

Sage One

sage

Overcoming barriers
to growth guide

Over
coming
barriers

Congratulations – you've done your research, got over your first hurdles, worked hard and now you're the proud owner of a successful business. But, once your venture is off the ground, where do you go next? Many business owners find that after the ups and downs of their first year, that's when the real hard work begins – and it can be a struggle to move the business forward.

This is our guide to
overcoming the eight
key barriers to growth
and achieving your
true potential...

Contents

1. Innovation and product development	05
2. Getting the right help	07
3. Selling – and sealing the deal	10
4. Managing your time	12
5. Entering new markets	14
6. Getting funding	16
7. Networking	17
8. Managing money	18

About Sage One

Since 1981, Sage has been at the heart of the British economy and over 830,000 UK companies currently use its software to run their business. 1 in 3 people in the UK are paid using Sage payroll software and a third of the FTSE-100 companies use Sage too.

Sage One is the cloud-based accounts and payroll service created specifically for start-ups and small businesses like yours. We've stripped out all the jargon and simplified each process so that anyone can use the software without any prior knowledge or training.

As everything is hosted online, you can access Sage One from anywhere with an internet connection; giving you ultimate freedom and flexibility to work whenever and wherever you like.

There's no need to install any software on your machine or worry about losing your data as it's always backed up by us on our secure servers. Being in the cloud means it's always up-to-date too.

Best of all, free 24/7 telephone and email support from our UK-based and award-winning Customer Support Team is included in your monthly subscription from just £5/€6 + VAT per month, making it the best all-round service for start-ups and small businesses.

1. Innovation and product development

Great ideas are the lifeblood of any business. If you want to expand, one likely route is to expand your current offering. In fact, in our Business Growth survey more than two-thirds of respondents said they planned to grow by adding new products and services to what they already offer.

Where do you get your ideas?

A lot of entrepreneurs would say they're creative, ideas driven people. Still, sometimes inspiration needs a little helping hand. Getting away from it all is a good way to unlock creativity – great ideas could come up while reading, taking the dog for a walk or even in the shower! Make time to relax and let your mind wander – and don't forget a notepad to write down your thoughts before they slip away.

Other ways to come up with ideas include:

- reading the trade press;
- looking at what competitors are up to;
- brainstorming with your other half, business partner or other creative people you know;
- asking customers for suggestions.

Research, research, research

Once you've come up with a great idea, you need to carry out some research. Look at market trends, your competitors and your customers' needs – what's the realistic sales potential?

A great innovation fills a gap in the market that no-one else has recognised yet. However, there's no harm in following in others' footsteps if there's a proven market and you think you can compete.

Getting to market

Next, you need to think about what resources you need to get the new product or service to market, including any finance to design, develop and produce it, and the time to deliver it. Will you need to take on new staff or invest in new technology or equipment?

Pricing is hugely important – the price for your new venture needs to cover your costs and turn a profit while still staying competitive. You don't always need to be the cheapest, as long as customers understand why you're good value.

Finally, you'll want to get the word out, so you need a plan for marketing. Special introductory offers are a good way to catch attention.

Although it pays to stay positive, you need to consider the risks if your innovation doesn't take off. Most failures involve a financial hit, but if there's a chance it could sink the rest of your business – tread carefully.



2. Getting the right help

Although just under three-quarters of respondents to our Business Growth survey said their business currently consists of just them, in order to grow you might want to consider getting some extra help.

Why would I want staff?

Common reasons for not hiring staff include the burden of additional paperwork, especially around tax and National Insurance; worries about managing and training people; and not wanting to hand over any control in the business to someone else.

Although you might have concerns, key reasons for taking the plunge include:

- the ability to increase output or cover more work – eg having someone else to send out on jobs when you're busy;
- to provide key skills you might not have, such as doing the accounts; (although our Sage One services makes this easy)
- to do the work you're less interested in, like paperwork, so you can concentrate on the more exciting tasks;
- to give a professional image, eg by answering phones when you're busy;
- to allow you to improve your work-life balance – by reducing your hours or taking a family holiday

You can get advice on all aspects of employing people on the [GOV.UK website](#).

