

Keeping the spark alight

Right from that initial idea, a business will more than likely travel through the different stages of consolidation, growth and expansion. At what stage is yours?

Every business owner is different, but all have a similar goal – to run a profitable and fulfilling business. The best way to assess where your business is at, and where it is going, is through regular reviewing.

Business growth can be split into three broad stages:

- conception and start-up
- consolidation
- development

Conception: Having the right mindset

If you're reading this, it means running your own business is no longer a dream, but a reality.

However long you've been in business, you have made it over the first hurdles. You have proven to yourself that you have the right mindset to run a business, and have covered the many things to think about, and the various people and organisations needing to be dealt with.

You've researched the marketplace, drawn up a business plan, and arranged financing where necessary. You're off!

Consolidation: Up and running

It's important to go back to the initial Business Plan and review your performance, as very often during the first year or so, a business owner is

learning about the ins and outs of running a business, particularly red tape. So, although it's important to continually review, after your business has been up and running for 12 or 18 months it's time to take a long, close look. You may have overcome your first hurdle – how did you cope? What did you learn? Have you met any set objectives? Could you redraft or update your initial plan?

Research is important here – even just informally talking to your customers about why they buy from you and what they may need in the future. After reviewing you may find you are looking at hiring new staff and purchasing or upgrading equipment. Is it time, therefore, to think about the next stage?

Development: Expand for growth

Looking at how you can expand and develop your business can take as much thought and planning as when you are starting out.

You need to look at your customer base and identify areas of possible growth. Through reviewing you should have established how secure your customer base is and whether the time is right to expand. It is now that customer retention starts



'You may need extra funds to finance growth'

becoming more important.

Up to this stage most businesses have concentrated on securing new business, but with a customer base established you can look to the 80-20 principle of business, when 80% of profits is generated by 20% of the customers.

You may need extra funds, such as a loan, to finance growth, and you should also review your systems, such as sales and ordering, to ensure you can cope with the new business you aim to generate by expanding.

Business reviews

Royal Business will go into more detail on the various stages of a business in future issues, but you can contact your Business Relationship Manager for a free Business Service Review. You can also request copies of the free guide, *Helpful Advice for Businesses*, the Royal Bank's Business Planning Software, and products such as Flexible and Low Start Loans by calling 0800 521 607, quoting Ref. No. RB20, or by returning the attached response card.

Work your money

Could your extra funds be working harder for you?

It's worth taking time to review your financial requirements on a regular basis. The kind of access to funds you require can change as your business grows and develops.

Sometimes you will

need to keep substantial funds in your business current account to lower expenses, at other times you will want to put your surplus funds in a savings account, allowing you to earn interest on these funds.

If your business has changed recently, or there are plans for expansion or moving premises, it's worth asking your Business Relationship Manager for a Business Service Review.

He or she will go over your cash requirements with you, helping you to ensure that your accounts meet your current needs.

For example, if you now find that you have surplus funds, but need quick access to them, you could benefit from the Business Instant Access Reserve account (BIAR) one of the Royal Bank's products.

So, make your money earn its keep, while you enjoy instant access when you want it, have the facility to top up your account whenever you wish, and carry out free electronic transfers between your BIAR account and Business Current Account.

Ask your Business Relationship Manager for further details. Or you can return the attached response card for a leaflet, or call free on 0800 521 607, quoting Ref. No. RB20. Or get more information online at www.rbs.co.uk/royalbusinessonline

Reduce your loan payments by 70% in the first year

Do you need funds for expansion, but are concerned about meeting the first payments?

Your business is up and running, and you'd like to expand. Borrowing is one way to fund a business expansion or the purchase of an asset. But wouldn't you like to be able to delay paying full-price loan repayments from the start?

Payments can be much easier if your new assets – whether it's premises, a vehicle or a computer – have had time to start earning money for you.

But with a low start loan from the Royal Bank you get some breathing space during the early months, by keeping your payments much lower than with standard loans. Then, when the asset should be making a return for you, your payments are stepped up. The great advantage of this loan is its adaptability.

Here's how it works. During the first six months the standard loan payment is reduced by 70%. And for the next six months, the reduction is 60%. So you only start paying your full payment amount in the second year and, by that time, your investment will hopefully be starting to pay off.

Plus if things are going better than expected, and your income increases faster than you anticipated, you can make extra lump sum payments, so paying off the loan faster saving on interest costs and without incurring early repayment charges.

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