

Crisis
Changing Lives

Guidance pack for self employment

Crisis

Introduction

Welcome to the Guidance Pack for Self Employment Applications for Crisis Changing Lives. This pack is designed to provide advice and guidance to all applicants thinking of applying for a Self Employment grant. We want you to put in the best application and business plan that you can and have produced this pack to give applicants a helping hand.

Inside this guide

This guide includes advice on how to apply for a grant with general hints and tips on the application process and a step-by-step guide to each section of the application form. There is information about the kind of things you need to cover and things that you need to think about. The pack also includes information about how you can obtain business advice from other organisations. For more information on self employment applications, visit www.crisis.org.uk/selfemploymentadvice.

We hope that this pack will be useful and informative but we would also welcome any feedback from you. Please do contact us on changing.lives@crisis.org.uk or 0844 251 0111 with your comments.

Best wishes and good luck with your application!

The Changing Lives Team

Hints and Tips

- **Your application must show focus**

The panel will be looking for applicants that show real drive and determination to achieve their goal. It is important that you tell us about all relevant experience that you have and what you have done to prepare for starting up the business. The panel are unlikely to award funding to someone who has not thought about their business idea in detail.

- **Think about all aspects of your business**

If you have mentioned that you plan to spend £400 on advertising, make sure you mention that in your cash flow. Also make sure you think about all over aspects of your business plan such as your marketing strategy and competitors.

- **Think about the practicalities of your business**

For example where are you going to be based? Do you have premises or will you need to find them? How are you going to deliver your service? For example if you are going to be a gardener but do not have a car, how are you going to transport all your equipment?

- **All applicants must attend a small business training course**

You must attend a short training course with a business advice agency. For further information about this please see page 8 of this booklet

- **Think about what you really need**

All applications are assessed on the basis of need. The panel may not award funding for all items that you have applied for but they may award funding for the items that they think are most essential to you. It is important to specify why you think you need the items for your business and how they will be necessary for you.

- **Include as much information as possible**

We do not get to meet applicants so it is important that you include as much information as you can in your application. Please tell us about how you have moved forward since being homeless and how you have helped to improve your own situation. If you have work experience or have completed courses, then let us know! All of these things can help your application be a success.

- **Include supporting evidence**

If you have any certificates or documents to support your application then please include copies. This also applies to a separate business plan. It is not compulsory to include one but a well documented and thorough business plan can often make the difference between a successful and an unsuccessful application.

- **Answer all questions on the application form fully**

If anything is missing or incomplete, the application will be sent back to your support worker

- **Make sure you are working with a support worker**

All applicants must have a support worker that they have had an ongoing relationship with for at least 6 months. The support worker must be aware of the application process and the regulations should you be successful in receiving funding. We work to support homeless people and evidence of your homelessness must be provided.

- **Be realistic**

Remember to start small and develop slowly. It is important that you realise it may take time to build up a client base.

Step by step guide to filling in the application

This guide will take you through the application form and look at each section individually.

Section four: Business Plan

4.1 & 4.2 About you and your business proposal

Give as much information as you can in this section. The panel need to see what your business is, why you want to set up this business, what experience and qualifications that you have and how you can make it a success. They need to see that if you were to receive the funding you would be likely to succeed and that the items applied for would be necessary for the business.

4.2 Business advice

It is important that you take business advice before submitting an application. Talking to people in the same industry or specific business advisers is useful and can give you a clearer insight into running your own business. Please make sure you include information about the advice that you obtained. Take it slowly, get as much advice as you can. If you don't feel like you can answer all the questions in the form, perhaps you're not quite ready to take the plunge.

4.3 Business training

You must undertake a small business training course before applying. See page 7 for further details on how to arrange this.

4.4 Your market and customers

Here you will need to put some research into action. No business will survive if it doesn't have an understanding of who your customers are and how many there are of them. In this section you will need to be specific. Identify the types of people that will purchase your service/product.

Describe the market sector you will serve

For example, you shouldn't write that your customers could be 'anyone' – you must identify the market you are aiming for. If you are going to be a nail technician you may want to aim your services at 'women aged between 18 and 35.'

Describe a typical customer

This does not have to identify every single customer that you are hoping to attract but it could be a representative. For example 'a working woman in her mid twenties, with a disposable income.'

Where are they located?

Identify the area that you are hoping to work in. Be realistic about the area that you are able to cover

How many customers are you hoping to serve in a year?

Take into account that the number of customers may be small at the start and increase with time or your work may be seasonal. This should fit in with your forecasted sales figures.

4.5 Competitor analysis

The key to a good competitor analysis is to choose realistic competitors. A competitor should be another person or company that offers similar products/services to yours and is hoping to attract a similar kind of customer.

We are looking to see a realistic assessment of two 'rival' organisations and for you to point out how their service/product differs from yours. We will need to see that you have done your research on your competitors.

When identifying the strengths and weaknesses of your competitors, focus on them separately. For example when asked what are the strengths or advantages of your products compared to your competitors, identify different ones for each competitor. Think about the specific strengths of both business and compare them to your businesses.

