Policy framework and Government Institutions Related to the Job Market in Spain

Information on procedures and procedures –

Fact sheets Citizens of the European Union, the European Economic Area and Switzerland This section contains the conditions for the exercise of the rights of entry and exit, free movement, stay, residence and work in Spain by citizens of other member states of the European Union, of those of the Agreement on the Economic Area European (Iceland, Liechtenstein and Norway) and Switzerland, as well as their families.

If the residence in Spain is to be fixed for a period exceeding three months, the citizen must request the registration certificate and the family member the family card of a citizen of the Union. Information

You can find it here:

http://extranjeros.mitramiss.gob.es/es/InformacionInteres/InformacionProcedimientos/CiudadanosComunitarios/hoja102/index.html

Citizens of other States This section includes the conditions of entry, stay, studies, residence, family reunification, residence and work and other authorizations that can be obtained by foreign citizens from third States, without prejudice to the provisions of special laws and international treaties in those that Spain is part of Citizens of other States: authorizations linked to the world of business and talent.

This section includes the conditions of entry and residence for foreign citizens who want to invest and undertake in Spain as well as those who work as highly qualified professionals, intra-corporate transfers, researchers and professors hired by universities, bodies or centers of higher education and research or business schools in Spain (regulated in Law 14/2013, of September 27, supporting entrepreneurs and their internationalization). Foreign citizens documentation Information necessary to obtain documentation proving the legal situation in Spain of foreigners.

http://extranjeros.mitramiss.gob.es/es/InformacionInteres/InformacionProcedimientos/index.html

Setting Up a New Business in Spain

Important topics on starting a business in Spain

What are the steps to establish a limited liability company (“S.L”) in Spain?

1. Applying for the name of the company from the companies’ registry (el Registro Mercantil Central).

2. Applying for the NIE numbers for any foreign shareholders.

3. Getting anti-money laundering clearances, opening a bank account and depositing the share capital (minimum 3,000 euros).

4. Drafting the articles of association, including the address, the objective and the duration of the company, among other matters.

5. Signing the articles of incorporation in front of the notary.

6. Registering the company in the Companies' Registry.

7. Activating the company before the tax authorities.

8. Applying for the social security code to be able to employ workers.

9. Applying for the EU VAT-number (if applicable).

10. Hiring an accountant to deal with the on-going matters for the company

What company form should I choose when starting a business in Spain?

Operating as self-employed, so called "autonomo" is the least bureaucratic and fastest way to start a business. Only a notice for Tax and Social Security authorities are required to start a business as self-employed.

Instead of being a self-employed, you should consider setting up a company, normally an "S.L., Sociedad de Responsabilidad Limitada" if:

1. Your business involves several responsibilities, such as employees, financing, credits from the suppliers. In these cases the company protects your personal assets. The self-employed are personally liable for the risks and debts of the business.

2. There are numerous shareholders involved. In this case a company is a good tool to arrange the relationship between all the participants. Apart from the standard articles of association, we strongly recommend the shareholders sign a detailed shareholder's agreement.

3. The revenue of your business is significant. The total tax bill can be lower for companies than for individuals in case of high revenue businesses. Each case is different

4. You need to appear in the eyes of the customers or partners "bigger and better". When you are self-employed, your name and ID number will appear on all official documents, such as the invoices as the provider. Sometimes setting up a company makes sense from a marketing point of view in order to give an image of a more structured business.

What are the TOP 5 challenges when opening a business in Spain?

1. Getting to know the market.
Spain is not actually one single market. The culture, consuming patterns, prices, etc. vary significantly between the different autonomous communities in Spain. What may work in Madrid, doesn't necessarily work in Barcelona, Marbella or the Balearic Islands.

2. Structuring the business in a tax efficient way.
Choosing the right corporate structure and the optimum ways to import the funds to the company (capital vs. loan vs. participative loan), limiting your liabilities adequately; and drafting the agreements between the partners and shareholders carefully is a good start for conducting successful business here.

3. Tackling the bureaucracy.
You will see from day 1 that Spain is a very bureaucratic country. You better get to know the system before starting.

4. Timings.
Everything will take longer than you expect. If you have strict time constraints in your business plan, you should start the preparations well in advance of the due date, and prepare to double any estimations you may have given by the local partners or providers.

5. Recruitment.
It may be challenging to find and retain talent. We advise you to invest some time and money in the recruitment process.

