlooked by businesses at the beginning.

Then there will be the practical issues to consider like finding premises to trade from and sorting a new lease (preferably with a break clause for added comfort), sorting out insurance, sourcing suppliers and agreeing trade terms, finding staff and arranging appropriate training. A key decision is whether to employ an internal bookkeeper or outsource it. I am often told by the directors of a business in trouble that it is the bookkeeper's fault.

In addition to all this, the new director should do as much research as possible into his statutory duties as director to ensure they are not breaching any rules that could land them in trouble. If the director has a little or no experience they will need to ensure they form a relationship with good professional adviser that they can rely on for help.

If you are thinking of starting a new business I would say go for it – once you have done all your research.

If you or someone you know has started a new business and things have not quite worked out as well as they should have please give me a call to see if we can help.



If you, or someone you know needs advice or guidance, contact Lisa Thomas on 01752 786800



Entrepreneur James Eyre has described his Tiger Bills restaurant brand as a 'neighbourhood' chain

Investor eyes on Tiger Bills as franchise deals take off

BY CATHERINE BARNES

A Torquay-based food and leisure company has signed a franchise agreement that could see nine of its restaurants rolled out in London and its first international eateries established across India.

The Lifestyle Hospitality Group has signed an undisclosed value deal which will see a yet-to-be-revealed operator become a 'master franchisee' of its Tiger Bills brand in the capital.

The operator, who is 'keen to get started' on the restaurant roll-out, is described by Lifestyle Hospitality as having 'extensive experience' in running multiple franchisees, with plans to open nine Tiger Bills restaurants in the London area over the next three years.

The new master franchisee is currently seeking out sub-franchisees and suitable real estate sites.

Lifestyle was established by

James and Julie Eyre in 2004 and launched Thai and American-inspired chain Tiger Bills in Exeter in 2007 and a venue in Torquay followed.

The vision was to launch and run its own Tiger Bills operations across Devon, Cornwall and Somerset, while franchising across the rest of the UK and overseas.

Lifestyle has just announced that it has agreed heads of terms with a lead in Nigeria and at the time of going to press had just sealed a master franchise deal covering India, with hospitality business Shristi Hotels.

It is also set to meet with a client expressing 'significant interest' in establishing a franchise in Saudi Arabia, with talks also ongoing with two potential franchisees in Thailand. West-meets-East 'fusion' menus are becoming increasingly popular in South East Asia.

Last month, the company appointed Vietnam-based

Mark Nguyen as Tiger Bills' international franchise developer.

He is working alongside international franchise director Patrick Mauser, to assist with developing the restaurant brand and marketing the operation in that part of the world.

Lifestyle also owns and operates nine venues across the

'Moving into the capital [is] a major deal for the franchise'

James Eyre

South West, with its brands also including Cafe Mambo, Apple and Parrot, The Gissons, Bombay Bills and Lifestyle Events and has 150 employees across the group.

Mr Eyre has described the Tiger Bills brand as a 'neighbourhood' chain, with each

venue run according to what makes the local area unique.

It sold its first franchise to operator Craig Lewis last year. He opened his first Tiger Bills in Birmingham city centre, with a five-year plan for an eventual 10 across his 'patch' in total.

This was followed by another two franchisees opening their first North East venues – in Whitley Bay and in Consett.

Later this year, another new franchisee will open a venue in Worcester.

Reflecting on the London franchise deal, Mr Eyre said: "Moving into the capital signifies a major deal for the Tiger Bills franchise team.

"Recent launches elsewhere in the UK have proved the popularity of the cuisine and overall dining experience offered by the brand, with over 200 people at Consett's launch and it was also fully booked at weekends immediately after."

New regional BITC chair builds on 'do the right thing' philosophy

Business in the Community has announced that Dairy Crest chief executive Mark Allen has been appointed as chairman of its South West Advisory Board.

Previously chairman of the charity's national rural leadership team, Mr Allen will now focus his attention on helping regional businesses of all sizes integrate responsible practices into their operations. Business in the Community is committed to building resilient communities, diverse workplaces and a more sustainable future.

Mr Allen, who has been with Dairy Crest for 22 years, said: "I'm really looking forward to being part of a partnership that will help tackle serious social issues in the South West.

"Dairy Crest has already achieved some great results for our business and local communities by putting 'doing the right thing' at the heart of our strategy.

"I want to build on this and work with other local businesses to do the same and make a real difference in the South West."

Eighty jobs in pipeline through ERDF-backed fund

An EU-backed £1.25 million business support fund for Cornwall says that 80 jobs are in the pipeline as a result of grant awards made from the pot.

Superfast Business Cornwall was launched in April last year to support Cornish business to innovate and grow and says it has already provided a 'major business boost' to the local economy. The scheme also provides a package of support for businesses to implement 'transformational' technology projects, that make the most of the growth opportunities enabled by the use of superfast broadband.

Since its launch, the European Development Fund backed scheme has already allocated £820,000 in funds to 20 Cornwall businesses, who in turn have committed to investing an additional £1 million in projects that will create high-value jobs.

Businesses that secure funding from the scheme have to invest 40% of the project's cost.

Around 12 high-skilled jobs have already been created. Sebeil Fowell, project and partnership manager for Superfast Business Cornwall at Peninsula Enterprise, the organisation delivering the pro-

gramme said that an anticipated 80 jobs were set to be created in total.

Projects to have secured funding range from technology businesses developing cloud based software with applications for remote health monitoring, through to tourism firms and manufacturing companies.

One of the first businesses to receive support is Truro-based Datasharp UK, an award-winning national independent provider of business telephone solutions and networked photocopiers. It secured over £135,000 of funding via the programme, with the

business investing a further £500,000. The investment promises to create 12 new jobs and ensure continued business growth.

Ms Fowell said: "Superfast broadband brings with it enormous opportunity but, unless Cornish businesses harness these advances, opportunities can easily be lost.

"We are delighted with the successes of the programme to date, in delivering real business value, inspiring businesses in Cornwall to think differently about technology, allowing them to flourish and, in turn, boosting the local economy."