



EUROPEAN UNION



European Regional Development Fund



# Self Employment

A workshop pack for trainers  
looking to introduce learners to  
the basic aspects of  
self-employment

# Introduction

The following document contains useful resources for anyone who is looking to run a workshop introducing an individual or group of learners to the world of self employment. The information presented here is intended to fill a two-hour session for a small to medium size group but can be scaled up or down as required.

## **This pack includes:**

- Information about the basic aspects of self-employment presented in a way that can be easily adapted into a slide show. You can use the accompanying slides presented as they are, or adapt them to suit the specific needs of your learners.
- An exercise that will introduce your learners to the concept of a cash flow forecast.
- A short exercise that aims to introduce learners to various methods of promotion and marketing.
- A SWOT analysis exercise.

## About this pack

This resource pack has been adapted from a self-employment workshop that was conducted at the PONToon Festival as part of the PONToon project.

The original workshop was developed by Nick Keogh, Enterprise Specialist at WSX Enterprise, as part of the Inspiring Enterprise project.

For more information about Inspiring Enterprise, visit [inspiringenterprise.org.uk](http://inspiringenterprise.org.uk).

## About PONToon

PONToon (Partnership Opportunities using New Technologies fostering sOcial and ecOnomic inclusioN) is an Interreg 5A France (Channel) England project co-financed by the European Regional Development Fund and comprised of 11 partners from across the South of England and northern France.

PONToon is a research project that aims to support the economic inclusion of disadvantaged groups (initially targeting socially and economically disadvantaged women aged 18-35) by creating a suite of digital tools, plus supporting materials, that can be used by trainers to provide support with various aspects involved in finding meaningful employment.

The project has a total budget of €5.8 million euros (approximately €1.5 million total budget to the lead partner University of Portsmouth; 69% grant funded by the European Regional Development Fund, 31% partner contribution).

For more information about PONToon, visit [pontoonproject.eu](http://pontoonproject.eu)

# Ensuring your participants make the most of the session

In order to be an effective tutor, you'll want to make sure that your group of learners is truly connecting with the information that you are presenting to them. Feedback from past workshops run as part of PONToon notes that participants needed to know the relevance of what they were learning in order to feel engaged, and that being aware of the structure and aims of their learning gave them more confidence when moving forward. To that end, the section below gives you the basics of an adult learning theory conceptualised by an expert in adult learning, Malcolm Knowles. The theory provides an excellent base of knowledge that you can use to effectively engage your participants with the subjects you present in your workshops.

## Knowles' Andragogy (Knowles, 1990)

Andragogy dictates that the point at which an individual achieves a self-concept of essential self-direction is the point at which they psychologically become adult. A very critical thing happens when this occurs; the individual develops a deep psychological need to be perceived by others as being self-directing. Thus, when they find themselves in a situation in which they are not allowed to be self-directing, they experience tension between the situation and their self-concept. Their reaction is bound to be tainted with resentment and resistance.

## Principles of Andragogy

<b>The need to know</b>	Adult learners need to know why they need to learn something before undertaking to learn it.
<b>Learner self-concept</b>	Adults need to be responsible for their own decisions, and be treated as capable of self-direction.
<b>The role of learner experience</b>	Adult learners have a variety of experiences in life, which represent the richest resource for learning. These experiences are however imbued with bias and presupposition.
<b>Readiness to learn</b>	Adults are ready to learn those things they need to know in order to cope effectively with life situations.
<b>Orientation to learning</b>	Adults are motivated to learn to the extent that they perceive that it will help them perform tasks they confront in their life situations.

# Slide 1: Agenda

- Introductions and objectives for this session
- Introduction to self-employment
- Legal Status
- Business plans
- SWOT analysis
- Marketing
- Social media
- Finance and pricing
- Further discussion

This slide is fairly self-explanatory - introducing the topics you'll be covering will give your participants an idea of what to expect during the workshop.

## Slide 2: Introductions

- Have you got an idea for a business?
- Have you begun to plan/ research an idea?
- What are your reasons for considering starting a business?