COMPANY REGISTRATION IN SPAIN

HOW TO REGISTER A COMPANY IN SPAIN

Setting up a business bank account in Spain
After you have obtained a tax code and the certificate of no-name coincidence for a limited business, you will need to open a business account with a Spanish bank and make a deposit of €3,000. This is the minimum share capital allowed when setting up a limited company.
Evidence of payment can be obtained in the form of a bank certificate which will need to be provided to a notary or lawyer showing the act of incorporation of the company.
If you don't have a Spanish bank account, find out how to open a bank account in Spain.

Deed of incorporation
You will now need to apply for the deed of incorporation to establish your company. This is the official document that states the key details of the company (name, address, details of directors, board members, shareholders, etc.).
You can arrange a local notary appointment to sign the deed of incorporation.

This step lasts about one to three days depending on the notary.

You must supply the notary with original documents and photocopies of:

- Tax form 036

- Your certificate from the Mercantile Registry
- Your NIE
- Evidence of having cash in your bank account

Registering the deed of incorporation

With the original deed of incorporation obtained from the notary, you should then go to the **Local Government Tax Authority** to register it. The deed will be stamped certifying this fact. This step should not take longer than two hours. Do not forget to take with you your original documentation and photocopy of the deed and your NIE.

You will then need to take the stamped deed to the **RMC** where it will be registered in the Spanish Register of limited companies. It should take around 15 days for the deed to be registered and original documents returned.

Finally, you will need to return to the **tax office** to obtain the permanent Corporate Tax Identification Number (CIF) after the completion of the incorporation process.

Newly incorporated companies must use the 036 form used to request a tax identification number; to describe their business activity, and disclose other business details. Do not forget to take along the original and photocopy of the deed and NIE.

Tax and social security considerations

As mentioned above, your company will need a tax number. To obtain this, you will need to complete the tax form 036; this can be done online or by hard copy, delivered to your local tax office. You can find information about the form, along with form downloads and links to completing online, at the Spanish Tax Agency (Agencia Tributaria).

If you make the application in person at your local tax office, bring the original and a photocopy of your NIE (*numero identificacion extranjero*).

To register for social security when starting a business in Spain, you will need to take along your deed of incorporation, NIE, CIF, and form TA 0521 (which can be obtained from your local social security office). Details of local social security offices in Spain can be found on the **social security website**.

Foreign companies opening up a branch or subsidiary in Spain

If you are running your own company at home, but are looking to set up a branch or subsidiary, doing this can be simpler than starting from scratch with a new company.

When processing your application, you must provide a series of documents, including the following:

- A copy of the main company's certificate of incorporation and certificate of good standing
- Notarized power of attorney
- Spanish tax identification number (NIE)

- A member of staff at the Spanish branch to be a resident in Spain, who will agree to be liable for any company debts and tax payments
  While additional branches and subsidiaries don't need to file accounts on the business register, they must pay income tax and submit quarterly VAT returns through their NIE number. Some banks and business advisory companies will offer special packages to help you set up the particulars of opening a new branch in Spain.

Starting up a non-profit company in Spain

Non-profit companies in Spain will fall into two categories: foundations and associations. Traditional charities which accept donations from the public will generally fall into the foundation category. Associations, on the other hand, are usually run more informally by groups of people who have a common interest.

It is free to set up an association, but you will need capital of at least €30,000 to do this. With a foundation, anyone can donate to the cause (they don't need to be a member) and committee members can be paid for their work, as with a normal business. Foundations that turnover more than €2.4m or have more than 50 employees need to undergo an external audit annually.

Administrating your business in Spain

Businesses must keep records of their accounts and order books, which can be requested for scrutiny by government bodies such as the tax authority.

Companies must also keep a book of minutes containing details of measures agreed at Annual General Meetings (AGMs). Companies must have their mandatory book of accounts certified and stamped by the local office of the Mercantile Registry before they begin to use them.

Business banking in Spain

Business bank accounts are provided by all of the biggest lenders in Spain. The good news is that it is possible to get a bespoke account depending on the specific needs of your business.

Banks such as BBVA, Bankia, Santander, and La Caixa all provide business accounts. The majority of these lenders also offer specific products for self-employed people and larger companies, respectively.

To open an account, you will generally need to provide proof of your company's registration, a registered address, and (for larger companies) at least two signatories. Business accounts vary in cost, and in lieu of a fee, some will require minimum deposits. You can find out more about banking in Spain in our full guide to opening a bank account in Spain.

