



Information for Solicitors on Becoming Self Employed



SETTING UP A BUSINESS

Setting up a business, be it as a solicitor in private practice, or in partnership, or in some other venture outside of the law, is both exciting and rewarding - but it is also full of challenges.

The level of commitment that you will bring with you is paramount. The success of the business will depend primarily on your priorities and the circumstances you are in. This means it is best to be honest with yourself about a range of issues including your knowledge, your financial status and the personal qualities that you will bring with you into the business.

Commitment, drive, perseverance and support from family and friends all go a long way towards transforming your business plan into reality and they are especially important during the early days.

Is Self-Employment Really What You Want?

Setting up in self-employment requires an enormous amount of commitment and desire. This section outlines some of the challenges you need to think about. Another valuable way to find out about the day-to-day realities of self-employment is to talk to solicitors who have set up and have experience of the whole area.

Personal Sacrifice

The physical and emotional demands of starting up in business are significant. Starting a business is a life-changing event and will require hard work and long hours, especially in the early stages.

Financial Insecurity

There can be financial uncertainty for you and your family. In the worst case scenario you risk losing your investment and even personal property and possessions.

Loss of Perks

Setting up your own business means that you will no longer be able to take advantage of benefits associated with a permanent job. This includes the loss of 'safety net' benefits such as sick pay, paid holidays and other employment perks.

Pressure on Close Relationships

You will need the support of your family and friends. They should be aware from the outset of the effect that starting up a business will have on your life and it is crucial that they are right behind you.

Isolation

Being your own boss can be a satisfying experience. However, shouldering all the responsibility for the success of the business can prove lonely. Unless you develop a network of contacts, there will be no-one there to bounce ideas off.

Entrepreneurial Suitability Check

Research has shown that there are certain characteristics commonly found amongst successful entrepreneurs. How do you rate against the following?

Self-confidence?

Self-belief and passion about your product or service is key and your enthusiasm will need to win people over to your ideas.

Self-determination?

Belief that the outcome of events is primarily down to your own actions, rather than external factors or other people's actions, is how successful entrepreneurs operate.

A self-starter?

Ability to take the initiative, work independently and to develop your ideas is required.

Judgement?

Entrepreneurs tend to be open-minded when listening to other people's advice, while always also bearing in mind their objectives for the business.

Commitment?

Willingness to make personal sacrifices and forgo leisure time is key.

Perseverance?

Ability to continue despite setbacks and exposure to risk is often necessary.

Initiative?

Entrepreneurs are usually resourceful and proactive, rather than following a passive "wait and see" approach.

Important Guides and Training Provided By The Law Society

Anyone considering self-employment needs to carefully read relevant guides published by the Law Society including:

- Setting Up in Private Practice
- Partnership
- Solicitors Ceasing Practice and
- Solicitors Purchasing Practices From Them
- Planning for Emergencies in a Sole Practitioner's / Principal's Firm

Seminars on setting up in practice are provided and these courses are strongly recommended to anyone considering this as a career option.

Buying Rather than Starting a New Business

An alternative to setting up a business is to buy an established one. Buying a business can be a more straightforward proposition. If you find a business that's doing relatively well, it may be easier to secure finance for it than if you are starting one from scratch. The proven customer base is a huge bonus both to investors and banks and to yourself if you're risking your own finances.

Many start-ups fail from the outset because it's so difficult to get people to put money towards a risky venture. But if you're buying a business, depending on its cash flow and assets, you may be able to borrow easier against the acquisition cost.

Franchising

If you're looking at becoming self-employed, a concept you are going to come across is franchising. Franchises can offer great benefits to those who want to be business owners but who just don't have an idea of what they want to do or haven't run businesses before and need some help and guidance.

The concept of a franchise is simple. You are provided with the blueprint of how the business is to be run, the equipment that you need, the training you should provide for any employees and how you should market the business. In return, you pay an investment fee and usually a monthly fee and/ or a share of the profits you make. This is all great news for those who need a helping hand.

Franchises have done the complete circle. It is not too many years ago when they were viewed with suspicion. Many franchisors were only interested in making the sale to the new business owners and were not interested in the success of their franchisees. Lots of new business owners found themselves in trouble and went under, accruing great debts. Times have now changed and franchisers recognize that they have a vested interest in the ongoing success of their franchisees.

Relevant websites:

www.irishfranchiseassociation.com

www.whichfranchise.ie

www.franchisedirect.co.uk

www.findfranchisepnow.com4

Market Research

You need to research your target market and your competitors carefully. A common misconception is that entrepreneurs who have failed simply lacked sufficient funding or did not put the right team in place. In many cases new businesses fail because they have not spent enough time on researching their business idea and its viability in the market. There are criteria you should check against including:

- Does your product or service satisfy or create a market need?
- Can you identify potential customers?
- Will your product or service outlive any passing trends or capitalise on the trend before it dies away?
- Is your product or service unique, distinct or superior to those offered by competitors?
- What competition will your product or service face - locally, nationally and globally?
- Does your service or product comply with relevant regulations and legislation?
- Can you sell the service or product at a price that will give you sufficient profit?

Market research can play an important role in answering many of these questions and increasing your chances of success. How much research you do will depend on the time and funds you have available. You can:

- Informally canvass the opinion of friends
- Talk to industry contacts and colleagues
- Survey the public about whether they would use your product or service
- Ask customers of competing products what improvements they would like to see
- Set up focus groups to test your product or service
- Monitor what your competitors are doing
- Look at what has and hasn't worked in your industry or market niche
- Study wider economic and demographic data

The more information you have, the better chance you have of making your planned business a success.

Is There Support Available?

More than likely not...The first port-of-call for anyone looking for support in setting up a business is their local County or City Enterprise Boards (CEBS). There are 35 of these across the country and you'll get a complete list and more information at www.enterpriseboards.ie

They provide grants – but only for certain types of businesses. However, they provide other supports, such as subsidised training, mentoring and business advice.

These additional supports are usually available even if your business / business idea does not qualify for grant aid (which is primarily focused on manufacturing and internationally-traded services rather than locally focused service businesses).

Drafting a Business Plan

If you have a business idea and need to organise support and / or resources to make it a reality – then you are going to need to draft a business plan (as everyone you approach will look for one).

People who are asked to support proposed business ventures always want to review a business plan but drafting one also benefits the promoter by helping her / him in:

- Thinking through all the elements involved
- Fund-raising
- Communicating - internally and externally
- Measuring progress
- Steering the business after set up.

Doing Financial Projections

Securing the right financing for your venture is crucial as there is no guarantee that your business will make money for you as quickly as you envisage. You probably should aim to have sufficient reserves to last you for several months without the business generating an income.

You need to be honest about your start-up capital reserves. If there is not enough money to see you through until your business begins to make money, then you are not ready to start up.

Being realistic at this stage is likely to save a lot of pain. If you decide to launch your new business without enough funding behind it, keeping it afloat will prove extremely difficult.

There are many different sources of potential start-up funding, including bank loans, overdrafts and private loans. For expert help, contact an accountant, small business adviser or your bank manager.

Strategic Management

Every business, regardless of size, should have a 'Mission Statement' that sets out:

- The reason why the business exists.
- What the company stands for.
- What the company is about.

The Mission Statement defines the core of the business and determines the strategy of the business. Developing a strategy for your business is as simple (or as complex) as answering the following questions:

- Where are we now?
- Where do we want to go?
- How and when will we get there?