

E-BOOK

Startup Stories

Inspiring stories from startups on tackling business challenges and advice on building your company



Contents

Page 3

Introduction

Page 4

Moneycado on coming up with a business idea

Page 6

Rockit on grants and finding funding

Page 8

MPB on building a team

Page 10

Hanx on finding the right manufacturer

Page 12

Strong Roots on managing inventory and the supply chain

Page 14

Tips for starting and running your business

Introduction

Starting, running and growing your own business can be an exhilarating experience. Having the freedom to shape your own destiny by taking the reins of a company that's all yours is both exciting and daunting.

But seeing your vision grow from a seed of an idea to a fully fledged business that is solving a problem for your customers while paying the bills for yourself and your employees is what makes it worth it. As is doing what you love.

In having the desire to start, run and grow your own company, you won't be alone. In 2016, nearly 660,000 businesses were launched in the UK, according to the Centre for Entrepreneurs. That was up from 608,000 in the previous year. It doesn't look like those figures will slow down any time soon.

But what do the highs and lows look like and how do you get on (or stay on) the roller-coaster of

running your own business? Take inspiration from other businesses that are doing what you want to do or are in a similar position to you, seeing out the challenges and focusing on the bigger picture as they look to grow.

In Startup Stories, a group of business owners share their experiences across a series of areas and offer advice on what you can do to succeed. So whether that's finding funding, building a team, getting business support or finding a manufacturer, there'll be something for you to apply to your business.

We've worked with content creator team The Startup Van to bring these stories to you. Mark McDonagh and Graham Hussey started their business in 2015 and their daily Facebook show sees entrepreneurs speak about the challenges they face and how they overcome them.

Happy reading!



Moneycado on coming up with a business idea

If you're at the start of your entrepreneurial journey, the first challenge you'll face is coming up with a business idea. For some people, the light bulb will go off immediately and the ideas will be flowing. For others, this can be a tricky affair. Coming up with an idea is important – but it's worth remembering it's the execution of the idea that is vital if you're going to succeed.

So how do you get the inspiration for a business idea that can help you achieve your goals? There are numerous ways of finding the way to your idea but for the founder of Moneycado, it was down to talking to people.

Oliver Mitchell's idea for his crossover fintech and travel company came to fruition thanks to his strong community focus. Moneycado's mission is to encourage millennials to save for their dream holiday. But it's much more than just your run-of-the-mill savings product.

Moneycado uses gamification and incentives in the form of offering gifts when you reach a milestone. Such gifts could include a holiday treat but savers might also unlock a "credit boost" to purchase an expensive flight at an early bird rate, despite not yet having the cash. In other words, Moneycado will also be selling credit products.

Oliver says: "I started without an idea and without a team. I just started talking to people about the general area of finance – about what they're used to today, what the problems were, what they felt about it and so on."

Oliver was writing blogs about personal finance, covering topics such as budgeting, saving, investments and debt. He says: "It's enabled people to come on this journey with me, to build a network of collaborators and also to give me accountability – especially in the early stages, which is unbelievably important."

He got a lot of good feedback from his blogs – so much so that he organised events where people



would pay £10 to hear him talk. But it wasn't just the financial benefits that he was generating.

The early days were about gaining a complete understanding of customer requirements rather than simply making money or developing a product.

Oliver says: "In truth the people who needed help working with their finances are not the kind of people who would either proactively read blogs or go to events."

To reach his target market of millennials, he'd have to do things differently. The way he decided to do that was by building a product.