Taxation for businesses in Spain

How your business is taxed in Spain depends on the type of enterprise you are running. Sole traders will pay tax on a quarterly basis at the standard rate of income tax; they will need to fill out a tax return at the end of each financial year.

Partnerships work similarly, with each partner being held responsible for paying their own income tax. For limited companies, the process is significantly different. Limited companies pay corporation tax, which is levied on worldwide profit.

Tax breaks are available for new companies. For the first two years, limited companies pay 15% tax on the first €300,000 of profit, and 20% tax on profits above this threshold. After this period, you will be taxed at the general rate of 25%.

VAT for limited companies in Spain

While some businesses are exempt from VAT, the vast majority need to pay this. Unlike in some other countries, there is no threshold when VAT kicks in; rather, it is applicable on all profits. VAT is generally charged at 21%, although companies in some industries can pay a lower level of either 4% or 10%.

Social security for companies in Spain

Sole traders and partnerships in Spain need to contribute social security at a charge of around €265 per month, plus a further contribution if they are employing staff.

Limited companies will need to register for social security payments and make contributions at 29.9% of their employees' salaries. They will also have the responsibility of deducing the required social security contributions from their employees' salaries each month.

Business insurances in Spain

The level of business insurance you will need to take out varies significantly depending on the size of your company, whether you employ staff, and the nature and value of the assets the company owns.

As an owner of a limited company, you will need to take out a personnel insurance policy to protect your employees in the event of accidents or sickness. As with all insurance schemes, the levels of cover and costs vary, so it is best to take advice from an expert broker.

Public liability insurance is vital if you are running a business. This will cover you against any claims by third parties regarding injuries, accidents, or damage of property that is incurred on your watch, or as a result of negligence from within your company.

Finally, you will also need buildings and contents insurance. This will protect you against any damage to your offices or loss of stock; as well as covering theft of stock owned by your company.

Employing staff when starting a business in Spain

Employment in Spain is highly regulated, so you will need to ensure that you meet the rules before expanding your team.

Employees in Spain generally work a 40 hour week and have their salaries paid in 14 payments per year (one payment each month then an extra one in July and

December). Employees are also entitled to 30 calendar days vacation per year. The minimum wage in Spain is currently €900 a month, based on 14 payments a year.

To find out more about Spanish employment rules and rights, check out our guides to working in Spain.

Useful links:

http://www.rmc.es/

https://www.notariado.org/portal/

MAIN ECONOMIC SECTORS OF BUSINESS ACTIVITY IN SPAIN

Although people often speak of Spain's fiestas and siestas, its economy is worth a mention, too: it is the 14th largest economy worldwide and the 4th in the EU. Last year, Spain saw its economy grow by 2.5%, making it the fastest growing of the main eurozone economies.

What is driving this economic growth?

Aerospace and Defense

The Spanish aerospace industry is currently ranked 8th worldwide and 5th in Europe, making it a leader in Europe's aeronautic activity. Since 2000, the country has seen a 65% growth in aerospace employment, and the sector's 2017 revenue totaled $USD 11.18 billion. Prioritization of R&D is characteristic of the Spanish aerospace and defense industries – both dedicate more than 10% of their turnover to R&D.

Tourism

Spain's impressive tourism industry has, of course, played an important role. 2018 was a record-breaking year, with over 82.6 million tourist visits – 0.9% more than in 2017 – bringing in €89,678 million. The tourism industry is the largest employer in the country, recently surpassing the construction sector to employ 13.7% of the working population. The sector has produced big names such as Amadeus, a travel-oriented technology company, which was named one of Forbes top-10 global software companies.

Automotive

When it comes to automobile manufacturing, Spain is a leader both regionally (2nd in Europe) and globally (8th in the world). The industry accounts for 10% of the GDP as well as 18% of the country's exports. From 2012-2016, the automotive manufacturing industry grew by 45%, and current revenue is estimated at €100 billion. Approximately €4 billion per year is being invested in expansion and modernization, including €1.5 billion in R&D&I by auto-parts manufacturers.

Life Sciences

In terms of its scientific capability, Spain is ranked 10th globally, and 5th for scientific production within the EU15. Spain is home to over 800 public and private hospitals supported by modern research centers. The growth in biotechnology, as well as in science and technology parks and research facilities, makes Spain a promising destination for life science companies. The industry is supported by the Spanish government, which provides incentives, including low-interest credits, to new and growing life science businesses.

