

# BUSINESS GROWTH GUIDE

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CashFlows™



# Table of Contents

Table of Contents.....	2
About this Guide .....	5
About CashFlows.....	5
Getting started with e-commerce what you need to consider .....	6
The key elements .....	7
to start selling online .....	7
How does a payment work? .....	8
Jargon Buster .....	10
Your Website - where do you start? .....	14
How can you create a website? .....	14
Key tips if you are using a developer .....	14
Domain names .....	15
Choosing your domain name .....	15
Registering your domain name.....	15
Web Hosting - all you need to know.....	16
How to choose a host .....	16
Creating your online shop.....	17
Shopping Carts - what do you need to consider.....	18
Top tips for creating an online shop .....	19
Payment Gateway - what do you need to know?.....	20
What is a payment gateway?.....	20
Why do I need a payment gateway? .....	20
What to look out for when choosing a payment gateway .....	21
Payment Gateway top tips.....	22
Merchant Account - what do you need to know? .....	23
What is a merchant account? .....	23
Why do I need a merchant account? .....	23
What to look out for when choosing a merchant account.....	24
Merchant Account top tips .....	25
Business Bank Account - what do you need to know? .....	26

What is a business bank account? .....	26
Why do I need a business bank account? .....	26
What to look out for when choosing a business bank account .....	27
Business Bank Account .....	28
top tips .....	28
Business finance - where can you go? .....	29
Business Finance top tips .....	30
Alternative Government lending schemes .....	31
Funding for Lending .....	31
Regional Growth Fund .....	31
Enterprise Finance Guarantee Scheme .....	32
Manufacturing Advisory Service .....	32
Seed Enterprise Investment Scheme .....	32
Business Finance Partnership .....	33
Improving cash flow .....	34
Below are some top tips to support you in improving your cash flow: .....	34
IT for your business .....	35
Accounting Software .....	36
Online accounting top tips: .....	36
Good Customer service .....	37
Meeting expectations .....	37
Delivering the goods .....	37
Bad press .....	37
Customer service Top Tips .....	38
Legal & Tax what you need to know .....	39
Naming your business .....	39
Legal restrictions to consider .....	40
Business regulations .....	41
For your website to comply you should display: .....	41
For you to comply, your customers are entitled to: .....	41
For you to comply, your emails must clearly identify: .....	42
PCI Compliance .....	42
Understanding Tax .....	43
Income tax .....	43
Corporation tax .....	43
Tax relief .....	43

National insurance .....	43
Charging VAT .....	44
Marketing your online business.....	45
Understanding search engines .....	45
Optimising your site.....	45
Website build & readability .....	46
Keywords.....	46
Content & links.....	48
How to increase link popularity and reach .....	48
Syndicating website content.....	48
Monitoring your success.....	49
Understanding Search.....	50
Pay per click .....	51
Top Tips for Pay Per Click.....	52
Cost of digital marketing.....	53
Social media .....	54
Top tips for getting started with social media .....	55
Banner Advertisements .....	56
Branding & PR .....	57
Top tips for branding and graphic design .....	57
PR .....	58

# About this Guide

This business growth guide was created to provide businesses with a resource of information on starting and running an online business regardless of size and sector. The guide walks through all aspects of setting up your business to sell online through to marketing your business to make the most of this channel. We hope you find the guide useful and informative!

## **About CashFlows**

CashFlows is the alternative to traditional banking that empowers businesses with account and payment services, unleashing the power of their cash flow to drive commercial growth.

The newly launched CashFlows Account brings together the financial services a business needs to take control of the money coming in and going out of their business, helping them get paid quicker and reducing the hassle involved in managing multiple accounts.

CashFlows is a principle member of Visa and MasterCard, allowing us to accept both credit and debit card payments and issue Visa or MasterCard payment cards.

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# Getting started with e-commerce

## what you need to consider

Now you have taken the important step that e-commerce will be a selling channel for your business, or that it will be an additional channel to those that you already have, what are the first key things you need to think about to get started? It can be a daunting task, as there is a whole host of information and suppliers out there who can offer you similar services, but the key is to plan and research exactly what services you need and who can offer you the best service.

You will see below some pointers on the first aspects and services you will need to consider and source when looking at branching into e-commerce.

Less than

# 40%

of UK businesses take online payment via their website.

(Source – Electronic payments.com)



# The key elements to start selling online

There are four key elements that you will need to set up an e-commerce business.



**Company website** – this will allow shoppers to browse and purchase the products or services they want to buy



**Payment Gateway** – this is connected to your website and securely sends online payments for authorisation to your acquiring bank



**Merchant Account** – is a bank account specifically to receive the funds you accept online and is completely separate from your normal business bank account



**Business Bank Account** – this is where the funds from your merchant account will be transferred to on a regular basis for you to then use for your business

All of these services can be supplied by varying companies, and you will find that some suppliers offer more than one of these services, which will help with set-up time and reduce running cost and hassle once your service is set up.



Look out for providers who offer more than one of these services as this will save you valuable time and money when setting up and running your business.

# How does a payment work?

It is crucial when running a business to understand the path a payment makes to get to your business as this will allow you to understand how to streamline your processes to make this journey as quick as possible. Ensuring a smooth and quick path for a payment from a customer means increased cash flow for your business, so it is important you get it right from the start.

There is a set path that a transaction takes from the customer making the payment to the funds being received into the businesses bank account. Below is a diagram of the journey a transaction goes through before being accepted or declined by the card issuer. In order for this process to happen, a business must have relationships with a variety of providers who offer a payment gateway, merchant bank account and business bank account.



- **Company website:** the online shopper adds a product/service that they wish to purchase into the websites shopping basket. Once the customer is ready to make a purchase they go to the website checkout. The purchase details are then sent to a Payment Gateway to process the payment.
- **Payment Gateway:** the shopper is directed to the Payment Gateway where they choose a payment method and enter their payment details. The Payment Gateway sends the payment details to the business's Merchant Account provider, who sends them via the card schemes to the shoppers card issuing bank for authorisation.
- **Card Issuer:** The card issuer will check if the card details are correct, the cardholder's account has sufficient funds and that the card hasn't been reported lost or stolen. If everything is OK, the card issuing bank authorises the payment requested, and debits those funds from the shopper's bank account.
- The confirmation of the payment is sent to the Payment Gateway, which notifies the shopper and the business that the payment has been authorised - normally via a confirmation screen and an email. Businesses should only dispatch goods to the shopper once they have received notification of the payment's authorisation.

**70%**  
of the  
**4.6 million**  
small business still  
do not accept card  
payments.



- **Merchant Account:** the funds for the purchase are then sent from the shopper's card issuer, to the business's Merchant Account. This can take 1-2 days to show in the Merchant Account.
- **Business Bank Account:** from the Merchant Account, the funds are paid into the business's bank account, normally with a short delay that's specified by the Merchant Account provider. The Merchant Account provider will deduct the cost associated with processing the payment with the card schemes - normally a small percentage of the value of a credit card transaction or a flat fee for a debit card.

# Jargon Buster

## 3D Secure

A form of e-commerce authentication used by Visa and MasterCard when a card holder proves that they are the genuine cardholder by entering a pre-set password. This takes place after a cardholder enters their details in a separate webpage. Using 3D Secure reduces a business' risk of fraud or disputes from transactions processed through their website.

## Acquirer

An acquirer is a bank which processes credit and debit card payments for a merchant also known as an acquiring bank or a merchant acquirer. The acquirer provides a single interface for card authorisations, pays all the scheme and issuer fees on behalf of the merchant and acts as an intermediary in the event of card claims, returns and refunds.