Before you start getting into the main workshop, ask attendees to introduce themselves, and find out if they have any potential plans for a business. Doing so will help participants to attach their own deeper meaning to the contents of the workshop. If you're feeling particularly confident as a trainer, you could even tailor some of the information you're presenting back to their business ideas.

## Slide 3: Definitions

- What do we mean by 'self-employment' or 'running your own business'?

- What do we mean by 'employment' or being 'an employee'?

Defining the terms 'employment' and 'self-employment' is an important first step in making sure your learners know what they're getting themselves into. Much of the information in the following slides will explain more about self-employment so you won't need to spend too long here. It's more about making people aware of the fundamental differences. The following definitions should provide a good starting point:

*Being **self-employed** means that you are in control of everything that happens within your working day, for example, the hours that you work, the type and amount of work you take on, and the salary you pay yourself. Self-employment also entails a number of unique responsibilities, such as making sure you're paying the right amount of tax and national insurance.*

*Being an **employee** means that you have signed a contract with an organisation. As an employee, you don't have to manage your tax or national insurance contributions, and you will be paid a set wage. Being employed grants you entitlements such as pensions, sick pay and annual leave, however, you will also have certain commitments that you have to carry out, such as working a set number of hours and meeting a certain standard for the work that you do.*

## Slide 4: Advantages of self-employment

- You are your own boss
- You make the decisions
- Time can be flexible
- No upper limit to your earnings
- Choice (size of operation, colleagues)
- Job satisfaction
- Alternative to unemployment
- Possible tax advantages

## Slide 5: Disadvantages of self-employment

- Less spare time e.g for family as hours might be unsociable

- Self-discipline needed. Requires organisation and multi-tasking
- No lower limit to earnings, and no sickness/ holiday pay
- The buck stops with you - self-employment can be lonely
- You have to keep accurate records

Talking your participants through some of the advantages and disadvantages of self-employment will give them an idea of what they'd be getting themselves in to. Try to present the pros and cons as objectively as you can, without putting too much of a positive or negative spin on things - let your participants decide for themselves in their own time.

## Slide 6: Different types of legal status

- Sole Trader - Simple to set up, no costs, full liability for business debts
- Partnership - register separately, but all partners are liable. Tax-efficient and popular among husbands & wives
- Limited Company - costs money to set up, limited liability. You are classed as an employee and all accounts can be publicly accessed
- Social enterprise - various options to consider

## Slide 7: Examples of social enterprise

- Community shops and cafés, e.g Café Direct
- Jamie Oliver's Fifteen
- The Big Issue
- Recycling and up-cycling - Elvis & Kresse
- Toms Shoes
- The Eden Project



## Slide 8: Turning a hobby or interest into a business

Give the following some careful thought:

- Will you enjoy doing your hobby when you have to do it to a deadline?
- Are you committed to this hobby?
- Can you sell 'yourself', or the things you create?
- You may love and enjoy what you do, but will others share your passion?
- Is there really a market for your creations/ services? Will it generate the income you require? Make sure to do some thorough research

## Slide 9: Your business idea

- Does your idea have real business potential?
- Have you done lots of market research?
- Who and where are your customers?
- What price would customers be willing to pay?
- Who is your competition?

This section is all about getting your participants to think more about their own business ideas and going over some of the less obvious hurdles that people face when making the move into self-employment. It's important to stress that you won't have the answers to all these questions personally and that they must go out and research for themselves to find the answers.

Make sure that your participants understand that they will need to be honest with themselves about their plans - done properly, market research will allow them to truly explore the potential of their ideas, without incurring any form of risk.

Market research will be explored further later on in the presentation.

## Slide 10: Business name

- Choose a name that identifies your business
- Avoid names that may restrict future activities if things start to expand
- Make sure the name conveys the right message
- Make sure that no one else is using that name
- Make sure your name isn't offensive (think about other languages and cultures too!)

This will be a slightly more fun section of the presentation for your learners - if you've got the time then brainstorming a few names with your group can be a really good exercise to get them excited about the prospect of starting their own business.