ICT

The Spanish Information and Communication Technologies (ICT) sector is one of the most important in Europe, housing more than 34,000 ICT businesses and comprising 4.3% of the GDP. Spain has proven to be a leader in the implementation of the Digital Agenda for Europe, and the ICT sector is strongly backed by the Spanish government. Its skilled labor force, along with its competitive prices and its privileged access to Latin American markets, make Spain a desirable location for investment in ICT.

Chemical Sector

The chemical industry in Spain grew 27% from 2007-2017 and produced €63.1 billion in 2018. More than half of national production is exported, totaling more than €35,354 million in sales. Chemical manufacturing is predicted to grow by an average of 4.5% annually through 2030, and investment in the sector represents 25% of Spain's total.

BUSINESS PLAN TUTORIAL

Writing a business plan …

Your business plan outlines what your business does and what you are trying to achieve. It explains what the market opportunity is, what makes your business special and how you will make it a success.

Writing a business plan helps you:

- check that your idea makes sense;
- plan your sales, marketing and business operations;
- identify problems and how to overcome them;
- set out your objectives and the financial return you expect;
- work out what financing you need;
- convince other people to back your business.

Why write a business plan?

Writing a business plan helps you think about what you are doing

- The plan sets out your strategy and action plan over the next one to three years, or sometimes longer.

- As part of the process you set concrete objectives and plan how you will achieve them.
- Writing a business plan helps you focus and develop ideas. Priorities are identified. Non-priorities are dropped, saving precious time.
- Putting the plan in writing makes it easier to spot any gaps where you have more to do.
- Once written, the plan is a benchmark for the performance of the business.
- By involving your employees in the complete planning process, you continue to build up a successful, committed team.

You may need a plan to explain your business to other people

- A business plan is essential if you are raising finance from a bank or outside investors.
- A good plan can help you attract new senior management, or business partners such as distributors and agents.
- You should tailor your plan to the target audience. For example, you may want the plan to 'sell' the business to your bank manager or investors.
- Ask the intended recipient if there are any specific issues they want the plan to address or a template you should follow.

How to write a business plan?

Base your business plan on detailed information where possible. But do not include all the detail in the plan. Leave the detail for operational or marketing plans.

Keep the plan short

- Focus on what the reader needs to know.
- Cut out any waffle.
- Make sure there are no spelling mistakes.
- Detailed business plans are often quickly shelved, because they are difficult to use on an ongoing basis.

Include any detailed information you need in an appendix

For example, you might want:

- detailed financial forecasts and assumptions;
- market research data that backs up what you say;
- CVs of key personnel (essential if you are seeking outside funding);
- product literature or technical specifications.

Base your business plan on reality, or it may be counterproductive

- Over-optimistic forecasts can lead to increased overheads followed by a cash flow crisis and drastic cost-cutting.

- Be realistic, even if you are selling the business to a third party. Financiers, business partners and employees will see through over-optimistic plans that ignore weaknesses or threats. Management credibility can be damaged.

Make the plan professional

- Put a cover on it.
- Include a contents page, with page and section numbering.
- Start with an executive summary. This summarises the key points, starting with the purpose of the business plan.
- Use charts, if helpful.

Even if the plan is for internal use only, write it as if it were aimed at an outsider

- Include company or product literature as an appendix.
- Give details about the history and current status of the business.

Review your business plan

- Read through the plan from your target reader's point of view. For example, try to imagine the impression the plan will make on your bank manager.
- Check the plan is realistic. Make sure it includes the evidence to back up what you say (perhaps in an appendix) or that you can provide evidence if needed.
- Make sure you assess the risks. What might go wrong (eg if your main supplier closes down or you lose a key customer) and what would you do about it?
- Concentrate on the executive summary. People often make provisional judgements based on this. Only then do they read the rest of the plan to confirm their decision.
- Show the plan to friends and expert advisers for comments. Which parts did they not understand or find unconvincing?

Business and products

Explain the history of the business

- When did it start trading and what progress has it made to date?
- If the business is a new start-up, what is your personal background in the industry and what have you done so far towards launching the business?
- Who owned the business originally?
- What is the current ownership structure?