## Authentication

Payment authentication is the process of identifying who is making a particular payment and ascertaining whether that person has the authority to make that payment. Forms of authentication include chip and PIN and online authentication processes, such as 3D Secure verified by Visa. Increasingly there are alternative authentication processes available, such as voice authentication, whereby customers pay use their unique 'voice signature' to authenticate and sign their payment transaction.

## Card issuer

A credit card issuer is a financial service provider which offers credit cards. The card issuer works with payment processing networks, like Visa and MasterCard. American Express is an example of a card issuer which is also a payment processing network.

## Cardholder Not Present (CNP)

A transaction category where the customer making the purchase is not present at the point-of-sale (e.g. via the Internet or over the phone) and so does not use Chip and PIN.

## Card Scheme

Visa and MasterCard are card schemes, into which a bank or any other eligible financial institution can become a member. Neither Visa nor MasterCard issue credit cards themselves, rather they negotiate the setting up of payment systems with different banks and building societies internationally.

## Card Security Code (CSC)

The last three digits on the signature strip on the back of a credit or debit card, often required when a customer is purchasing goods online.

## Cash flow

A business' cash flow refers to the availability of funds for bills and expenses. Cash flow is controlled by a balance between the timing and amount of outgoing costs with incoming payments.

## Chargeback

Usually a disputed transaction, where a card issuer charges part or all of the value of a transaction back to the acquirer. The acquirer may subsequently chargeback the value of the transaction to the business.

The customer initiates this process by contacting their card issuer if they cannot resolve the issue with the business directly and the issuer must decide whether the dispute claim is valid.

## Clearing

Clearing refers to the procedure through which the actions of a seller and a buyer are matched. A transaction is cleared once the price has been paid and the goods delivered. Many transactions involve a number of third parties, such as brokers, dealers, or specialists, so often a clearing firm will settle transactions in exchange for a fee.

## E-Commerce

Electronic commerce, or e-commerce for short, is the name given to the process by which products or services are bought and sold with an electronic system such as the Internet.

## Electronic Invoicing

E-invoicing is the exchange of an invoice in an electronic format. E-invoicing has several benefits - from the environmental benefits associated with avoiding paper bills, to the potential for e-invoicing to connect with financial business systems to provide real-time cash flow insight.

## Interchange fee

The interchange fee is the amount paid between banks for the acceptance of card transactions. In the case of a purchase made in a shop, the interchange fee will be between the retailer's bank (the acquiring bank) and the customer's bank which issued the card.

## Mail Order/Telephone Order (MOTO)

A classification of transaction that enables a merchant to accept a credit card payment without a cardholder's signature. This type of transaction is common within call centres (where payments are taken over the phone) or with payments for catalogue items.

## MasterCard Secure Code

MasterCard's version of 3D Secure.

## M-Commerce

Sometimes called mobile commerce, the process of purchasing goods or services via a mobile device, either through a browser or an app.

## Merchant

A business that accepts cards as settlement for goods and/or services provided to their customers.

## Merchant account

A merchant account is a type of bank account that allows businesses to accept payments by card. A number of UK banks - known as acquiring banks - offer merchant accounts. An internet merchant account (IMA) is a type of account that enables a business to accept customers' credit and debit card payments directly online.

## Payment gateway

Responsible for sending card transaction information from a business website to the acquirer to request authorization and settlement of card transactions. In order to accept card transactions from your website, you require both a payment gateway and merchant account.

## Remittance

A transfer of funds from the acquirer to the business after an agreed time period stated in the contract between the two parties.

## Storebuilder/Shopping Cart

This software lets you create a virtual 'shop front' for your website, effectively a catalogue and ordering system. Storebuilders can let you do everything from designing the look and feel of your website, stock control and delivering goods and also integrate with your acquiring and payment gateway services.

## Verified by Visa (VbyV)

Visa's version of 3D Secure.

# Your Website - where do you start?

There are many options and providers who you can use to create and manage your website, so it is paramount that you decide what you want your website to do and what budget you have before sourcing and building your website.

## How can you create a website?

- **Use a hosting site** - There are various companies out there who offer an off-the-shelf e-business store, including website hosting, domain name registration, shopping cart software and even website design. These packages are offered by many shopping cart providers and specialist e-business solution providers and are a good place to start if you have a small amount of technical knowledge but want to build the site yourself.
- **Build the site yourself** - if you have website building software such as: Adobe Dreamweaver and the skills to use this tool then you could build the site yourself. This allows you the flexibility to build the site to your own specifications and timescale, and allows you to keep full control of the project.
- **Use a professional** - if you have limited technical experience with building websites then it is much easier to use a professional website developer. These vary from one man designers to large companies and can set up and manage your website. Research the costs of using a web developer as these vary greatly and ensure you know what you will be getting before committing.

There has been a  
**14%**  
increase in e-retail  
sales in 2012.  
(Source – IMRG Index value report)

## Key tips if you are using a developer

- Look for a web developer who has experience of building e-business stores and make sure you look at their previous work and whether this is the kind of style and design you like.
- As you will need to update your site regularly make sure you know whether the developer will be updating this for you or whether you will have access to do it yourself? If your developer will be making content changes for you going forward make sure you agree a cost structure depending upon the frequency and amount of changes.
- Make sure you get a written contract from the developer before any work is started to ensure the ownership of all the work and content is transferred over to you once the website is completed. Also be aware that this may incur an extra fee.

# Domain names

Your domain name is used as a more memorable and informative identifier of your company website rather than the string of numbers that represents the IP address. By registering a domain name this means you have an address for trading on the internet and that your company identity is protected online.

## Choosing your domain name

A business domain name is normally the same as your registered company name, however if your company name is already taken, try creating something similar including numbers or hyphens. You need to ensure the name is:

- easy to remember
- explains what your business does including keywords
- short and easy to spell
- presentable on company literature
- easy to find through search engines

## Registering your domain name

Registering your domain name is simple, with independent companies or the Internet Service Provider (ISP) offering this service. You will normally have to pay a fee for registering your domain name and these vary with .co.uk names ranging from free to £200 and .com names which are generally more expensive. Once your registration is accepted, your domain will automatically be searchable on the internet in 2-3 days.

Also remember many companies who can register your domain name can often offer other services such as creating and hosting websites. Choosing a provider that offers more than one of these services may be useful as it will mean you only have to communicate with one company.

**53%**  
of all websites use the  
.com domain.

# Web Hosting -

## all you need to know

Once you have created your website and registered a domain name, in order for customers to access it you need a place for it to sit on the internet.

- **Third Party Shared Hosting** - this means a third party hosts your website on their servers along with other companies. These include ISPs, domain registration companies and dedicated web hosting companies. They are responsible for server maintenance and management and offer the best option for most start-up and SME online businesses as they are a lower cost option.
- **Dedicated Hosting** - this is for larger sites with big volumes of visitors per day. You can either host this yourself if you have enough technical resource and a high-speed internet connection which allows you complete control over the website, or you can use a third party to host your web pages on a server dedicated to your website. If you don't have a specialist IT department who will control maintenance and security this is probably the best option.

### How to choose a host

Small business web hosting is a highly competitive sector and therefore dedicated companies will be able to offer you the best functionality, features and support at competitive prices. When choosing which the best host is, you should consider:

- Can their web server deal with the traffic you expect to receive on your site?
- If their web server is suitable for the type of website you have?
- Whether they offer on-going 24/7 customer support and good connectivity and reliability with a dedicated technical support team.
- Do they offer additional services such as: supplying and registering domain names, web page authoring software, shopping cart software, website statistic reports and website promotion?
- Can they back up your files and knowledge related to your site?



# Creating your online shop

For your e-business, your website is your shop window, shop floor, back office and warehouse combined and it is key to have an online shop that is not only appealing for a customer, but also practical and easy for you to use.

