



Jelf Ten things to consider when opening a shop

Top ten tips

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While online retailing is an increasingly popular option for people starting a business, bricks and mortar stores are still very much alive - and with the right combination of factors, it's an adventure that can really pay off.



Whether you're selling unique handicrafts or everyday essentials, finding and filling the right niche on the high street is the greatest challenge of retail. If you're passionate about what you sell and enjoy the personal, face-to-face nature of retailing, opening a shop is a challenging but highly rewarding way to run your business.



Location

Whatever you're selling, the location of your business is one of the most important decisions you can make. From the customers that come through your door to the overheads of rent, maintenance and decorating, there's a lot to consider. Good-quality retail units at an affordable price are like gold dust and competition for them is fierce, so be prepared to spend a while finding the right place.

Footfall will be one of the biggest considerations - how many people will pass by your shop every day? While this doesn't necessarily translate to more business, you'll make things easier for yourself by choosing a location that's prominent and easy to

access. This is somewhat less important if you have a specialised or unique product that people are willing to seek out - but don't overlook it either. It may be worth paying for a marketing report on the location's footfall and shopper demographic, or you can do your own research.

Shopping centres are planned by developers who look for proven retailers with a track record of success, so it can be tricky to get into one of these units as a new start-up. If you want to go down this route, you'll need to convince the developer that you'll be a valuable addition to the tenant mix: what kinds of customers will you bring into the space?



Lease negotiation

Negotiating your lease is just as important as choosing a good place to set up. Rental of the space is likely to be one of your biggest outgoings, and if you find yourself unable to afford it, your business could be at risk. If this all sounds daunting, don't let it put you off: it just underlines how crucial it is to budget appropriately for your lease. A commercial estate advisor will help you assess the average rents in your chosen area, which you can use to negotiate a better deal.

The length of the tenancy is one of the first things to consider: if you're a new start-up, it's a good idea

not to commit to too long a lease, as this can leave you high and dry if the business doesn't go well. A shorter lease also offers more flexibility if the needs of your business change, although you may find yourself paying a bit more for a short lease than a long one.

As with most things, it's all about doing your homework: the more you know about your options in the local area, the better deal you're likely to get. It's also important to get a break clause written into the lease, which will allow you to terminate the tenancy early if you need to.



Size of premises

The square footage of your premises will affect its layout, the amount of stock you can have on display and how much storage you have. It all depends on what you're selling, but a general rule of retail is that you want to display as much merchandise as you have all the time, so make sure the floor space is as big as you need it to be: it's better to have slightly more space than you need than not enough. As well as being off-putting to customers, cramped conditions can also make for a health and safety headache!

You should have a good idea of how large your stock

room needs to be, and how often you'll be taking deliveries and moving new stock out to the front. Some premises also offer room to expand, in the form of adjoining rooms or units that can be rented optionally - this can be very handy if you plan to grow without the need to relocate.

Of course, as the size of your premises goes up, the rent has an unfortunate tendency to follow suit. Getting the right balance in terms of square footage and budget is tricky: you may not get it right first time, but it's worth keeping in mind when you're looking around.



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Insurance

Insurance protects you from a variety of the risks you'll take as a retailer. At the very least, you will need employers' liability insurance if you are hiring staff, which covers you in case your employees ever make a claim for compensation due to an accident at work, for example. The minimum requirement is £5 million, but £10 million is more appropriate for some businesses to ensure they are fully protected.

Public liability insurance fulfils a similar role for your customers, and while not a legal requirement, it can be extremely important to get: if a customer suffers an accident while on your premises and you are found to be at fault, it can result in a costly compensation claim against your business.

Shop insurance packages are a good way to cover many of your critical insurance needs at once. They often include employers' and public liability insurance, as well as buildings insurance, stock and contents cover, business interruption protection, cover for cash held in your shop, and more.

As with any insurance deal, it's important to get coverage for the things you do need, without paying over the odds for the things you don't. You may find that a standard shop insurance package covers your needs perfectly - and if it doesn't, it may be better to look for a policy that's tailored around your individual circumstances.



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Marketing and promotion

The first few weeks are crucial for a new retailer, both for your business and your confidence. It's vital to spread the word about your new store before it opens, and give people a reason to come in on the first day. There are all kinds of ways to do this: print advertising, social media and in-store promotions are just a few of them. You want to find a way to keep customers coming back - why not use your opening day to communicate your grand plans for the store in the weeks and months to come?

Window displays are also a vital part of bringing in passing trade: keep things simple and make sure your display clearly communicates what you sell. If possible, shine a spotlight on the most popular items in the display and put a sandwich board outside announcing the fact that you've just opened. A stack of postcards or flyers on the counter can also encourage customers to spread the word about your new shop.

Social media marketing is a cheap and easy way to keep the world up to date with what's going on in your shop - set up a Facebook and Twitter account for your business and use it to announce promotions and exciting new products. One of the strengths of a bricks and mortar store is the potential to build a community around it, so turn this to your advantage!