Describe what your product or service is, avoiding technical jargon if possible

- In general, what makes your product or service different?
- What benefits does it offer? What are its disadvantages and how will you address these?
- What changes and improvements are you planning?

Explain any key features of the industry

- For example, any special regulations, whether the industry is dominated by a few large companies or any major changes in technology.

Market and competition

Describe the market in which you sell

- Highlight the segments of the market in which you compete. What are the key characteristics of customers in each segment and what influences their purchases?
- How large is each market segment? What is your market share?
- What are the important trends, such as market growth or changing tastes? Explain the reasons behind the trend.
- What is the outlook for each important market segment?

Describe the nature and distribution of existing customers

- Do they fit the profile of the chosen market segment? If not, why not?
- Is there a heavy concentration of sales around one or two large customers?
- If you are a new start-up, have you got any committed customers yet and who are your best prospects?

Outline the main competition

- What are the competing products or services? Who supplies them?
- What are their advantages and disadvantages compared to you? For example, price, quality, distribution.
- Why will customers buy your product or service instead? How will your competitors react to losing business and how you will respond?
- Never openly criticise or underestimate competitors.

Marketing and sales strategy

Where do you position your product or service in the market place?

- Is it high quality and high price?
- Is it marketed as a specialist product due to a particular feature?
- What unique benefits do you offer customers? For example, product reliability or customer service.
- Which of these benefits are you going to concentrate on?

What is your pricing policy?

- Explain how price-sensitive your customers are.
- Look at each product or market segment in turn. Identify where you make your profits and where it may be possible to increase margins or sales. Set your pricing accordingly.

How do you promote your product or service?

- Each market segment will have one or two promotional methods that work best. For example, direct marketing, advertising or PR.
- If you are considering using a new method, start on a small scale. A failed investment in marketing can be costly.

What sales channels do you use to reach your end customer?

- For example, do you sell directly to the customer, or through retailers or agents? Do you sell online?
- Compare your current channels with the alternatives. Note the distribution channels used by your competitors.
- Look at the positive and negative trends in your chosen distribution channels.

How do you do your selling?

- Look at the cost-efficiency of each of your selling methods. For example, telesales, a direct sales force, through an agent or over the internet.
- Include all the hidden costs, such as management time.
- Explain how long it takes to make sales (and to get paid for them), what the average sales value is and how likely customers are to give repeat orders.

Management and personnel structure

Set out the structure and key skills of the management team and the staff

- Clarify how you cover the key areas of production, sales, marketing, finance and administration.
- Address any areas of deficiency, and your plans to cover this weakness.
- Explain your recruitment and training plan, including timescales and costs.

Analyse the workforce in terms of total numbers and by department

- Compare the efficiency ratios with competitors, or with similar industries. Useful figures might be sales, average salaries, employee retention rates and measures of productivity.

Be realistic about the commitment and motivation of the workforce

- Show how committed you and other members of the management team are. For example, how much you have invested in the business.
- Consider how you would survive the loss of a key worker.
- Note any unusual upward pressure on pay levels.
- Spell out any plans to improve or maintain motivation.

Your business operations

Look at the capacity and efficiency of your operations, and the planned improvements.

What premises does the business have?

- What business premises do you have or need? What are your long-term commitments to property?
- What are the advantages and disadvantages of the present location? Should the business expand or move?

What production facilities are there and how is production organised?

- How modern is the equipment?
- What is the capacity of the current facilities compared with existing and forecast demand?
- Who are your key suppliers? How do you select and manage them?

What management information systems are in place?

- For example, management accounts, sales, stock control and quality control.
- Are they reliable? Can they deal with any proposed expansion?
- A financier will be very concerned if management information systems are inadequate. Management of a business is always limited by the quality of the information available.

Are your IT systems reliable?

- IT is a key strength (or weakness) of your business. The development of IT systems to help your business is usually an important issue.

What quality or regulatory standards does the business conform to?

- For example, ISO 9000 or CE approval.

Financial forecasts

Your financial forecasts translate what you have said about your business into numbers.

Set out historical financial information for the last three to five years, if available

- Break total sales figures down into component parts. For example, sales of different types of product or to different sorts of customers.
- Show the gross margin for each component of sales. List what costs are included as direct costs for each component.
- Show the movement in the key working capital items of stock, trade debtors and creditors. Use ratios such as stock turnover (in months), debtors' period (in days), and creditors period (in days).
- Highlight any major capital expenditure made.
- Provide an up-to-date balance sheet, and a profit and loss account.
- Explain the reasons for movements in profitability, working capital and cash flow. Compare them with industry norms.