Levity aside, try to stress the above points as best you can. Coming up with a smart business name is one of the key moments that can make the whole process of self-employment feel that much more attainable to your learners, so try to make sure they understand the importance of choosing something that they connect with, whilst also fulfilling the above criteria.

## Slide 11: What is a business plan?

- A document that clearly sets out what you aim to do
- A document that 'maps out' where you want to go and how you will get there
- Your visions for your business
- An outline of your goals and how you plan to achieve them
- A document to help you obtain finance or investment
- A way to motivate, inspire and build confidence



## Slide 12: Contents of a business plan

- Business overview and description
- Marketing and sales strategies
- Financial forecasts - sales & cashflow
- Action plan
- Supporting documents, e.g research and analysis

The above slide provides your participants with a basic checklist for the contents of a business plan, which is a vital component of any business worth its salt. You can emphasise that although it may seem like a lot of work at first, a business plan will be an invaluable companion to anyone looking to advance their business.

Most of the items on this list are fairly self-explanatory, but it may be worth giving a little more detail if you can. Some of the items may seem a bit daunting to those unfamiliar with the world of business so try to reassure participants that with a little time and effort, nothing on the list is too complex for anyone to complete. To prove this, a cashflow exercise will be undertaken later on in this presentation.

## Slide 13: SWOT analysis exercise

### Strengths

- Experience
- Start-up capital
- Knowledge of markets
- Existing clients

### Weaknesses

- Limited capital
- No business experience
- No trading history

### Opportunities

- Growing market potential
- New government legislation
- Newly available technology

### Threats

- Economic slowdown
- Changes in legislation
- Aggressive competitor pricing

A SWOT analysis is a good introductory exercise that will get your participants thinking about the practical aspects of their business ideas, with the added benefit that it can be included in their own business plans.

Your participants can use the above examples to get started but try to get them thinking about other things that are specific to their ideas.

## Slide 14: What is marketing?

- Positioning your product/service in the market
- Identifying who your customers and competitors are
- Identifying ways to reach customers
- Developing a pricing policy
- The way(s) in which you promote your product or service
- Sales strategy - how will get customers to buy your product

## Slide 15: Reaching your customers

- Identify and focus on specific market segments - avoid the 'scattergun approach'
- Make sure that your business offer is 'crystal clear' to customers
- Always consider marketing from your customers perspective - imagine you are the customer
- You don't have to do everything at once - you can always expand your marketing activity as the business develops

When it comes to marketing, the idea of getting the word out about a business and selling products can be pretty daunting to a first-timer. Slides 13 and 14, along with the accompanying exercise entitled '**Marketing Exercise - Methods of Promotion**', are all about breaking it down into a series of simple questions and actions to show that it isn't difficult to get to grips with the basics.

Talk your learners through the 6 points on slide 13 and the 4 pieces of advice on slide 14 to get them thinking about how they can best market their business, before taking them through the **Methods of Promotion** exercise included in this pack.

## Slide 16: Understanding social media

- Facebook, Twitter, Instagram & LinkedIn all have different uses
- Most services are free to use
- Huge user base = massive potential reach
- Feedback and reviews from customers
- Advertising options for both large and small budgets
- Analytics allow you to track levels of reach and engagement

In the world of marketing, social media deserves a special mention because it can have incredible benefits for businesses large or small, and aside from the costs of having a phone or computer, it can be accessed by anyone entirely free of charge.

Social media is useful because it can provide a 'storefront' for your learners' businesses, where they can showcase products and services, and converse with customers and potential customers.

## Slide 17: Business information and market research

- The Internet - HMRC, trade associations
- Google it! Check out your competitors - they are out there. Think of where your customers will go to find information - what words will they search?
- Chambers of commerce
- Printed information: guides, journals, press adverts and articles - libraries are a good source
- Local events - markets, fairs, exhibitions
- Talk to people - family, friends, your potential customers, others in business. Get their honest feedback on your idea, product or service.

In this part of the presentation, it's important that you underline the value that doing a bit of market research has on many of the different aspects involved in running a business. Having a clear understanding of what other similar businesses are doing with regard to things like finances, marketing and administration will pay dividends if and when your learners decide to start up their own businesses.

