

Zero to a million

If you want to set up or grow your business, we've got just the person to help. In her new weekly column, millionaire Sylvia Marshall, who has taken her own business, www.cosyhomesonline.com/mirror from £0 to £1,000,000 and is helping others to do the same, answers your questions based on the lessons she's learned along the way



SHE DID IT - SO CAN YOU!

How do I avoid getting in a mess with taxman?

Dear Sylvia: I plan to start my own business and feel quite confident. But I am worried about tax and the other financial implications as I've heard horror stories about people in my situation getting in a mess.

Sylvia says: There are a number of people you need to tell if you are launching a business:

- Your bank. By opening a business account you can keep your personal finances separate. And put money away to cover tax and national insurance contributions.
- Your insurers. Working from home can invalidate your domestic policy. If you are going to use your car for business, be sure you are insured.
- HM Revenue and Customs. You must inform HMRC about your business for tax reasons.
- The Information Commissioner. This is necessary if your business is involved in the storage of personal data. I've always found the Information Commissioner's Office, just like HMRC, very helpful if you have a problem.

You will need to be VAT registered if your turnover is likely to reach the current threshold of £77,000.

Getting an accountant is a sensible move as you will benefit from good tax planning. But do negotiate fees.

Do I need to put cash aside for marketing?

Dear Sylvia: I want to offer a secretarial service as this is something I can fit around my family commitments. I know there is a demand for such a service but haven't really got a "marketing budget". How much do I need and is advertising really necessary when it's just me?

Sylvia says: If nobody knows you're there, you won't survive for long. We all need customers.

That said, you don't need to spend a fortune, and you don't have to, with a little creative thinking.

I have started businesses with nothing and found the key is to spend as little as possible from day one.

You say you know there is a market, so I presume you have some customers in mind already. Something that worked for me was to give customers an incentive to recommend me, so that is worth thinking about.

My early clients also appreciated lower charges far more than an impressive glossy brochure and in fact this became a strong selling point.

Leaflets are very cost effective and if you deliver them yourself you will have the opportunity to meet and talk to potential future clients.

And explore other way of advertising you service locally. Most coffee chains have a community board where you can put up a notice, and ask local shops to carry your leaflets. Some local websites offer free listings and perhaps in the future you can set up your own site.

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We want more pay

Dear Sylvia: My wife and I run a consultancy business which pays us both a pretty good income.

We work in different sectors and my side of things is very slow in the current climate and shows few signs of picking up. My wife's business has been largely unaffected, although new contracts are proving more difficult to win.

We currently draw a salary, but would like to increase the amount we take out of the business. Would it be best to take dividend payments in addition to what we pay ourselves, or just increase our salaries?

Sylvia says: Increasing your incomes seems to be the least of your worries with business revenue decreasing.

I hate to burst your bubble but you are treating your business as some sort of cash fountain.

This is dangerous both for your business and the income you need to live on. It's time to have a proper business meeting with your accountant to look at the level of salary/drawings your business can actually support.

For straight-forward advice from one of Britain's most successful businesswomen write to: Sylvia, The Mirror, 1 Canada Square, London E14 5AP. Or email: sylvia@mirror.co.uk