Getting the right help

Other options

If you don't want permanent employees, outsourcing some jobs could still free up your time so you can concentrate on growing the business.

Hire a freelancer – companies like **Elance** or **oDesk** let you find and hire people online for short-term jobs like planning your marketing or designing your website, where you don't need someone full time.

Outsource to the professionals – getting an accountant or IT support service could free you up to spend your time on more important things. With Sage One you can grant access to your accountant online so they can check everything is correct.

Get an apprentice – if you're looking for someone you can train on the job, an apprentice could be more cost-effective than finding skilled staff. Find out more on [Apprenticeships.org](#).

Ask the experts – a few hours of a specialist consultant's time could mean major savings in the long run. For example, legal advice could save you a lot of trouble and expense down the road, if it helps you get things like intellectual property protection or terms of trade right first time.



Sage One Payroll makes it really easy to manage paying employees, including keeping track of tax and National Insurance, and it helps you comply with legal obligations to HM Revenue & Customs too.

3. Selling – and sealing the deal

In our Business Growth survey, nearly 40% of people said they dreaded selling. Like networking, many entrepreneurs shy away from the prospect – but a little confidence, and a few simple rules in mind, can go a long way.

Here are four key selling sins to avoid.

1. Focusing on what you're selling – not what the customer wants

Trying to sell to a customer who isn't interested or isn't ready to buy what you offer is a recipe for failure. Even the best salesperson couldn't sell a car to someone who's actually looking to buy a washing machine!

Ask questions, listen and find out exactly what the customer needs – then explain specifically how your product or service meets that. Treating each customer as an individual – including being honest if your offering really isn't right for them – builds trust and could lead to recommendations or business in the future.

2. Not anticipating objections

Whatever you're selling, it's likely the customer is going to have some concerns – whether it be about price, quality, reliability or something else. If the customer doesn't seem convinced, ask what's worrying them – and have convincing, researched responses up your sleeve.

For example, if they suggest they could get a lower price elsewhere, you can either confidently counter this if it isn't true, or acknowledge the fact and honestly explain why your price offers good value compared to others.

Selling – and sealing the deal

3. Being too scared to negotiate

Many inexperienced sellers end up making a poor deal, or even one where they lose out, because they're nervous that by trying to negotiate they might lose the sale. The truth is, by the time a buyer's started to negotiate they're already on the verge of buying.

Decide in advance what points you're willing to negotiate on – for example, the lowest price you could drop to or shortest deadline you could meet – and make sure your first quote leaves you some wriggle room.

Also, look for a deal in exchange for any concessions you make – for example, a larger order in exchange for a discount.

4. Failing to close

If you seem to have lots of interested prospects, but never seem to actually make the sale, you could be guilty of failing to close. Many sellers expect the customer to 'make the move' when they're ready to buy, but unless you move things forward they may change their mind or decide to 'think about it' – before changing their mind.

Once you've found out what the customer wants and explained how your business can meet it, addressed any objections and negotiated the finer points – this is the time to gently, but firmly close the sale.