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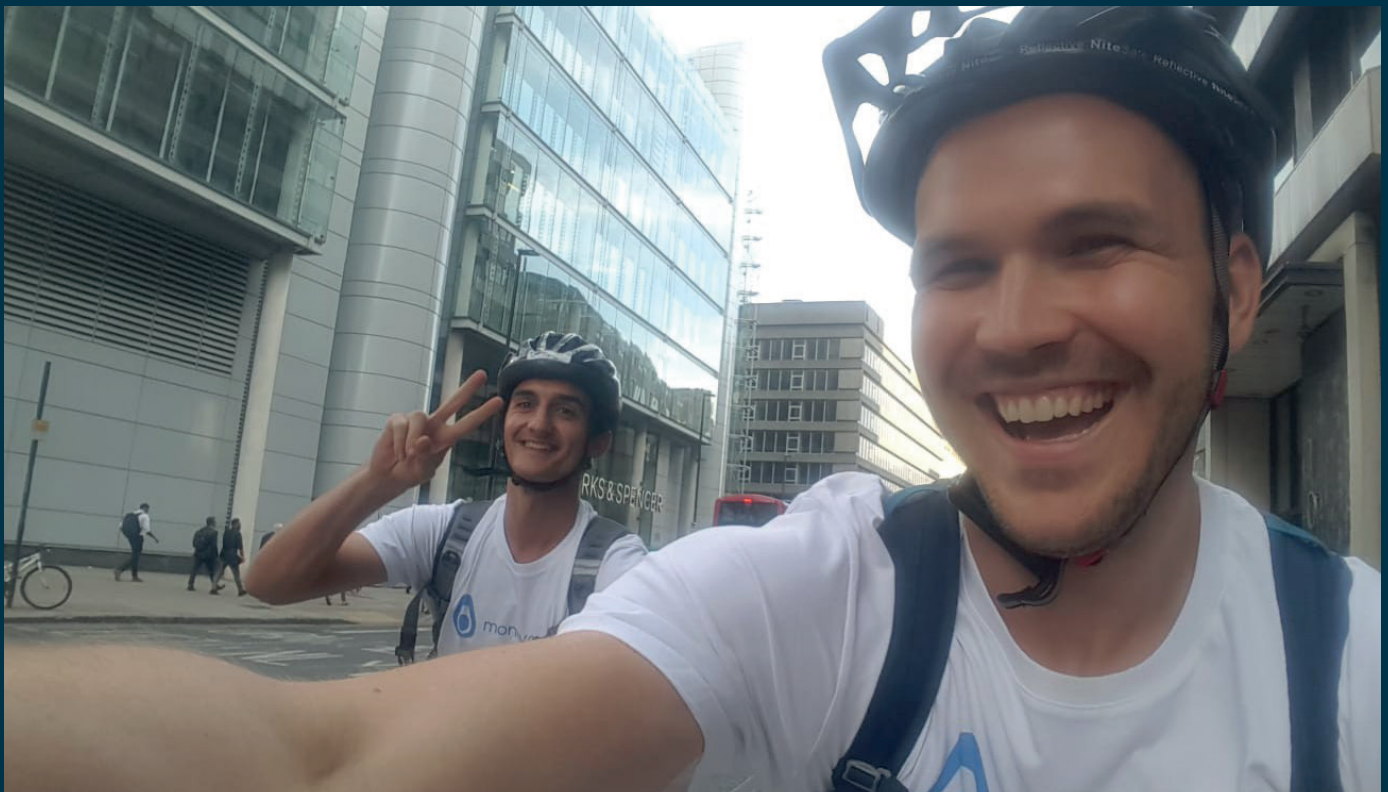
— Oliver Mitchell, founder, Moneycado

He says: “The key to driving is not teaching you how an engine works. In the same way, the key to financial literacy – to engaging people with finance – is not teaching them content.

“It’s building an inclusive product which actually engages you and makes you want to work with that – which speaks in your language.”

And this was the point where Oliver had the light bulb moment and an idea started to form.

He says: “I said, OK, well let me turn this on its head. What would a savings experience for travel look like? And that’s when the idea started to flow: gamifying the rewards process, enabling social payments, and friends contributing to each other’s holidays. But all this took a lot of time focusing on the problem.”



Rockit on grants and finding funding

If you want to start or build your business, you're going to need the finances to take the necessary steps to succeed. There are lots of different ways to fund your business. A common consideration is your bank – but what if they are unwilling to provide you with the funds you need?

Don't despair – there are alternative options to consider, from asking friends or family for financial support, to crowdfunding, applying for grants, turning to an angel investor or a venture capitalist, and many more.

Nick Webb, Matt Dyson and Matt Sparrow are the team behind hardware-based startup Rockit. They founded the business in 2016 after Nick came up with the idea for the company's eponymous product – a compact rocking device that helps babies drop off to sleep.