Most e-commerce websites use a piece of software called a 'shopping cart' or 'Storebuilder' which allows shoppers to select the goods or services they want to buy, add them to a basket and purchase them. There are many providers of shopping carts, and these vary from free open source shopping carts to paid per month carts with additional customised features.

If you choose an off-the-shelf shopping cart they usually offer additional functionalities that allow you to create a ready-made template of your online store, where you can choose the look and feel of your website to handling stock and calculating delivery costs. If you require any specific functionalities make sure you look for these when sourcing your shopping cart provider.

When creating your website you can use any of the following options:



use an off-the-shelf template that provides an e-business website and shopping cart that you can customise



create a custom-made bespoke site yourself or through a designer



combine the two options by using shopping cart software along with a bespoke site that allows you to adapt it to create the site specific

Internet will be involved in

# 53%

of total sales in 2014.

(Source – pwc)

# Shopping Carts -

## what do you need to consider

- **Functionality** - shopping carts vary greatly in terms of flexibility and functionality so think about what kind of function and customization you will want before choosing
- **Level of technical knowledge needed** - this varies as some providers are very simple to use right up to creating it yourself from scratch. Find a provider that matches your capabilities
- **Budget** - you need to decide if you want to get up and running quickly and cheaply or you want to spend time building a more complex solution. This will be reflected in the cost so set a budget and stick to it
- **Will you need a bespoke solution?** - if you have complex requirements then look for a more complex shopping cart that can allow you to do this but be mindful that it will be reflected in the time and cost to get your site live
- **Can you add features as your business grows?** - All businesses plan to expand in the future and suppose you decide to ship abroad at a later date. Make sure your shopping cart can accommodate these additional needs when they arise in the future
- **How easy is the checkout process?** - a good shopping cart will make it easy for customers to select and amend orders, indicate the shopper's progress in the buying process, provide shoppers with the option to have the same billing and delivery address and display meaningful error messages if customer information is missing or incorrectly filled out
- **What can the system automatically generate?** - automation is key to save time for your business so check if they can show how orders are received and processed, customer order confirmations, shipping, order tracking, sales tax, delivery cost calculations and displaying stock availability
- **Will you maintain your own site?** - it will be easier if you maintain control over your site as will be much easier to make changes, so avoid providers who will maintain control of your site
- **Do they have a technical support team?** - this will be essential if you have any issues with your service or functionalities so make sure you choose a provider who have a team on hand to support
- **Is the shopping cart compatible with your web host?** - you need to ensure your web host will support the shopping carts file type which varies depending on who you use
- **What reporting capabilities do you require?** - think about what you will want to report on, for example best-selling products and profit margins, and check if the shopping cart will allow you to run these
- **Terms and conditions** - you need to check this thoroughly before signing, to check for issues such as: what is your contract length and how easily could you transfer your data to an alternative provider?

**40%**  
of e-commerce  
websites use an  
off-the-shelf shopping  
cart solution.

# Top tips

## for creating an online shop



**Make your site appealing and engaging** - if you want customers to interact and re-visit your website then you need to make sure it is easy for your customers to use. Look at the sites you enjoy using and what functions you like and incorporate them in your site



**Keep content minimal** - don't try to fill all the space on your pages just because there is room! You should be accurate and concise with your content so it is easy and appealing to read for your customers



**Be mindful of speed** - you need to ensure pages are quick to load as customers will get easily frustrated. Check that your host is fast enough and avoid unnecessary graphics and flash as they can slow your website



**Testing is the key** - make sure you test your website on different browsers and devices to see how it appears at functionalities are different on each. Also ensure all links added onto your site work and go to the correct places



**Review and refresh content** - any out of date content should be removed or updated, and content should be reviewed on a consistent basis. Content should be written following SEO rules to ensure you site it fully web optimised



**Share your content and brand** - it's key to share any useful content you create for your website on other forums and social media channels. This will add to the amount of links you build back to your website and will increase your brand awareness. Also ensure all social media channels are integrated and linked on your website



**Keep up to date with new regulations** - there are many rules and regulations that govern the way you present and manage a website such as Google penguin and cookie regulations. Make sure you are up to date with the latest rules to ensure you are complying with them

# Payment Gateway -

## what do you need to know?

### **What is a payment gateway?**

A payment gateway is an e-commerce service provider that authorizes payments for online businesses, acting as the equivalent of a physical point of sale terminal that you would find in most physical shops. Payment gateways facilitate the transfer of credit card transaction information between a payment portal (such as a website, mobile phone or IVR service) and the acquiring bank.

### **Why do I need a payment gateway?**

A payment gateway is essential to allow you to accept card payments online through your website, phone and mail order. The payment gateway receives transaction requests then connects to Visa or MasterCard, and ultimately down the line to the customer's card issuing bank to see if they have sufficient funds. If they have enough cash, the transaction is authorized and the funds are transferred from the cardholder into the merchant account. Often, a merchant account and payment gateway are set up in one process through the same company.

There are over

# 40

UK specialist  
payment gateways.

# What to look out for

## when choosing a payment gateway

You must make sure that you shop around when looking for a payment provider to ensure you get the best service and deal. When doing this you need to be clear about what you require from your payment provider and to help you do that here are some questions to consider:

- Is the payment gateway compatible with your shopping basket? Check your shopping basket is compatible with the payment gateway so they can be easily integrated. There are many shopping carts automatically integrated with a payment gateway so check this when you are setting up your shopping cart or if you are using a web developer check with them.
- Are fraud tools included? Does the payment gateway package include basic anti-fraud tools to help you reduce the risk of fraud to your business and your customers?
- What level of support is included? As e-commerce allows your business to be 24/7 you need to ensure you have support whenever it may be needed. This could be customer service but also technical support too in case of any issues.
- Will you be charged for extra services? Check if there are hidden costs for setting up additional services including: multi-currency payments, 3D Secure, different payment methods or mail order and telephone order payments (MOTO).
- Check the small print and terms and conditions: Most providers will tie you into a contract so ensure you are happy with the terms and what the penalties will be to move supplier. Check how easy it will be to scale up your service to build in contingency for when your business grows.
- Can you do reporting on sales figures? It will be very important for managing your business to be able to run management reports, so ensure your provider can do this and the format is easy to integrate into your accounting system.
- Will rates fluctuate once you sign up? Check that the costs and rates you will be paying are fixed and you understand all the fees and rates you will be paying. If you go with a provider who have a "free" trial period, ensure you know what you will be paying and from when after this finishes.
- How reliable is their service? The reliability and amount of system downtime varies between providers, so ensure you check what this is like and how often they have gaps in service before applying.
- What are their international transaction rates? If you have an international business or aspirations to become one, make sure you know what the charges will be for international payments and that these are competitive. Non EU transactions are often more expensive so this should be built into your costs.
- Are they compliant with the requirements of the PCI data security standards? All payment providers have to be up to date and compliant with the latest Payment Card Industry (PCI) standards and regulations, so ensure they are and can prove this.

# Payment Gateway top tips



**Integrate reporting with accounts system** -this is essential as will save you time when reconciling your account, and will allow you to analyse what your cash position is much easier.



**Make the most of additional channels** -you should check what other payment channels you can use as well as just your online shop that are provided by your payment provider such as virtual terminals and mobile payment apps. You may find these more convenient and easier depending on your type of business so they are definitely worth exploring.



**Be familiar with your back office systems** -most payment providers offer several reporting and analysing tools. Ensure you know what functions you have and how these can be used to make your business more streamlined.



**Give feedback to your provider** -it is essential that if you have feedback on functionalities and additional tools and system tweaks that would be very useful for your business this is fed to your payment gateway provider, as depending on the size of the business they may be able to make a system change to accommodate this. It is always worth asking!