4. Managing your time

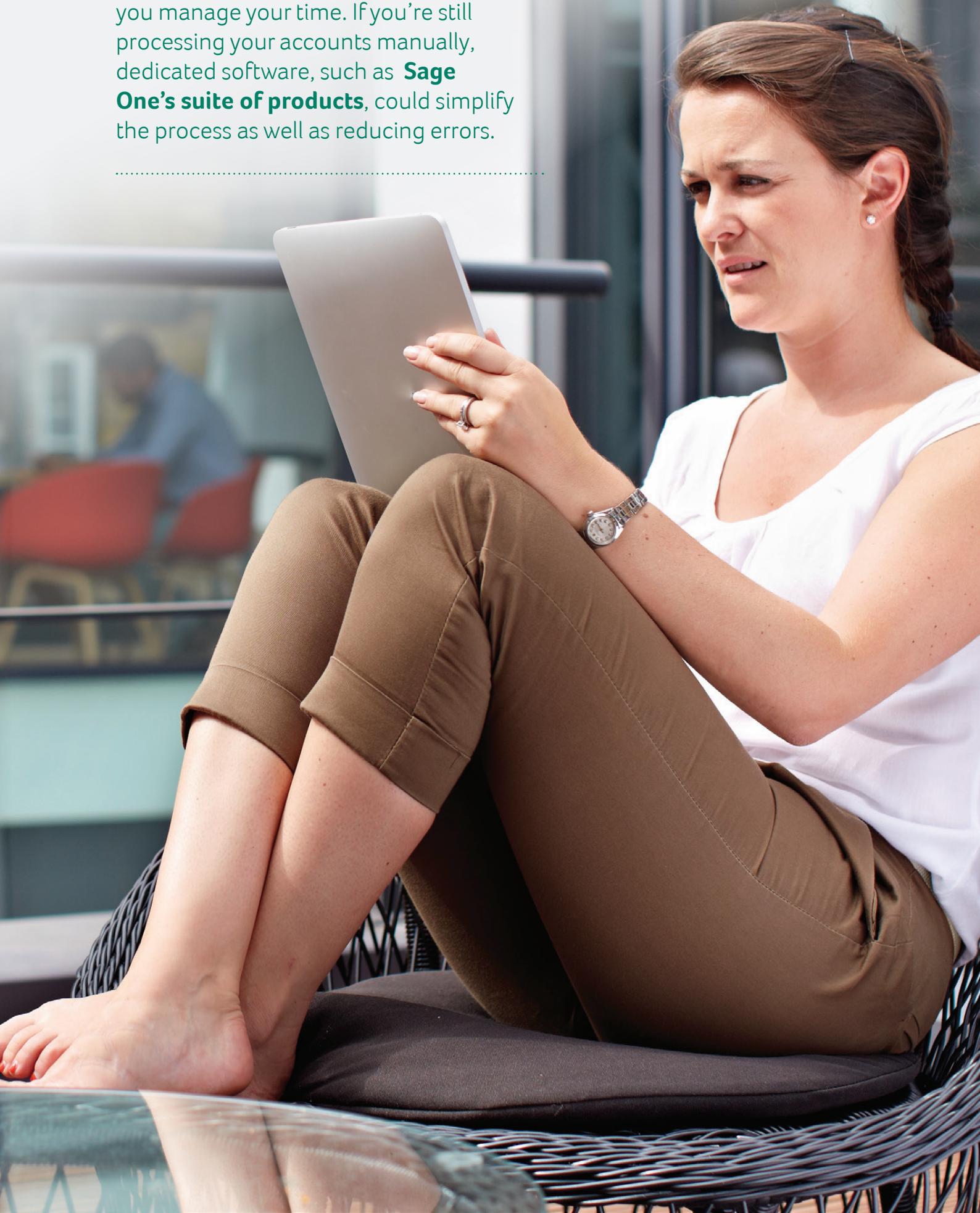
Time management can be one of the biggest barriers to growth.

Entrepreneurs may be good at big ideas, risk taking and putting in the hard work, but sometimes can struggle with getting on top of priorities and knowing when to take a break.

Our top ten tips for managing your time effectively:

- 1 Make sure you put time aside for working on **long-term goals** and don't spend all your time fire-fighting immediate problems.
- 2 Take **regular breaks** from your work – although it may feel like wasted time, it's a quick way to refresh and 'reset' your brain, meaning you can handle your work more efficiently when you get back.
- 3 If you're often overwhelmed with tasks, a simple **to-do list** helps you organise your thoughts. Prioritise your tasks and set aside a time in the day or week for tackling each one. If you can't manage it all, it might be time to get help.
- 4 Invest in the **appropriate equipment** for your business, including IT – if you started with home basics, now is the time to scale up.
- 5 If possible, use **separate devices** for work and for personal use. Otherwise, it's all too easy to be tempted to check work emails on your tablet during the evening, or answer a work call on the weekend.
- 6 A clear **office filing system**, either paper or on your computer, will reduce time wasted looking for documents.
- 7 Tackle **difficult jobs** first thing in the morning while your mind is fresh. The sense of accomplishment is motivating for the rest of the day!
- 8 If you're often distracted at work by **personal tasks**, be strict with yourself – allow yourself set times to think about them, eg to check social media, and ignore them the rest of the time.
- 9 If you really need to concentrate, set aside a time when you are **unavailable** – divert the phone to voicemail and resist the urge to check email.
- 10 Finally, entrepreneurs often find themselves working into the evenings. At least twice a week, resolve that you're going to **leave work on time** – and stick to it. You'll be surprised how it focuses the mind and lets you get more done than you thought possible.