The same as above can be said for identifying weaknesses.

4.6 Marketing

As above, it is better to identify different points for each competitor.

Unique selling point

What is it that makes your business special? Why would someone want to choose your business over somebody else's? This is your Unique Selling Point (USP). Think about what would make someone want to purchase your product or service. Examples of this could be the price of the product, how readily available it is or the fact that it is not available anywhere else.

How do you intend to communicate this to customers?

Here we are asking how you plan to market your business. There are many different ways to do this and we are looking to see that you have thought of an appropriate way for your business. For example, leaflets, website, newspaper adverts and word of mouth are all ways in which you can market your business but they may not all be appropriate to you. Think about when and how you are going to promote your business. It is also important that you think about the cost and determine whether you would be able to afford this. It should also be taken into account in your cash flow analysis later in the application.

4.7 Financial Planning

Please see page 6 for an in-depth look at how to fill in the financial planning section. There is also a document available from our website

4.8 Sales / turnover

This section is essential – it proves that you have taken some time to consider your figures in 4.7. Please list here how much you plan to charge for each product/service and details of how many sales you think you will make per month. Give specific details of how you arrived at this. For example, why are you charging X for your product and why do you think you will sell X in the first month? Remember it is important to take into account seasonal sales and getting your business off the ground.

4.9 Assets and equipment

Please list any equipment, items or tools you already own which are relevant to your business.

4.10 Funding requested

It is important to remember that the panel will award applicants what they feel is needed for the business they are doing. Think about what is needed to get your business off the ground and list them in priority order. We do have a lot of applications so we need to use the money to provide for as many people as possible. By all means apply for as many items that you feel are necessary but please be aware that the full amount might not be awarded.

Financial Planning

Remember it is important to take into account all expenditure and income in your cash flow. If there is anything you have to pay for (i.e. stock, bills, rent, advertising costs) it must all be included in your cash flow. Likewise, all income must be included (i.e. sales, grants, loans).

Remember to be realistic in your plan. This is just a projection of what you predict will happen in the next 12 months. Be realistic in your expected sales; take into account seasonal changes and becoming more established.

Make sure you include all costs. How are you going to market your business? How much will this cost? Will you be hiring staff? How much will they cost?

Filling in the cash flow

Step 1

Opening balance- The amount of cash the business starts with. This is often 0 but if you are putting any money into the business remember to include it.

Step 2

Revenues- To include sales and any grants and loans. Remember to calculate the cash flow including any funding that you may get from Changing Lives and any other sources you have applied to.

Step 3

Costs- what you will pay out in the first month (costs of materials, tax insurance, utility bills).

Drawings to cover personal living expenses- this is what you will be paying yourself as a salary.

Fill in all other costs that apply to you.

Step 4

Next you compare the money going in with the money coming out for that month.

Add your Total Expected Income to your Opening Balance and then minus your Total Expected Costs. This leaves you with the amount of money your business has made or lost in the first month.

Step 5

Your closing balance is also the amount that you will have at the start of the next month so copy the figure into the opening balance for the next month.

Continue the steps above until the cash flow is complete for the full 12 months. Once you have finished, add up each row and fill in the total's column. This does not need to be done for the opening balance or closing balance.

The final cash flow will then show your expected costs for the year and your expected income.

For a more detailed explanation of the financial planning, please see www.crisis.org.uk/selfemploymentadvice.

Nationwide business advice and support

Before applying for a Changing Lives Self Employment Award you must undertake some small business training. We feel that it is beneficial for clients to undertake this training so that they are aware of all aspects of becoming self employed.

A good place to start is **Business Link**. Business Link provides comprehensive advice for people wishing to start up in business. They have contact with a wide range of agencies all over the UK and should be able to put you in touch with a local agency in your area.

The Business Link website www.businesslink.gov.uk is a very useful tool with advice and guidance on all areas of starting up a business. You can find out about starting up, finance, taxes, health and safety, and sales and marketing.

Other organisations that provide business start-up support:

www.inbiz.co.uk

InBiz helps individuals and groups to develop enterprise skills and set up and run their own business. Inbiz runs a simple 3 stage programme, enabling clients to get their idea off the ground. You will have a trained business advisor who will be there to discuss your idea and help you with development.

www.nfea.com

National Federation of Business Enterprise Agencies is a network of Local Enterprise Agencies that are committed to the needs of small businesses. The website has a directory of business agencies throughout the UK and lists their areas of expertise.

www.nesprogramme.org.uk

The New Entrepreneur Scholarships Programme (NES) helps people living in disadvantaged areas to start in business. People from disadvantaged areas and backgrounds often have the ideas and ambition to succeed in business, but many say they find it hard to find support and finance relevant to their needs.

We also recognise that although we may be able to provide up to £2500, you may need further funding to get your business off the ground. These websites may help you to find other organisations that provide funding:

www.j4b.co.uk- A searchable database of grant funding for small businesses

www.princes-trust.org.uk Funding for applicants under 30

www.primeinitiative.org.uk Funding and support for the over 50's

We do not penalise applicants who have obtained funding from other sources.