The Rockit attaches to the handle of a pushchair and gently undulates via a silent motor. The pushchair is rocked – without the parent having to push – and the baby is encouraged to nod off.

The team used different funding approaches to get their product in the necessary shape to be a challenger in the market. One of the first was a £5,000 Innovate UK voucher – a UK government initiative that helps startups get early advice, in particular “specialist help to meet a business challenge”.

It was spent on seeking trademarking and a provisional patent so the team could prove the viability of the product. Matt Dyson says: “We were really keen to get in front of people as quickly as possible. I think a lot of designers, inventors, hardware startups and so on are really worried about





revealing their product. Right from the start we knew we had to protect as quickly as possible so that we could start having conversations. We knew we had to move really quickly and get that first to market advantage.”

He adds: “We applied for an Export 4 Growth grant [which is limited to the south west of England] and that enabled us to pay legal fees for writing up distribution agreements. It helped pay for additional IP in terms of trademarks and design registrations in the likes of America, Canada, Australia, etc, and it also enabled us to pay for translations for both the packaging and the instructions.”

Entering awards was a key funding strategy for Rockit. The aim was to get recognition for their product and get the mentoring that would help their business grow.

Rockit was one of two finalists at the Baby Product Association Innovation Awards, which led to them exhibiting at their first trade fair. They also won a Design Council Spark award.

Matt says: “From Nick initially showing me the design – that was January 2015 – we launched the product in September 2017. Lots of hardware product-based businesses take a lot longer to get to

that stage. We give the Design Council lots of credit in that respect. We were able to pay for the tooling for our first production run and further protect all the IP in territories we knew we were going to launch in.

“I did a lot of networking locally in Bristol and also in London – going to startup meetups and entering competitions like The Pitch, which was a big competition that we entered and were finalists in. All of that then enabled us to expand our network of contacts and start asking people: What awards or grants have you applied for? What’s available?”

The team also raised more than £250,000 via Crowdcube, a micro-investment crowdfunding website. Sites such as this are a popular way of raising equity-based investment and Rockit gave away 12.33% of the company for £253,000, valuing the company at £1.8m.

Matt says: “We realised we could use crowdfunding in two ways. First, to get the investment, which is obviously massively important, but also use it as an opportunity to shout about the brand and about the product. The publicity that comes alongside doing a very public raise on Crowdcube was critical. It was certainly right for us.”

MPB on building a team

Building a team is an important part of growing your business. Whether it's your first employee or your 50th, hiring staff can be challenging. But get it right and you'll be putting another foundation in place to help you keep building, with your company moving in the right direction.

Matt Barker has a lot of experience in this area. As the founder of MPB.com, a professional photography and film-making equipment platform for both buyers and sellers, he's got a team of 100 employees helping his business to run effectively.

With MPB buying, selling and trading high-value equipment via its online marketplace, having a strong team in place is beneficial for all.

Matt's business has come a long way since its early days. He was working by himself while initially building his cash flow-positive company. But once he'd raised his first funding, which was £200,000 via a bank loan, he started recruiting so he could keep growing his business. There was a rising demand for operations and customer service support, which meant more hands on deck were required.

The business grew to seven people in 2011 and, with an abundant labour market full of graduates, Matt was keen to get the right employees for his business and invest on them from the get-go.

He says: "I was always looking beyond. In the future, how is this person going to be useful to me when I can justify using their skills that they actually have?"

"The first person I employed I put on very simple dispatch work. I knew he was a strong graphic designer. And he's still with the company today as our head of brand and design in the marketing team, some seven years on."

When it comes to building a team, Matt's advice is simple. He says: "Be nice. Treat people as you would expect to be treated and inspire them at the same time. You have to learn quickly as a leader to keep things interesting and exciting, and to keep people inspired. It's surprising how you can do the



small things; lots of nice small things will get you a lot further."

Matt clearly values his employees and what they can bring to the business – an important lesson to takeaway when you come to dealing with recruitment for your business.

A business demands loyalty because the going can often get tough. But by investing in people and plotting their potential future with the company, Matt ensured he invested in them too – and that he was therefore repaid in loyalty by the bucketful.