Professional business software helps you manage your time. If you're still processing your accounts manually, dedicated software, such as **Sage One's suite of products**, could simplify the process as well as reducing errors.



5. Entering new markets

When asked in our Business Growth survey, more than half of respondents said they planned to grow their business by expanding into new markets.

That could mean selling to different customer types, in new areas – including abroad – or through different channels, such as online.

Customer research

If you want to sell to different types of customers, first you need to do your market research. Who are your potential new customers, what are their needs, and how can you stand out from the competition (if any?) This research should be just as meticulous as your initial research when you set up your business.

You also need to think about how to reach these new customers through marketing – are they more likely to respond to online advertising, radio spots or door-drop leaflets? A carefully targeted approach improves your chances of success.

Selling online

Selling through your website is now easier than ever. If you used an off-the-shelf website builder like **Moonfruit** you should be able to add a shop (or ‘ecommerce function’) quite easily, along with a secure way to take payments, without any special training or experience. If you’re unsure, talk to your web developer.

If setting up your own site is a bridge too far, setting up as a trader on established sites like **eBay** or **Etsy** is a good way to reach a large audience. They’ll take care of the listing and how to pay, in return for fees – all you do is enter the product information.

However you sell online, you’ll also need to think about:

- **Where you’ll store your stock** – possibly in your house, but you could consider self-storage;
- **How you’ll deliver the goods** – including packing, method of postage and estimated delivery

Trading overseas

There are lots of considerations if you want to start selling overseas. Of course you’ll need to do your market research, as above, and also find out about any legal restrictions on selling your products in that country. You’ll also need to consider any language and cultural differences that could affect your marketing, and how you’re going to distribute and transport goods to customers.

Visit the **UKTI website** for help on all aspects of trading overseas, including guides to the **markets in different countries** and **events** where you can find out more.

You might also have to report your exports to HMRC. For help, contact the HMRC Tariff Classification Service Enquiry Line on 01702 366 077, see the **GOV.UK** export guidance and the GOV.UK’s online **Trade Tariff**.



Sage One Accounts Extra is ideal for small businesses that want to sell abroad. It helps you keep track of sales and purchases overseas and comply with international VAT laws.

6. Getting funding

A major barrier to growth for a lot of new companies can be access to finance. Having used up savings to get the business off the ground, and spending some time waiting to turn a profit, it can be tough to invest in further growth.

Just over 50% of respondents to our Business Growth survey said they planned to use working capital to expand. But what are your options if you need external finance?

- **Loans from family or friends.** Be sure to put down in writing how much is being lent, and on what terms (eg when you'll make repayments), so there aren't any disagreements down the line.
 - **Crowdfunding** – quite a recent innovation that allows groups of investors to get together and invest in businesses looking for funding. You simply post on a website like **Funding Circle**, **IndieGoGo** or **Crowdcube** explaining how much investment you need and what for. You'll need to be eye-catching and innovative to stand out from the crowd and attract investors.
 - **Bank loans** – although in recent years it's been harder to get bank finance, it's still possible if you have a rock-solid business plan and can show evidence your business has real potential. Triple-check your figures before going in, and practice your pitch with a friend until you're confident. You may be able to access a government-guarantee scheme – such as the **Enterprise Finance Guarantee** – to support your loan application.
 - **Grants** – depending on the sector you work in, where you're based and what you want to invest in, you might be able to get a grant or other free support such as mentoring. Often you'll need to match the amount with money of your own. Try the **GOV.UK business support finder** to see what you might be eligible for.
 - **Overdraft** – this could be a short term solution. Business bank accounts can offer better rates and more flexible arrangements than a personal account. Always arrange the overdraft in advance, and keep in touch with the bank if your repayment plans change – this can avoid unexpected fees.
-

Should I use a payday loan?