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Legislation and compliance

There are many rules and regulations surrounding all businesses that trade in goods, most of which are designed to protect consumers. The main pieces of legislation to be aware of are the Sale of Goods Act 1979, the Supply of Goods and Services Act 1982 and the Sale and Supply of Goods Act 1994: the main thrust of these is that goods sold need to be "as described" and of a satisfactory quality. Remember it's the seller (you!) and not the manufacturer who is ultimately responsible for this. The Office of Fair Trading has some handy resources that will help you make sense of the red tape.

There are also laws governing trading hours that may affect your shop, depending on its size and location, while the Health and Safety Executive has helpfully compiled a guide on how to stay on the right side of health and safety laws as a retailer. If your business sells food and drink, take a look at the Food Standards Agency's guides on hygiene.

This may all seem like a lot to take in, but it's in your interests to follow these rules and regulations as much as you can - not only can non-compliance result in hefty fines and penalties, but it can also damage your business's reputation.



Staff

Finding the right staff is another essential component of a successful retail business. The cost of hiring staff may give you pause for thought, but managing even a small store is a lot of work for one person: stocktaking and ordering, accounting, marketing and arranging displays are just a few of the jobs involved besides serving customers.

Naturally, hiring staff comes with responsibilities. Your employees must be paid at least the National Minimum Wage and you will need to register as an employer with HM Revenue & Customs. However, it's not all red tape: staff take the burden of many time-consuming daily tasks off you so you can focus on

managing - and growing - the business.

For any customer-facing role, personality is key: you want to hire people who'll have a great rapport with customers and keep them coming back. The best way to assess this is by interviewing a few different candidates and choosing the ones who made the best impression: experience in retail is obviously a plus, but in a small company it's just as important to hire people you know you can get along with. Taking on staff is a big step and a large financial commitment - but the right mix of people can help take your business to new heights.



Finance

Starting a retail business can be a costly endeavour: it will generally take around £50,000 at the minimum to get a new shop off the ground, and this is being conservative. Signage, maintenance of the premises, business rates, computer equipment, staff costs, tills and of course your stock - they all cost money! Unless you already have access to funding, this means you'll need an investment.

Business loans can be difficult for start-ups to access in the current financial climate. However, you might be able to get grants and special government funds designed to help start-ups: this guide from GOV.UK gives a good overview of a variety of the funding avenues you can explore.

Remember, lenders are more cooperative when you have a solid and realistic business plan. Ensure yours is as watertight as possible, and not overly optimistic: projecting enormous growth in your first year might sound impressive on paper, but to an experienced investor it just suggests that you don't have your feet on the ground.

It's important to work out exactly how much you need to borrow, as if you take on too much debt, you may find yourself overwhelmed by repayments later down the line. A schedule for repaying your loans should be built in to your business plan - it's a detail investors are sure to appreciate!



Suppliers

As a retailer, you depend on suppliers to keep your business moving, so it's vital to establish a good relationship with them. Suppliers you have a good working relationship with will help you out in a pinch, let you know about exciting new products that your customer base will be interested in, and in time may be more inclined to offer you discounts.

One of the best ways to make friends with suppliers is to pay them on time, every time - and if you can't, you need to let them know as soon as possible and explain what you're doing about it. Keep them updated about what's going on with your business, such as popular product lines, changes to key staff and promotions, and show an interest in their

business too. Little touches like inviting them to company functions, or sending a card at Christmas, are always appreciated too!

A good supplier relationship is about communication: if you keep them informed about your needs, it's more than likely they'll go the extra mile for you when you really need it. Similarly, if you keep an eye open for any opportunities that could benefit them, they'll do the same for you. Make your business count to them, and remember that some suppliers will offer you better deals if you agree to use them exclusively.

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Online presence

Ecommerce has made a huge splash in recent years, and many major high street brands have now developed an online presence to complement their bricks and mortar stores. There's no reason small retailers can't do the same: hosting an online store not only broadens your potential customer base beyond your geographical area, but helps to build your brand and provide additional revenue.

There are many things to consider when setting up an online storefront. Unless you're selling through a third-party site such as eBay, you'll need a domain name, a web host, a dedicated IP address and the ability to process payments securely, as well as a payment gateway, such as Paypal.

[This Entrepreneur.com article](#) goes into more detail about all the things you'll need to consider.

This is not to mention website design, shopping cart scripts and the logistics of mailing your products to customers around the country - or even the world. Your website will need to be regularly maintained and updated with your new products, and it's a good idea to learn the basics of search engine optimisation to make sure people can find it in the first place.

Don't let this put you off - a well-run digital storefront can be a huge asset to a physical shop, especially one selling unusual and unique items that aren't widely available. Combined with a strong online marketing campaign, it can open up whole new avenues for you and your business.