# Merchant Account -

## what do you need to know?

### **What is a merchant account?**

A merchant account is a special kind of bank account that exists for the purpose of holding funds captured from credit and debit card sales. From there they are transferred out to a business bank account, usually on a daily or weekly basis. If you want to accept credit card payments online, you need either a merchant account provider that issues merchant accounts to businesses. Or, you can use the services of an aggregator who process transactions through their own merchant account on behalf of other companies.

### **Why do I need a merchant account?**

You need a merchant account to be able to accept credit card payments and the account forms as a legal agreement between you and the provider, so it safeguards both parties against the potential to lose money every time a credit card transaction is processed on behalf of your business.

# What to look out for

## when choosing a merchant account

- **Make a list of all potential fees and research** - you need to spend time on this part of your decision-making process because many fees are hidden in merchant-account contracts. Make a list of the fees you will be comparing including: credit or debit card transaction fees, interchange fees, application fees and set up fees.
- **How often will your funds be remitted to your bank account?** - These terms will vary a lot from providers from remittance every day to 7 days in arrears. If a delay in remittance will be a big issue for your business you need to pick a provider that has the terms that are the best for you.
- **Check if you have to pay extra for add on services** - most providers will offer additional add on services with your merchant account, however you need to check if you will be charged a monthly fee for these services and whether you will be charged more per transaction if you use certain payment channels.
- **Check volume levels** - some providers will put caps on the amount of transactions you can do in a day or these will be split in a tiered pricing structure. If this is the case make sure you go in at the correct level and that you don't set or have to stick to un-realistic transaction volumes.
- **Research their reputation** - make sure you check whether your potential provider holds all the appropriate standards and licences such as PCI data security standards and membership of the Visa and MasterCard schemes.
- **Compare value added services** - there will be many additional services you can get from a merchant account provider including credit card issuing, payroll services etc. However make a list of the services you most require and compare cost, usability and functionality when looking at different providers.
- **What support do you need?** - if your business is relatively small and you don't have much internal technical resource, then it is best to look for providers who focus on customer service and technical support so they can help if you have any issues.
- **Do they offer integrated services?** - many providers offer the merchant account integrated with other services and especially your payment gateway. Look out for these as this will save you a lot of time and hassle when setting up and managing your system.
- **Compare online systems** - all merchant account providers will offer some sort of online reporting and management system for you to manage your transactions from, however the functionalities and ease of use will vary greatly so make sure you demo the system before choosing a provider.
- **Compare terms** - most merchant account providers will insist on tying you into a lengthy contract and will charge hefty fines if you want to get out early. Compare terms and break out clause fees to ensure you aren't being tied into something unnecessarily.



# Merchant Account top tips



**Take advantage of free trials** - most providers will offer free trials or at the very least offer a demo of the system. Use this time wisely to consider whether the service is for you and whether it has all the functions and services your business needs.



**Make a list of your needs** - before you start looking for a provider make a list of all the functions you need, what support you need, what services you need so you have a definitive list you can use to compare the providers.



**Move your money** - you will not receive interest on the money you keep in your merchant account so make sure this is moved as quickly as possible into your business bank account if you don't have automated remittance. Even if you do have the remittance of your money automated, make sure this is as low as possible so your funds are in your bank account as quick as possible.



**Choose integrated solutions** - having services that integrate easily together will save you time and hassle when reconciling. Ideally having one account for all purposes would be best, but failing that choose services that talk to each other including systems like your accountancy software and e-invoicing solution.

# Business Bank Account - what do you need to know?

## **What is a business bank account?**

A business bank account offers you a place to hold your money that is transferred from your merchant account and from other income elements of your business and use it for your purposes. Each bank will offer you varying functionalities but in the main you will be able to transfer and pay your funds to other accounts and suppliers, pay cheques in and out, pay cash in and out of the account and use pre-agreed overdrafts.

## **Why do I need a business bank account?**

Your business bank account enables you to move and use your money as you wish and is essential for running and managing your business finances. A business bank account also allows you to make basic business functions such as payroll, paying for expenses and paying regular suppliers.

Top five banks control  
**91%**  
of the SME banking  
market.

# What to look out for

## when choosing a business bank account

- **Compare charges** - in most cases you will be charged for almost all services connected to your business account from a monthly fee for having an account, to fees for transferring money. Make a list of all the types of services you will be using and where charges are most commonly applied so it will make it easier to see which banks are the most competitive.
- **What services will you need?** - decide which services you will need from your account and compare these across different providers.
- **Will you need a business card facility** - depending on your type of business you may need business cards for expenses etc. If this is the case, shop around as costs for these vary greatly and most bank account providers will offer this as an additional service.
- **What access will you receive?** - do you have a preferred method of contacting your bank such as telephone banking? If so check which banks offer this and whether there is a charge.
- **Security measures** - check what kind of security measures the provider has in place such as when you log into your management system and when you want to make a transfer, as the safer and stricter their security measures are the safer your money will be.
- **What will they do with your held funds?** - we all know the reports and investigations that have surrounded the banks when it comes to not ring fencing clients funds, so ensure you know what the bank will be doing with the money held in your account and what would happen to your money if they got into trouble?
- **Do they offer a deposit account?** - if you have large amounts of funds in your business bank account it may be useful to have a twinned deposit account to transfer excess funds to as these will often pay you interest.
- **Contract length** - you will normally have to sign a contract when opening your business bank account, so make sure you check what the length of the contract is before signing as these vary.

# Business Bank Account top tips



**Decide if you need finance** - If you don't need a finance option such as overdraft facility for your business then this opens up your options to a whole host of business account providers, not just your traditional ones. Decide this first before making your decision as you can use this as leverage when looking at potential providers.



**Do you need face to face service?** - If your business deals with cash and a face to face branch is important to you then be prepared to pay for that service in your fees. If you deal with this very little then look for online based companies who don't have these costs and therefore have more cost effective solutions.



**Look for linked services** - most business account providers will offer other payment or banking services alongside their accounts, so if you need a deposit account or e-invoicing facility for your business then consider providers with one or more of these solutions as it may save you time and hassle down the road.

# Business finance - where can you go?

When setting up and running a business there is a whole host of costs that you will have to bear in order to make your business a success. There are various finance routes and options available for businesses but you need to know where to look and precisely what you need it for before seeking finance.

Here are some of the sources of finance available to new businesses:

- **Personal investment** - these can be drawn from savings, redundancy money or re-mortgaging a property you own
- **Friends and family investment** - this can be either in the form of repayable loans or an equity investment in which the backer buys shares, which can be resold back to you at a later date
- **Angel investment** - these investors are wealthy individuals who back businesses. Their aim is to sell shares at a profit and they look for businesses that will grow quickly to increase the value of those shares. To attract angel investment, you will need to have a clear and progressive growth plan in place
- **Partnership** - Going into business with someone else allows you to split the costs of setting up and running the business
- **Grants** - there are some grants available for small business. You can find out more about these through your local Business Link
- **Loan** - this can be from your local bank or an alternative financial provider. These will be offered at varying rates and over set terms that you will agree with the provider
- **Government funding schemes** - there are a variety of schemes being run by the government depending upon your needs including: Community Development Finance, Enterprise Finance Guarantee, Business Finance Partnership, Start-up Loans, Regional Growth Fund (RGF), Growing Places Fund, EU funded sources of Finance and the growth accelerator scheme

# Business Finance top tips



**Look out for free banking** - some providers offer special start-up deals, including free business banking to new online businesses, so make sure you look out for these when researching as it may save you money when first starting out. However make sure you check what fees you will be transferring to when your free period ends so you don't have any nasty surprises!



**Research your fees** - the services and associated fees offered by financial service providers will vary considerably, so you need to ensure you carry out research before you sign up.



**Look into alternative sources of lending** - There are many new financial service providers who offer innovative methods of finance and funding for businesses. These include: crowd funding, lease funding and grants. If your business is in need of finance, make sure you consider all sources of finance rather than just relying on the traditional methods as these may not always be the best fit for your business.