Be nice. Treat people as you would expect to be treated and inspire them at the same time

— Matt Barker, founder, MPB

He says: “There’s the absolute star performers that you just would never want to lose and make sure they’re rewarded effectively. But actually there’s another side where there’s just some brilliant, loyal staff who’ve been with us for four or five years who I just felt deserved it.”

What can you learn from how Matt deals with people at MPB? Generosity pays dividends, especially in younger businesses that are still inherently personal and essentially built around a community of like-minded employees.

Despite remaining the majority shareholder in his business, even after the various rounds of investment, Matt is prepared to share equity with his employees to create value for them – and for him.



Hanx on finding the right manufacturer

If you're in the business of creating products to sell to your customers, it's pretty likely you'll need a manufacturer to create them for you.

But finding the right manufacturer for your business isn't always straightforward. Depending on the product your business is creating, it might take more time to find the right fit for your business. Hanx is one such company that had to use a manufacturer that ticked all of the right boxes.

Sarah Welsh and Farah Kabir co-founded their condom startup, which is marketed to women. They felt there was a gap in the market for a company that creates luxury vegan condoms that "aims to speak directly to women with a stylish design that you're proud to purchase, carry and use".

Sarah is an accomplished medical doctor, with experience in gynaecology and sexual health.

"At the time, I was working in sexual health clinics, where we would see infections which were difficult to treat and unwanted pregnancies time and time again," she says. "I'd be seeing women who were too embarrassed to use condoms – the only safe non-hormonal form of contraception.

"Farah and I talked about how buying condoms was embarrassing and a bit of a taboo topic for women. Walking down a typical shopping aisle, you've got garish packaging that doesn't speak to them. We felt there was definitely something we could do to change the market where packaging often promotes male conquests – not something you would like seen in your handbag or bathroom."

So finding the right manufacturer for their business was an important step to creating a credible product. They needed a partner that had the



experience, certification, legal requirements and medical testing necessary to build the condom that they would design to their unique specifications.

“The manufacturing stage was tricky and took a lot of time, but was worth the effort,” Sarah reveals. “We had to look far and wide for a condom manufacturer, as there were specific things we wanted with the product.

“For example – the scent was important. We didn’t want the condom to smell of latex. We wanted a clean smell – little bit like Nivea.”

Then there was the other specification that Sarah and Farah wanted in their product – the vegan element. This came about due to market research the team had conducted. Speaking to more than 2,000 women, they found there was a lack of brands that focused on sustainability or offered vegan products.

Sarah says: “Finding a vegan-certified manufacturer was tricky, as many condom manufacturers use an animal by-product called casein in their products. We looked in many countries with latex plants and finally settled in one from Germany.

“We hit it off, made a few visits and felt comfortable that the quality and specification of what they could make for us was exactly how we wanted it. Although the price may have been slightly higher than other areas, the Hanx condoms needed to be exactly how we specified, especially as it’s a medical device.

“As well as the medical certification, all condom components will be traceable. As a well-established factory, our partner has lot numbers and batch numbers on all condoms on foil and packaging, so there’s traceability in case of any issues.

“Testing is also rigorous. There’s pinhole and pressure testing where they are filled with water and air. If there’s a fault in any condom, the whole batch gets rejected.”

The manufacturing stage was tricky and took a lot of time but was worth the effort

— Sarah Welsh, co-founder, Hanx

Strong Roots on managing inventory and the supply chain

Dealing with inventory and managing your supply chain are two challenges you'll face if you run a product business. It can be tricky to get the balance right when it comes to having the right amount of inventory to fulfil orders – too little and you're not meeting demand; too much and you'll be losing money if you can't sell it.

Meanwhile, a smoothly running supply chain is vital to the success of your business. This is something that can be pretty complex, so having the right systems in place is key.

One person who knows all about managing inventory and the supply chain is Samuel Dennigan. The founder of frozen food company Strong Roots, Samuel has a lot of industry experience – something that's paid dividends for his business.

Strong Roots specialises in producing healthy and innovative frozen food products that makes use of high-quality natural ingredients.

