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#### Overview

If you are thinking about starting in enterprise, you need to find out about business so that when you get to the stage of actually planning and starting a business you know that you are ready for it. You will need to know how to combat the possible pitfalls and barriers to starting a business, and what key decisions you need to make at start up. If you develop your business techniques and understanding then when you come to the business planning stage, you will be able to really focus on planning a business that will be successful.

The personal attributes you need:

1. Self motivation and drive

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## Find out about business

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### Performance criteria

*You must be able to:*

- P1 find out what is involved in starting or running a business
- P2 be aware of the advantages, pitfalls and barriers to starting a business
- P3 be aware of the types of legal requirements related to starting a business
- P4 find out what business decisions you will need to make if you start a business, what information you will need when making them and what support is available to you
- P5 find out what business techniques are necessary, including marketing, selling and money management, when starting or running a business
- P6 develop your skills and understanding of business techniques

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### Knowledge and understanding

*You need to know and understand:*

#### **Business advantages, pitfalls and barriers**

- K1 what the advantages and disadvantages are of running your own business (for example freedom to make decisions, being your own boss and excitement compared with financial insecurity and having to take complete responsibility)
- K2 how to deal with those things that might stop you from starting a business (for example thorough research so you are sure of success will help you overcome a lack of self-belief)
- K3 how to avoid the common business pitfalls (for example by engaging with organisations like Trading Standards, Revenue and Customs and Health and Safety Executive to help you to meet legal requirements, allowing enough time and money to achieve things, realising that not every good idea will be a profitable one)

*You need to know and understand:*

#### **Business decisions**

- K4 what business decisions you may need to make. For example:
  - K4.1 where to open a bank account (what is involved, the benefits and disadvantages of business accounts at different banks, what security banks need from new businesses that wish to borrow money from them and what expertise bank staff have)
  - K4.2 whether or not to do your own accounts (balancing the cost of paying someone to do all or parts of your accounts with the amount of time it will take to do it yourself and the amount of expertise you will need)
  - K4.3 what type of business set up (for example sole trader, not for profit, partnership or Limited company)
  - K4.4 whether to voluntarily become VAT registered (the benefits and implications for your accounts and your customers)
  - K4.5 whether to pay National Insurance
- K5 what specialist help and support is available to help you make these decisions

*You need to know and understand:*

#### **Business techniques**

- K6 how to identify what you want to achieve from something before committing time or money to it
- K7 how to evaluate whether something has really worked and whether it was worth the time and money
- K8 what is involved in making sure you will have enough money daily, weekly or monthly to pay bills so that you can keep trading
- K9 why you need to keep books, do the accounts and manage money sensibly
- K10 why you need to research a market to make sure there is room for an idea, product or service
- K11 different ways to assess other businesses with similar or complimentary products or services
- K12 the issues surrounding entering into contracts, especially those with other businesses

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- K13 how to identify what is unique or different about a product or service
- K14 the benefits of tightly defining the customer group you are trying to sell to and what they would expect of a product or service so that you have a niche in the market and are not trying to serve everybody
- K15 what is involved in identifying how much a product or service is worth (for example include your own time, don't make it too cheap or clients may not perceive you as very good, start high and discount rather than start low and increase)
- K16 why you need to actively communicate what you do rather than waiting for customers to find out about you for themselves
- K17 ways to identify the benefits and disadvantages of different ways of marketing (for example having a clear image or brand of yourself and a business can increase your confidence and credibility and a lot of the marketing you do could be ignored)
- K18 why you need to weigh up the benefits and disadvantages of getting professional help with marketing (for example balancing the costs and time against professional knowledge and expertise and what it will achieve)
- K19 ways to identify customer expectations of websites
- K20 ways to find out who customers are, what's important to them and how you can help them (for example so you can tailor what you do to suit the people that will actually buy from you)
- K21 ways to encourage personal recommendation (for example proactively making sure customers are happy)

*You need to know and understand:*

#### **Self motivation and drive**

- K22 how to keep yourself motivated when finding out about business (for example remembering your reasons for wanting to set up in business, having a to-do-list and ticking items off when you have achieved them)

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**Relevant occupations** Business, Administration and Law; Managers and Proprietors in Hospitality ; Managers in Distribution, Storage and Re; Managers in Farming, Horticulture, Forest; Managers and Proprietors In Other Services

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**Suite** Pre-Enterprise

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**Key words** Business, enterprise, entrepreneur, starting, advantages, pitfalls, decisions, marketing, selling, money, finance, skills