# Alternative Government lending schemes

## **Funding for Lending**

The FLS is designed to boost lending to the real economy through reduced funding costs for banks and building societies. In turn, this will make loans cheaper and more accessible for UK SMEs and households.

How much each bank and building society lends to the real economy will determine the amount of access granted to the Scheme. The Scheme will provide more to those that lend more, and at a much lower cost.

An institution must be signed up for the Discount Window Facility (DWF) to be eligible to apply for the FLS. Then they must complete the Authorised Signatory Evidence Form and return via email.

Further information can be found here: <http://www.bankofengland.co.uk/markets/Pages/FLS/applications.aspx>

## **Regional Growth Fund**

The RGF is a £2.6 billion fund utilising private sector investment to support projects and programmes that promote economic growth and sustainable employment in England. RGF programmes provide funding to eligible SMEs in the form of grants or loans in a range of locations and sectors.

To determine eligibility, businesses must first apply to the RGF programmes. Criteria will vary depending on the programme, but generally SMEs must:

- Be based in England
- Want to strengthen, consolidate, or grow their business
- Create or protect jobs
- Be investing private capital
- Be unable to find funding elsewhere for the application
- Be State Aid Compliant

The list of RGF programmes can be found here: <https://www.gov.uk/regional-growth-fund-a-guide-for-small-and-medium-enterprises-smes>

## **Enterprise Finance Guarantee Scheme**

The EFG is a loan scheme designed to facilitate lending to SMEs that have been denied a normal commercial loan due to a lack of security or proven track record.

Eligibility for the EFG is determined by the original lender and on whether the business can afford the loan repayments. However, general requirements are:

- Operate in the UK
- Turnover of less than £41 million
- Seeking finance between £1,000 and £1 million
- Want repayment terms from 3 months to 10 years
- Operate in eligible sectors

There is no application process for the EFG, all lending decisions have been delegated to the lender and will decide whether the SME is eligible. Businesses are encouraged to ask their lender about the EFG.

## **Manufacturing Advisory Service**

The MAS provide support and funding to manufacturers in England to help them improve and grow. They conduct a free review of your business to help develop an action plan and can also provide match funded support for projects.

Grants range from £300-£3000, and can be determined through completion of an online application form. They also have a helpdesk telephone number than can be contacted for concerns and queries.

General eligibility requirements are:

- Less than 250 employees
- Annual turnover of less than €50 million or a balance sheet of less than €43 million
- Not part of a group which in itself exceeds one of the above criteria

More detailed information can be found here: <http://www.mymas.org/>

## **Seed Enterprise Investment Scheme**

The SEIS provides funding to SMEs to help boost the economy and promote new enterprise and entrepreneurship. Income tax relief and an exemption from capital gains tax are the incentives for investors.

Eligibility requirements are:

- 25 or fewer employees



- Gross assets of £200,000 or less
- Less than two years old
- Permanent establishment in the UK

The application process was not clearly stated, but there was a 'contact us' option on the website where you can submit your information and questions/comments. This can be found here: <http://www.seed-enterprise-investment-scheme.co.uk/>

### **Business Finance Partnership**

The BFP aims to diversify the sources of business finance by increasing the supply of capital through non-bank lending channels. It will invest £1.2 billion that will be matched by private sector capital to create and support new sources of lending for UK SMEs.

Fund managers should be contacted directly for enquiries regarding the available funds. These are Alcentra Limited, Ares Management Limited, Haymarket Financial, M&G Investment Management, and Pricoa Capital.

Contact information and detailed eligibility requirements can be found here: <http://www.hm-treasury.gov.uk/bfp.htm>

# Improving cash flow

Maintaining positive cash flow is essential for the survival and growth of any business. Ensuring you stay cash positive can be difficult when operating in a tough economic climate and being plagued by issues such as late payment. Having an accurate monitoring system of your businesses finances at all times is essential to maintaining positive cash flow, along with streamlined systems that integrate easily together.

**Below are some top tips to support you in improving your cash flow:**



**Carry out a detailed forecast** - it is essential to do a detailed forecast at the start of the business year to ensure you know what costs you will have throughout the year and when these will appear. This will also help you to set targets for your revenue and when you will need to generate a higher amount to cover potential spikes in cost.



**Set strict payment terms with supplier and customers** - when working with supplier and customers you must ensure you state your payment terms from the outset so there are no disputes on payment terms. Make sure these are set in accordance with your margins to make sure you don't leave your business short if the terms are too generous.



**Prioritise chasing payment** - if you make chasing late payment a priority within your business then this will be a focus for all staff and will make the process more manageable. If you keep on top of late payments when they occur and chase them immediately, then this will greatly increase your chance of getting paid more promptly.

# 10%

of businesses said that their main obstacle to growth was their cash flow.

(Source – BIS Report)

# IT for your business

Once your business is live and trading, you will no doubt be using the internet frequently within your business and having IT equipment that is suited to your needs and reliable is crucial.

Depending on your type of business and budget, the IT equipment you will need to get started may vary, however it is certain that you will need an internet connection at the very least! We have put together a list below of the sort of equipment you will need to get started:



**Computers** - you need to ensure that your processor (the power behind your computer) is fast enough to run all the applications you need to run your business. Also if you are a larger business, look out for bundle deals when buying computers as these may save you some money.



**Internet access** - Some Internet Service Providers (ISPs) offer business-specific services at an extra cost and will generally provide you with a faster and more reliable connection. The most important thing to look at in terms of speed is the bandwidth and download speed restrictions. Each time a visitor views your site they download a small amount of information to their computer. If you're hosting the site yourself, you'll need to make sure your ISP doesn't penalise you if this download amount is large.



**Software** - A large amount of the software you need will be free or a small charge to access. Apart from the standard operating systems you will need such as Microsoft, you also need to consider: web browser, Email provider, web editing programmes, File Transfer Protocol (FTP) software and backup software.

UK SMEs have  
earmarked an  
average spend of  
**£30,000**  
on IT this year.

(Source – research from GE Capital)

# Accounting Software

Over the last few years, there have been a large number of new businesses offering online accountancy software tailored towards growing businesses. These can make a real difference in keeping on top of their cash flow and ensuring they are keeping their books up to date, as they have been designed for individuals who are focused on running their businesses. The software available is generally either desktop based (meaning you are limited to downloading it onto a certain number of PCs) or hosted in the cloud, giving you access to your books in the same way as you'd check your e-mails online.

## Online accounting top tips:



**Looking for integration** - To save you time and money, make sure you can download your business bank statements in a format that is compatible with your accounting software.



**Easy access** - An increasing number of accounting software solutions are cloud-based, which is ideal if you're constantly on the go or not at your laptop during the day.



**Getting more for your money** - Many providers offer a 30 or 60 day trial to get you up to speed with the software, as well as online demos and webinars to help you use it - look around to ensure you get the support you'll need depending on your level of accounting knowledge.



**Uploading payments** - If you're planning to make a lot of batch payments, it's worth investigating if you can upload files direct from your accountancy package to your banking software to save you the associated hassle!



**Get what you pay for** - Many online accountancy providers offer a range of services from cash flow forecasting to payroll management to VAT returns - the more services you select, the more you pay so make sure you're not shelling out for services you won't be using.

# Good Customer service

Customer service can often be the difference between success and failure when launching a small business. Whether online or on the high street, it is important to deliver the level of service your customers expect.

Selling through an online channel can make connecting with your customers difficult. With nobody to talk to, the shopping process becomes more impersonal. Providing an excellent level of customer service is essential in presenting a genuine and trustworthy image.

If you are to gain a high level of customer service in your business, the customer and their experience must be thought about at every point in your business. Right from feeling engaged and informed by your marketing content, to having a personal approach to product and service delivery.