Once you feel you've made that point, then going through the items on slide 16 will give your participants a decent number of places to start when conducting market research.

## Slide 18: Finance

- Personal survival budget
- Business survival budget
- Start-up costs
- Profit & loss
- Cash flow

Sorting out finances is one of the most important administrative aspects of running a successful business, and it is often the most daunting one for people who are looking to branch out into self-employment.

The nuances of finances could easily be the subject of a whole presentation, so remember that your goal here is not to give a complete rundown of every facet of business finance, but to break it down into more manageable chunks that will seem less daunting to your participants.

## Slide 19: Cash flow forecasts

- Estimates the expected income & outgoings, and the resulting surplus or shortfall
- Establishes how much money is needed to run the business
- Identify when the largest cash requirement is likely to be
- Helps to ensure that expenditure is properly controlled
- Forecasts ahead for 12 months
- Can be used to do 'what-ifs' for worst-case scenarios

Once you've talked through the basics of cashflow forecasts with your participants, get them to take a look at the cashflow forecast exercise included in this pack, entitled **Finance Exercise - Freddy's Cashflow Forecast**. This exercise will definitely appear slightly daunting to those who are unfamiliar with the premise, so remember to give everyone a helping hand for the first few minutes and answer any questions to the best of your ability.

Once everyone has completed the exercise, be sure to take them through the correct answers, and try to explain any points where your participants may have gone wrong. The goal here is to make sure your learners are more familiar with the concept of business finance, and feel less daunted by it.

## Slide 20: What is pricing?

- **Cost plus** - the item costs you £1 and you sell it for £2.50
- **Market pricing** - is there already an established market price that people are used to paying?
- **Target return** - set a target across the range of items for a 10% profit
- **Opportunistic** - the 'buy it now' approach. Commonly applied to technology, for example, Apple iPhones.
- **Predatory pricing** - undercut the competition

This slide is fairly self-explanatory and takes a look at some of the more common methods that businesses use when deciding what price to sell their goods/ services at. These examples will serve well as a brief introduction to the concept - emphasise that no single method will be perfect for every business and that, as always, a little extra research will go a long way.

## Slide 21/22: Tax / National Insurance

- **Self-employed declare via self-assessment** (can be done online)
- **You will be responsible for declaring income and making tax and National Insurance payments**
- **You can earn up to £12,500 per year tax-free** - personal allowance
- **Class 2 and Class 4 National Insurance contributions**

- Class 2 - currently £3 per week, once profits exceed £6,365
- Contributes towards state pension, maternity/bereavement allowances
- Class 4 - effectively a 'tax' on profits for self-employed. There's a current standard rate of 9% on profits above £8,632

As with other aspects of business finance, the idea of being responsible for tax and National Insurance contributions will be particularly daunting for anyone new to the idea. Reassure your learners that the process is not difficult and that all it requires is some time and some adequate record keeping.

## Slide 23: Further information

- Inspiring Enterprise Website: [www.inspiringenterprise.org.uk](http://www.inspiringenterprise.org.uk)
- HMRC website [www.gov.uk/guidance/help-and-support-if-youre-self-employed](http://www.gov.uk/guidance/help-and-support-if-youre-self-employed)



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## SWOT Analysis Template

A SWOT analysis is all about summarising the **strengths** and **weaknesses** of your business idea, ascertaining any **opportunities** that you might be able to take advantage of, and working out any **threats** that could potentially put your business at risk. Use the template below to note down some initial thoughts, using examples from the slide to help you.

**Strengths**

**Weaknesses**

**Opportunities**

**Threats**



## Marketing Exercise - Methods of Promotion

Take a look at the list of marketing methods below and number them from 1 to 21, in order of which is most important to your business. There are no right or wrong answers here - only you are going to know which methods will engage with your customers.