Payday loan companies have been in the news a lot lately. They can be tempting for people who've struggled to get finance elsewhere – but if you don't repay on time, the interest can quickly mount up. If all you need is a very short-term amount to bridge a gap – for example, to pay staff while you're waiting a few days for an invoice to be paid – then a payday loan could be an emergency, one-off solution. But never use one unless you know exactly where the funds are coming from to pay it off.

7. Networking

If you want to be successful, people need to know about your business and your product. A strong network is a valuable tool to help the business grow – but like selling, a lot of people struggle with it and even dread going to events.

Seven easy steps to good networking

- 1 **Find local business events** – you can search online, join a trade association or check industry press. Most are free or cheap to attend.
 - 2 **Do your research** – what do you want to get out of the event? What kind of people do you want to meet, and how can they help you?
 - 3 **Go prepared with business cards** – you can get professional-looking designs very cheaply online.
 - 4 **Think about your ‘elevator pitch’** – if you had to describe what you do in just one sentence, in a way that makes you stand out in the crowd – what would you say?
 - 5 **Smile, take a few deep breaths and relax** – it’s only a quick chat, what do you have to lose? Don’t be embarrassed to approach people – remember they’re all there to make new contacts too.
 - 6 **Swap business cards** and follow up after the event with a friendly, non-pushy call or email.
 - 7 **Don’t forget it’s a two-way street** – if you can help out a contact or make an introduction, do. It’s all good karma and builds up goodwill for down the road.
-

Don’t forget social networking too – having a business presence on Facebook, Twitter and Google+ keeps you in touch with your customers and encourages people to spread the word about you.

Choose carefully where you set up shop – it’s better to have a well-maintained profile on one site than three or four that you have no time for.

Respond quickly to any comments or queries you get – bad customer service through social networking is a quick way to undermine your reputation – and include interesting content and offers to keep people coming back.

8. Managing money

It doesn't matter if you don't have a 'head for figures' – keeping an eye on business finances is absolutely vital.

Business bank accounts

Some small business owners start out using their personal account for the business. But if you're planning to grow, a separate business bank account is invaluable. It makes it much easier to keep track of which transactions are relevant and which aren't, saving a lot of potential confusion down the line.

There's usually a small fee for a business bank account, but you should receive extras such as an overdraft facility and dedicated business support.

Cooking the books

Handling your own accounts can seem daunting, but it's a vital part of running a business. In our Business Growth survey, almost three-quarters of business owners said they managed their own accounts, with the rest outsourcing it to a professional.

You'll already have a basic bookkeeping system for your business, maybe using Excel – but if you're going to grow, professional accounts software will make your life easier – for example, it can help you automatically create invoices and file VAT returns.

Even if you work with an accountant, software like Sage One makes it easier to share information with them in real time and keep track of all your transactions in one place.

Managing money

Keeping cash flowing

Keeping an eye on your business cash flow is vital. If you're planning on financing growth using working capital – as more than half of respondents to our Business Growth survey said they were – it's even more important.

Overtrading means taking on orders that you cannot finance. You end up spending your working capital to fulfil the order, and then run out of funds while you wait to be paid. It's a common trap for growing businesses. Always make sure you can service a new job comfortably and bear in mind how long it'll be before you see payment. Make sure your invoice terms are clear, too.