## Meeting expectations

Service expectations are extremely high for e-business customers, demanding instant access to information through multiple communication channels. There is also the expectation that businesses should be accessible 24/7. If you promise this to your customers, then you need to ensure you can follow through on this, alternatively make it very clear how long it will take for your company to respond, or irreparable damage can be done very quickly to your potential customer base.

## Delivering the goods

Ensuring on-time delivery is critical to customer satisfaction. Providing an inaccurate timetable or delivering the wrong product can considerably damage your reputation, so communication is essential. Set realistic deadlines on your website and other purchase channels to make sure your customers know how long delivery will take and inform your customers of any expected delays.

## Bad press

Customers who have a bad experience are more likely to let others know about it. Word of mouth spreads quickly, and can be posted on social media sites, blogs, forums, and user reviews. With so many places to turn to when looking for company information, the more likely a potential customer is to find out about your reputation. Remember, it is much easier for a customer to go elsewhere online when a competitor site is just a click away!

Customers are the lifeblood of any business, and something as simple as an excellent customer service experience can win a lifetime customer. Below you will find some top tips on how to use customer service to increase customer retention.

**90%**  
of UK shoppers walk  
away without buying  
something if they get  
bad customer service.  
(Source – businesszone)

# Customer service Top Tips



**Clearly display your fulfilment policy** - Ensure that your fulfilment policy is clearly posted on your website, that way customer concerns can be addressed prior to placing an order.



**Keep customers informed** - Regularly update customers regarding their order status, and inform them of any expected delays.



**State delivery times** - Make sure you provide customers with a realistic timetable for their delivery so as not to set unrealistic expectations.



**Enable customers to track order** - Customers should be able to track the shipping status of their order so they can be reassured that it is on its way. Also consider sending all orders by signed delivery, this will mitigate any risk against potentially fraudulent claims.



**Consider offering free shipping!** - This will entice price-conscious customers to purchase through your website who would have otherwise gone to a retail store to avoid the shipping charge.



**Employ a no-hassle return policy** - This will reassure customers that they can send a product back if they are unsatisfied with their purchase and it will not inconvenience them to do so. It will show you are confident in the quality of your products.



**Coordinate supply with demand!** - If you do not have a product in stock, make sure it is clearly labelled on your website. Do not risk handing customers over to your competitors.

# Legal & Tax

## what you need to know

### **Naming your business**

For any kind of business regardless of your channel, the name of your business is very important for the success of your business and is crucial that you get it right from the start. Here are some things to consider when naming your business:

- **Choose something original** - it may be obvious but if you are going into a competitive marketplace then you need a name that will make your business stand out from the crowd.
- **Make sure your name fits your long term plans** - It is great to have a catchy product specific name, however if your long term aim is to penetrate new markets with new products, then ensure your name will fit with this.
- **Make it simple and easy to spell** - this is crucial as it will not only support your brand strength by being easy to remember by your customers, but also reduces the risk of your business not being found when searching online etc.
- **Keep your domain name in mind** - if you will be registering your business as a domain name, make sure you check that this is available first before registering your company name. Fighting for ownership of a domain name at a later stage can be expensive and time-consuming, so it is crucial to do this at the beginning to avoid any additional cost and hassle.

# Legal restrictions

## to consider

- Check with online Companies House whether there is anyone already using the name you want. Check business directories and on a general internet search for any businesses that use the name you want. You could also ask a solicitor to check this for you to make absolutely sure, however be aware that they may charge you for this.
- Ensure that your company name doesn't conflict with any registered trademarks as you could face legal action if it does. To check this, visit the Patent Office Trade Mark Database
- If the name is one you have created yourself then you could register a trademark for this name to protect it against being used by other companies. Assuming it isn't already registered by another company, you can file an application with the Patent and Trademark Office. Trademark applications can take a number of months and cost up to £200.
- There are a host of rules and restrictions around naming your business, which you will need to review before choosing one. Companies House has a list of restricted words and phrases, plus details of how you get permission to use them. For more information visit the Companies House website
- You must ensure that you choose the right legal structure for your business at the very beginning, as this can have serious tax and profit implications if not chosen correctly. The Government provides useful tools to ensure you choose the right legal structure for your business. For more information visit <https://www.gov.uk/>
- Health and safety restrictions - whether you are a sole trader or have a large number of employees, as soon as your business is registered you have to ensure that you create a risk-free environment for your employees. There is a dedicated resource called the Health and Safety Executive which will provide you with all the information you need to keep your business risk free. For more information visit the Government Health and safety website
- Ensure you comply with the Data Protection Act - If you store your customer details in a database (hard or soft copy) you must register this activity to comply with the Data Protection Act 1998 UK. You just need to visit the following website to register your company: <http://www.ico.org.uk/>
- Security - You need to make sure you have a clear understanding of the security risks that face your business and how you will deal with them should you be a victim of any kind of security breach. To support in safeguarding your business you need to have a practical security policy in place outlining what preventative processes you have in place.



# Business regulations

Whether you are starting a business and live and trading, or if you are moving to sell online as an additional channel, there are a few extra regulations you will need to ensure you comply with. To summarise, these stipulate that:

- The goods you sell are fit for their purpose and of satisfactory quality under the Sale of Goods Act
- Products are exactly as you describe them under the Trade Descriptions Act
- Services are carried out with reasonable skill, in a reasonable time and at a reasonable price under the Sale of Goods Act.

The laws and regulations governing online trading and business in general can be complex and can often change. We have highlighted some of the trading regulations below however you should refer to the Office of Fair Trading Website or obtain professional legal advice to make sure your business is compliant. A highlight of the trading regulations

## For your website to comply you should display:

- terms and conditions that your customers can print off if they wish
- your business name, address and other contact details including a contact email address
- your VAT number, if applicable
- details of any professional body you're registered with
- details of any publicly available register in which you are entered plus your registration number
- product / service prices that are clear and indicate and whether they include tax and delivery
- card logos for all card types you accept

## For you to comply, your customers are entitled to:

- details in writing about your company and the terms of the transaction
- further information including a notice of cancellation rights, complaints procedure, after-sales service and guarantees
- written confirmation of the order
- delivery of goods within 30 days unless otherwise agreed when ordered
- 7 working days in which to cancel the contract or return the goods ordered. If no details of the agreed cooling-off period have been provided to the customer when ordering, this time is then extended to 3 months
- decide whether they want to accept tracking cookies from your website on their PC and be provided with information on how to disable them.

**For you to comply, your emails must clearly identify:**

- the person or business sending the marketing communication
- details of the promotional offer and the conditions
- whether the communication is unsolicited or if it had been requested or the recipient had subscribed to a mailing list and the way they did this
- a valid email address recipients can use to unsubscribe

### **PCI Compliance**

To improve security and cut fraud, the UK Card Schemes (VISA, MasterCard etc) have created a set of Payment Card Industry Data Security Standards (PCI DSS) informing businesses and the payment industry how to securely store, process or transmit card data. The PCI Data Security Standard provides the entire framework for establishing a secure transaction process through prevention, detection, and reaction of security infringements to protect cardholder data.

Most card processing providers will offer a PCI programme that you can join to ensure you are compliant with these regulations, so if you are unsure whether you are compliant, contact your card provider.

For more information on PCI Compliance and how to become compliant, visit the PCI Security Standards Council website at:  
<https://www.pcisecuritystandards.org>

# Understanding Tax

## **Income tax**

Income tax is payable on the income that your business makes, whether you are in employment or self-employed. HMRC set a tax-free allowance for all businesses and individuals, and you then have to pay tax on the remaining amount. The tax rate that you pay will vary depending on your business and the amount you earn.