Samuel was in a good position to meet the challenges of setting up a food company having spent a decade working in his family's vegetable business in Dublin. This helped to fuel his understanding of the supply chain at every level, with experience of working with suppliers, retailers and consumers.

He founded Strong Roots in 2015, taking his premium-quality frozen food to the market with a message that frozen can be just as good as fresh produce – and even better.

After being accepted on to an Irish food accelerator programme, Strong Roots released its first product – Oven Baked Sweet Potato Fries. The company had an initial turnover of £2.5m in its first year.

A heavy investment in technology is important for food brands and Strong Roots is no exception. The food business developed its own enterprise resource planning (ERP) system, which has the



We've tried to advance technology across all areas of the business including areas like technical and quality management

— Samuel Dennigan, founder, Strong Roots

capability of growing revenue to around £1bn, all-inclusive, with respect to accounts management, demand planning, forecasting and material resource planning. There's also a need to manage inventory.

Samuel says: "With our ERP system, we have different portals which warehouse, customer, supplier and partner can use it to provide us with information and improve what we're doing. We've tried to advance technology across all of the business, including areas like sales and marketing, and technical and quality management."

Technology also has to be used to effectively and efficiently work international supply chains. Strong Roots has electronic data interchange (EDI) interfaces across its technology to allow for the input of data such as stock counts, ingredient availability, forecasts and sales. EDI integration provides access to real-time data, allowing Strong Roots to be run in a "cleaner and better" way.



Tips for starting and running your business

Running your business effectively takes a lot of work. There are numerous challenges you'll face but there are lots of ways to overcome them. Planning and support will help you to go a long way to achieving your goals. Here are a few things you need to consider if you want to succeed.

Have an evolving business plan

"A business plan is like a flight path," says Jennifer O'Toole, senior partner at accountancy firm Thomas R Dixon. "It lets you know where you want to go, what you want to achieve, what you have in order to achieve your goals and probably most importantly what problems you can expect along the way."

"Being able to identify threats, problem areas that could affect the business, and to be able to develop coping strategies in a proactive manner rather than in a reactive stance is key to business survival."

And remember, once it's been created, your business plan shouldn't just sit in a drawer or in a folder on your computer never again to see the light of day. Refer to it regularly and use it to shape your business journey.

Where to find funding

If you want to grow your business, funding and investment will help you make that happen. There are numerous options for you to try – making sure you have your business plan to hand and a good grasp of your numbers will really help too.

One of the most visible options are the high-street banks, offering a variety of business loans. If you don't have any success here, though, there are alternative options worth checking out.

Start Up Loans are one option. This government-funded initiative provides loans, support and mentoring for startups that are unable to attract investment from banks.

The UK government, Scottish Parliament, Welsh Assembly and Northern Ireland Assembly offer small business grants, something that's worth exploring.

Other options to consider include venture capital, crowdfunding, angel investment, business incubators, and asking friends and family.

Use business software

When running your business, one of the key things you need to manage is your admin. It probably wasn't the reason you decided to start your business but dealing with the admin side of things is necessary if you want to keep moving.

After all, you need to stay on top of your accounts, taxes, payments, invoices and, if you employ people, payroll. Accounting and payroll software will be beneficial here – try Sage Business Cloud and stay in control of your admin.

Make the most of business support

It can be lonely at the top – but it doesn't have to be. Nigel Richardson, founder of gifting company Secret Hamper, says: "Surround yourself with other like-minded people who you can bounce ideas off and get support from."

"I felt quite lonely at the start of my journey – going from many years in the corporate world in an office filled with hundreds of people to just me on my own was a shock to the system. By attending networking events, I found I wasn't on my own and I've built up a support system and relationships with other business owners."

Using a mentor can also help you stay focused on your business goals, with them sharing knowledge that can keep you moving. Working alongside someone who has experience in your industry and understands your challenges can be really beneficial.

Final thoughts

Running your business is a great adventure. Making a difference with your products and services, building a legacy, taking control of your destiny – these are all reasons for taking the plunge. Follow in the footsteps of Moneycado, Rockit, MPB, Hanx and Strong Roots and keep going in your bid to build your business.



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