<input type="checkbox"/>	<b>Business Cards</b>
<input type="checkbox"/>	<b>Direct Mail (leaflets, postcards, letters etc.)</b>
<input type="checkbox"/>	<b>Networking at conferences and business events</b>
<input type="checkbox"/>	<b>Inserts in Newspapers</b>
<input type="checkbox"/>	<b>Ads in newspapers, yellow pages &amp; magazines</b>
<input type="checkbox"/>	<b>Editorial + Press Releases</b>
<input type="checkbox"/>	<b>Sponsorships</b>
<input type="checkbox"/>	<b>Websites &amp; Search Engine Optimisation</b>
<input type="checkbox"/>	<b>Web-based advertising</b>
<input type="checkbox"/>	<b>Social media marketing</b>
<input type="checkbox"/>	<b>Tourist Guides</b>
<input type="checkbox"/>	<b>Parish Magazines</b>
<input type="checkbox"/>	<b>Posters</b>
<input type="checkbox"/>	<b>Street Signs &amp; Billboards</b>
<input type="checkbox"/>	<b>Open Days</b>
<input type="checkbox"/>	<b>Local Radio</b>
<input type="checkbox"/>	<b>Seminars</b>
<input type="checkbox"/>	<b>Sampling</b>
<input type="checkbox"/>	<b>Demonstrations and Exhibitions</b>
<input type="checkbox"/>	<b>Van Signs</b>



## Finances - Cash Flow Exercise

### Freddy's Festivals: Cash Flow Information

Freddy organises 2 music festivals per year, one at the end of April and the other on August bank holiday weekend. They are very popular, but he struggles to manage his cash flow. He currently has £5000 in his account and has been told he should create a cash flow forecast for the next 9 months.



***Complete the attached cash flow forecast using the information below.***

- 1) In April, all 2000 tickets will go on sale for £25 each. Freddy expects the tickets to sell out quickly.
- 2) In February, he must pay in advance for the rental of the marquees (£9000)
- 3) In March, he must pay a deposit for the security team for the first festival (£12500)
- 4) Also in March, he must pay the brewery for the drinks he will sell at the festival (£20000)
- 5) Just before the April festival, the food van owners will all pay Freddy for their pitches (£5000)
- 6) In April, the first festival will happen. Freddy estimates total bar sales to be £45000.
- 7) In May, Freddy will have to pay the bands and the wages of bar staff (£20000)
- 8) Freddy will have to pay his insurance premium in June to cover the second festival (£8000)
- 9) In May, Freddy must pay in full for the rental of marquees for the second festival (£9000)
- 10) Tickets for the second festival go on sale in August - usually, all 2000 will sell out at £25 each.
- 11) In July he must pay to reserve the security team (£12500)
- 12) The second festival usually sells more drinks so in July Freddy plans to order £25000 of stock from the brewery.
- 13) In August, people selling food at the festival will pay their pitch fees (£5000)
- 14) Freddy predicts that the takings from the bar at the August festival will be around £55000
- 15) Straight after the August festival, Freddy will pay staff wages and band fees totalling £20000



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# PONTtoon

	February	March	April	May	June	July	August	Total
Opening Balance								
Inflows								
Total inflows								
Outflows								
Total Outflows								
Net Cash Flow								
Closing Balance								

Once you're done, you can find the answers on the next page - no peaking unless you're really stuck!



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	February	March	April	May	June	July	August	Total
Opening Balance	5000	-4000	-36500	63500	34500	26500	-11000	
Inflows								
Ticket Sales	0	0	50000	0	0	0	50000	100000
Bar Takings	0	0	45000	0	0	0	55000	100000
Pitch Fees	0	0	5000	0	0	0	5000	10000
Total inflows	0	0	100000	0	0	0	110000	210000
Outflows								
Marquee Rental	-9000	0	0	9000	0	0	0	18000
Security Firm	0	12500	0	0	0	12500	0	25000
Brewery	0	20000	0	0	0	25000	0	45000
Insurance	0	0	0	0	8000	0	0	8000
Staff Wages	0	0	0	20000	0	0	20000	40000
Total Outflows	9000	32500	0	29000	8000	37500	20000	136000
Net Cash Flow	-9000	-32500	100000	-29000	-8000	-37500	90000	74000
Closing Balance	-4000	-36500	63500	34500	26500	-11000	79000	79000