## **Corporation tax**

Corporation tax is a tax on the profits of limited companies and other organisations including clubs, societies, associations and other unincorporated bodies. If your business is registered and based in the UK regardless of where your profits come from in the world, you will have to pay corporation tax. There are some companies who will be exempt from corporation tax including sole traders, but for more information on whether your business is exempt from this and further guidance, visit the HMRC website.

## **Tax relief**

Many businesses whether new or existing can reduce their tax bills by taking advantage of a number of tax allowances and reliefs. You will need to find out which you are eligible for and apply for them via the HMRC website as these aren't added automatically.

As your business is taxed on its profits, it's important to find out how much your business has spent as these costs can be deducted from the tax you pay. You should always keep receipts from any business purchases or expenses, such as furniture and equipment, as you can offset these against your tax payments. You can find out your taxable profits by using the calculator on the HMRC website.

There are various tax allowances and reliefs that can be applied for a business including: Tax-free Personal Allowance, Married Couple's Allowance and Maintenance Payment relief. For more information on these visit the HMRC website.

There is also a handy tool on the HMRC website which will calculate any tax relief you are entitled to, so make sure you have a look at this to see if you are paying the right amount of tax. HMRC website - Tax calculator

## **National insurance**

Most individuals are required to pay a National Insurance contribution, and the amount that is required to pay depends upon how much you earn and whether you are employed or self-employed. It is crucial to be paying the correct amount of national insurance as if you are underpaying this could result in substantial fines. For more information on National Insurance visit the HMRC website

## **Charging VAT**

Once the turnover of your business for the previous 12 months has gone over a specific limit (currently set at £79,000) your business will need to register for VAT. This means that your business will have to charge VAT on all the goods and services you provide and repay that VAT to the HMRC.

There are varying rates of VAT that have to be charged, and these depend upon your business and the type of goods and services you are providing. For detailed information on VAT and the guidelines, visit the HMRC website.

# Marketing your online business

Marketing is an integral part of getting your business out in the marketplace and known by your potential customers. Whether you are a large organisation with a substantial budget to a small start-up, marketing should play a part in your business plan. There are many elements and ways you can market your business from digital tools such as pay per click adverts and social media, to content driven marketing.

We have provided below a brief guidance on the types of marketing you could consider and how you would go about them.

## **Understanding search engines**

Digital marketing plays a critical role in the development of any business, whether big or small. With so many customers searching for product information online before making a purchasing decision, it is important that your site is easy to find.

Understanding search engine optimisation will enable you to put your website at the forefront of customer searches. This involves knowing exactly what Google wants and will generate significantly more leads and sales from the increased traffic directed to your site.

## **Optimising your site**

When starting your business, it is practical to implement the basics of Search Engine Marketing (SEM) yourself to get your website on the search engines radar. Once you experience growth or decide to expand, outsourcing this task to a search engine marketing company is always an option.

A key way to ensure your website is optimised, is to make sure you carry out a regular review of the content and links used within the site. If your business is promoting a particular service or has decided to focus on promoting your content marketing strategy in a different direction, then make sure this is echoed through your website and your content is updated and includes the appropriate new keywords.

# Website build & readability

Google provides a comprehensive guide to make sure your website meets their technical and design criteria and guidelines. This is the best source of guidance when creating your website and will ensure you are in line with Google's rules. To find this guide click on the link below:

<http://www.google.com/support/webmasters/bin/answer.py?hl=en&answer=35769>

Here are a few extra tips to help boost your search engine ranking:

- Use <http://validator.w3.org/> to ensure that the code used in your website is readable.
- Avoid using symbols (?/+)=) in your URLs! This will make them more Google-friendly. You can refer to Google's Webmaster Guidelines for more information.

## Keywords

Including keywords in the content on your website can significantly boost your position within the search engine results. Search engines use keywords to determine the subject matter on your site and then match these according to what people are searching for.

Look into keywords that are used most often when searching for products or services in your industry. You should include at least one primary and a maximum of four secondary keywords per page.

You will likely be aware of these keywords already, but if you need assistance Google provides a Keyword Tool that generates ideas based on the content of your website. <https://adwords.google.com/select/KeywordToolExternal>

If you would like to check how often you include keywords, there are tools available such as the keyword density checker: <http://tools.seobook.com/general/keyword-density/>. This tool is also helpful for uncovering keywords that are used in competitors' websites and providing new suggestions.

The next step is adding the keywords into your website, and we have provided the following suggestions to make sure you include them in the appropriate places:

- The page title - This will be the first place Google looks
- Headings

**57%**  
of customer will wait  
3 seconds or less for  
a website to load.

- The first sentence on each page
- The first paragraph on each page
- The meta descriptions - the head section of a page that provides a description of the content and specifies the keywords.

It is also important to note that keywords can be used excessively, and is referred to as 'Keyword Spam'. So try not to get fixated on including them in every niche of your website. There are plenty of other factors that affect your position within the search engine results.

# Content & links

Google's main purpose is as an information resource, and as such when ranking content it not only measures the content on your own website but also looks for your content that is shared on other websites. This is commonly called reach and significantly improves the power of your content.

See below the process that happens when Google reviews your content:

- The first time Google views your website it takes a snapshot of your pages and logs that those pages belong to your website.
- If parts of your content are found copied on other websites then Google still knows that the original content on those pages belongs to you.
- The more content and links from your site that are found on other websites increase the amount of points your website has and the higher your Google score is the higher your search engine position.

## **How to increase link popularity and reach**

Another way to increase your reach and Google ranking is to increase your link popularity. Link popularity is when you include a link back to your website in any content that you create for external websites. The more of your content Google finds on other sites, the higher your website will go in the ranking.

The good news is that on a more local level, there are simple ways you can make a big difference yourself. Here are our top tips on increasing link popularity:

- Try writing interesting articles or content within your own website and then syndicate this content across the web.
- Create a content marketing plan which interweaves as part of your wider marketing plan to ensure consistent quality content is created and shared.
- Add target sources of coverage for each piece of content to ensure your content gets covered and in turn increases your link popularity.

## **Syndicating website content**

Website syndication means making your website content available to multiple sites via a web RSS (Really Simple Syndication) feed. This provides people who subscribe to the RSS with a summary or update of the recent content such as news posts. If you have an RSS feed on your website your web developer will simply need to convert the content into a compatible format for this to be picked up.



# Monitoring your success

It is crucial to know how your website is performing after all the continued work you put in. There are many ways you can track the success of your website and the content from specialised custom tools that can be costly, to free online tools that you can run yourself.

Most businesses start off by monitoring and analysing the performance of their website and content themselves before opting for a paid for tool. You will find below some free tools that you can use if doing this yourself:

- To check the number of links that refer back to your site then you can see this by visiting: <http://www.backlinkwatch.com/>
- To check your Google page rank and how many websites, who they are and how relevant they are that are linking back to your website, you can visit: [http://www.prchecker.info/check\\_page\\_rank.php](http://www.prchecker.info/check_page_rank.php)
- To find out how many visitors your site is getting, where they are from, how long they stay on your site and individual pages and what key words they use to get there, you can use Google analytics to run a report. You can get this by visiting: <http://www.google.com/analytics/>

# Understanding Search

Search engines generate results based on performance and relevance to user searches. This is usually measured on a points-based system where points are awarded on predetermined elements within a website.

The maths are quite simple, the more points awarded the higher your website is placed within the search results. However, points can also be taken away if a search engine thinks that you are trying to sway the results. As mentioned previously, keyword spamming is one way that will have a negative effect on your Google scoring.

So what are the other elements factored into search engine calculations? Below is a list of items that are used to determine your overall score.

- Your website functions correctly and the content can be easily read.
- The site pages adhere to the search engines content and technical guidelines.
- The content is updated regularly.
- Your website is growing.
- Backlinks to your website which are links or references to your site that are placed within other websites. They serve as a measure of your popularity and can significantly boost your search engine ranking.