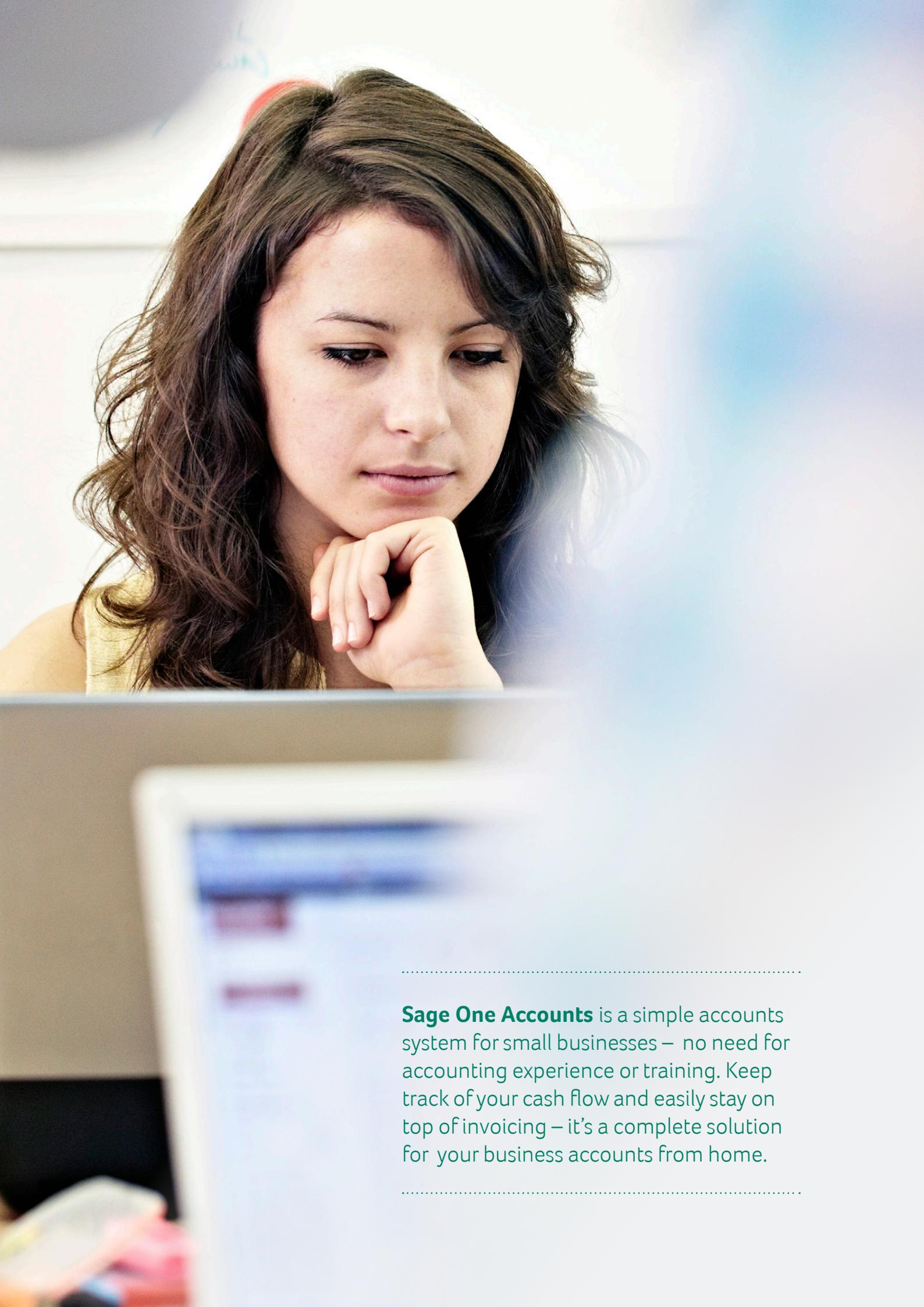
Some customers might be willing to give part-payment in advance or in instalments for longer jobs.

Bad debts

It's vital to keep an eye on debts coming due, and chase them up in good time. Be firm and professional – a phone call followed up with a letter should be enough in most cases.

If you're having trouble getting paid, you might have to consider court action – but bear in mind the costs of chasing up a debt. The GOV.UK website has advice on taking someone to the small claims court.

Above all, avoid working with someone again if you know they don't reliably pay their invoices – the job may seem tempting, but if it goes unpaid it could seriously damage your business.



Sage One Accounts is a simple accounts system for small businesses – no need for accounting experience or training. Keep track of your cash flow and easily stay on top of invoicing – it's a complete solution for your business accounts from home.

Sage (UK) Limited
North Park
Newcastle upon Tyne
NE13 9AA
t: +44 (191) 294 3000 f: +44 (191) 294 0002
www.sage.co.uk 011 LC