**39%**  
of customer come  
from an online search.  
(Source – MarketingCharts)

# Pay per click

Pay per click is a great way of achieving a top search engine position and in-turn generates more business through your website. The pay per click system works on a highest bidder basis, and will enhance traffic flow to your website within seconds of going live!

The pay per click system works as follows:

- You will set a daily budget in the form of a bid for the amount of clicks on your ad
- Once your budget has been reached, your ad will disappear and the next highest bidder moves up
- For example: If your bid was £0.25 per click and you set your budget at £10.00, then you will be entitled to 40 clicks before your ad disappears.

The down side to this system is that the cost depends entirely on the keywords being used. Extremely popular keywords can cost up into the £1000s for a single click.

Google provides a training course that explains the pay per click system in more detail - for more information visit:  
<http://www.google.com/adwords/learningcenter/>.

# Top Tips for Pay Per Click



**Set a daily budget** - If you cannot afford the suggested daily budget, do not reduce it because it will affect how often your ad will be displayed. Instead, lower your bid for each click and it will show your ad consistently, just further down the page.



**Show visitors where to go** - Make sure you direct visitors to the page that is related to what is shown on the ad. Some marketers often make the mistake of directing visitors to their homepage, where they end up leaving because they didn't find what they were looking for.



**Test your ads** - Pay per click can be a great tool for assessing the effectiveness of a few different ads. You can gauge what people are interested in by seeing which one gets the most clicks.



**Assess which position works best** - Do not assume that a top position will generate more sales; they often get higher number of low quality clicks. Lower positions cost less and may attract more serious buyers.



**Think about the layout** - A good ad will usually display the product/service benefits in the first line

Adding pay-per-click ads results in

**89%**

new visitor traffic.

# Cost of digital marketing

The cost of outsourcing your search engine marketing can vary depending on the level of optimisation. It can be in the £1000s in highly competitive markets, as essentially you are paying for time and expertise.

The amount of keywords you use and how popular each one is affects how long it takes for your website to gain points. Also expect to pay more for competitive keywords.

For an online business, expect to spend between 1-2% of your total monthly turnover on search engine marketing if you really want to see a decent return from your investment.

All aspects of digital marketing can be done internally by a business providing you have the expertise and resource to do this. If you know you have gaps in expertise for specific tasks such as SEO content creation for your website to creating PPC adverts, then it is sometimes best to use a specific digital or marketing agency who specialise in these activities. It is often more time and budget efficient to hire an external agency than waste the time of trying to do it yourself and not getting it quite right!

# Social media

Social media is a channel of communication used for exchanging information and ideas to connect individuals, communities, and organizations. It has become an increasingly effective channel to inform consumers on who you are and what you offer. Regardless of what industry you are in and the products or services you offer, you will certainly find a site that is most suitable for reaching your target market.

Nearly 46% of online shoppers look to social media before making a purchasing decision, according to the recent Social Media Marketing Industry Report.

The top five sites available to businesses advertising their products or services through social media are as follows:

- **Facebook** - Online social networking site that enables users to connect and share with other people from around the world. An effective platform for social media marketing because of the ability to communicate directly with consumers or customer segments.
- **Twitter** - Online social networking service where users post text-based messages, called 'tweets', to share information through thoughts, ideas, and stories. It is a powerful marketing tool for tracking public opinion about your company and distributing small pieces of information to your followers.
- **LinkedIn** - Online social networking site used primarily for the purpose of professional networking. It is used by business professionals more than any other social media tool, and is a great way to develop real-world relationships. Also useful for finding and sharing current industry news and insight.
- **Blogs** - A website that shares information and incites discussion on whatever topic you see fit. Commonly used in the business environment to share news and expert opinion on a particular product, company, or industry.
- **YouTube** - A video-sharing website where users can create their own channels and upload videos. It is an effective tool for sharing knowledge, product demonstrations, testimonials, interviews, and much more.

Approximately  
**46%**  
of online users count  
on social media when  
making a purchase  
decision.  
(Source – KnowtheNet)

Determining which platform to use will often depend on the business environment you operate in. Business-to-consumer (B2C) and business-to-business (B2B) marketers have found different tools to be more effective for reaching their end consumer and generating sales and leads.

In a B2C environment, 96% of marketers focus more on Facebook than any other social media tool. This is because the consumer buying process often involves an individual rather than a group, and Facebook provides the most effective platform for communicating directly with the end consumer. B2B marketers tend to balance their efforts between LinkedIn, Twitter, and blogging.

# Top tips for getting started with social media



**Know your customer** - It is important to understand which social media platforms your customers will be using to look for product and company information. Ensure that any content you create and share on social media platforms is relevant and targeted to your customers as if it is generic content it won't be shared or even read.



**Connect and Interact with your audience** - Engaging with your fans and followers boosts your social ranking and effects how you are rated in search engine results. This can be done by posting fresh and shareable content such as images, videos, events, and special offers.



**Monitor and respond to customer complaints** - Businesses should be aware that social media gives customers an open arena to air their grievances, so it is important that customer concerns are addressed in a timely manner. Negative word of mouth can have a substantial impact on customer growth and retention!



**Participate in relevant discussions** - Discussions relevant to your products and services are happening online in various places, news websites, consumer forums, blogs and social networks. It is important to know exactly where these conversations are happening, and the type of people that are involved, so that you can join in as and when necessary

# Banner Advertisements

Banner advertising is when an advertisement is placed on another website to direct internet traffic back to your company website. Banner advertisements often contain product, company, or promotional information and are placed within sites that are likely to be visited by your target market.

Banner advertisements can be placed in a variety of different shapes and sizes and can also be as simple or sophisticated as you would like them to be. Some ads will just contain text or an image where others will include audio, video, or animation.

Basic banner advertisements can be fairly simple to create with just minimal computer knowledge. However if you do not possess any technical expertise, there are professional designers as well as free web sites that will create one for you. One example of a popular free banner ad creator is [Bannersnack.com](http://Bannersnack.com)



# Branding & PR

What is your company and how do you present yourself to prospects, customers, partners and staff members? Individuals have a personality, morals, and core values that they try to uphold, this is the same for companies too, and is called 'branding'.

When looking at any company, you can get a sense of if you can trust them, if they are new, fun, or serious. This is because they have created a brand core, which runs throughout the company, from the logo, website, call centre manner, advertisements and staff.

In developing your 'brand', it is important to consider the attributes that could be used to describe your company, how you would like to be viewed in the market, and how you can incorporate those two elements into a brand proposition.

Your website will be your main piece of collateral for displaying your brand values and products, so careful consideration should be given to brand design and graphic content. The design of the website should clearly show what type of company you want your customers to think you are, and will be reflected in the graphics and imagery used.

## Top tips for branding and graphic design



Graphic design should follow your brand - This includes the logo, icons, typography, and colour scheme. There are colour wheels available online to help you match primary and secondary colours.



Photos are key! - Display products in high-resolution with zoom and rotate features. This will allow customers to view the product in detail.



Keep it clean and simple! - Remember sometime less is more.

# 78%

of online customers recommend a brand to friends after a great customer experience.

(Source – businesszone)

## **PR**

Public Relations (PR) is a great way of getting your business known within the industry and amongst your potential customers is to use PR. This involves promoting your business through informative business updates and in industry comment through press releases and other creative PR activities. These are then distributed to journalists, newswires, news websites, papers, sector specific magazines and press.

Depending upon your business PR objectives and budget there are various tools you can use to support you in doing your own PR. These include free newswire tools which will distribute your press releases for you. If you have complex needs and don't have the expertise within your business to do your own PR then there are a wide variety of agencies who you can use to do this for you. These vary in expertise and price, so make sure you decide what you want from an agency before you start looking.