Provide forecasts for the next three (or even five) years

- The sophistication of your forecasts should reflect the sophistication of your business. A small business may only need sales, profit and cash flow budgets.
- A more complex asset-based business - or one with complex working capital requirements - will need balance sheet forecasts as well.
- Use the same format as for the historical information, to make comparison easier.
- Clearly state the assumptions behind the forecasts. These should tie in with what you say in the rest of the plan. For example, if the plan says that the market is becoming more competitive, profit margins should probably be falling.
- Be realistic about forecasts in new markets. For example, how much resource can you devote to selling, what success rate can you expect and how long will it take to convince new customers?
- Look at the overall trends of historical and forecast numbers. Are they believable? Do the forecasts allow for the possibility of problems and delays in payments that could affect cash flow?
- Consider 'what-if' scenarios. For example, consider what will happen to your cash flow if sales are 20% lower than forecast (or 15% higher).

Put detailed financial forecasts in an appendix at the end

Include a detailed list of assumptions. For example:

- the profit margin on each product;
- how long it takes to collect payment from debtors;
- what credit suppliers will offer you;
- what financing you are expecting and the interest rate you will pay.

Use the cash flow forecast to predict any financing requirements

- Add an extra contingency element onto the funding requirement shown in the forecast (perhaps 10-20%). Think about what mid-month peaks might be.
- Identify what types of financing you want. For example, long-term loans or an increased overdraft facility.
- Include the likely interest or dividend costs of any new finance.
- Carry out sensitivity tests on the cash required by changing key items, such as sales or margin. Note the outcomes.
- Explain why the financing is required and what it will be used for.

If necessary, get help

- Small business advisers at banks and business support organisations may help you put together financial forecasts free of charge.

SWOT ANALYSIS TUTORIAL

A SWOT analysis helps show that you really understand your business and the key external factors that you need to deal with.

Set out a one-page analysis of strengths, weaknesses, opportunities and threats

- Strengths might include brand name, quality of product, or management.
- Weaknesses might be lack of finance, or reliance on just a few customers.
- Opportunities might be increasing demand or a competitor going bust.
- Threats might be a downturn in the economy or a new competitor.

Be honest about your weaknesses and the threats you face

- Spell out mitigating circumstances and the defensive actions you are taking.

HOW TO CARRY OUT A SWOT ANALYSIS…

A SWOT analysis looks at the strengths and weaknesses, opportunities and threats your business faces.

By focusing on the key factors affecting your business, now and in the future, a SWOT analysis helps you understand where your business has a competitive advantage and what issues you should be addressing.

1. What is a SWOT analysis?

A SWOT analysis is a tool to help your business succeed

- SWOT stands for Strengths, Weaknesses, Opportunities and Threats. The SWOT analysis is an organised way of identifying these for your business.
- Strengths and weaknesses are internal characteristics of your business. For example, your strengths might include a unique product or a good reputation. A weakness might be a shortage of financing.
- Opportunities and threats are outside factors. For example, new technologies or regulations, or changes in the competition.

You can use a SWOT analysis in different situations

- A SWOT analysis is a useful way of starting to write a business plan or update your marketing plan.
- You might carry out a SWOT analysis in preparation for raising finance. The analysis helps show that you really understand your business and your market.
- You can use SWOT analysis as part of a regular process of reviewing business performance.
- You can do a more focused SWOT analysis of a product or service that you offer. For example, as part of your product development plans.

2. Carrying out a SWOT analysis

Decide who to involve

- Key participants are likely to include the managing director and heads of department.
- Involve other employees to get a fuller picture and gain their commitment to the process.

- Consider bringing in sympathetic outsiders who know your business and market (eg customers and suppliers).
- Many businesses find using a consultant helpful for their first SWOT analysis.

Brainstorm the issues

- Ask everyone to identify the strengths and weaknesses they feel the business has, and any opportunities or threats they think the business faces.
- Encourage participants to make suggestions without trying to judge how important the issue is.
- Concentrate especially on identifying weaknesses and threats.
- Be aware that lack of honesty is a common problem. Most people find it easier to identify strengths and opportunities, particularly if the performance of key people (including managers) is one of the weaknesses.
- You may want to use checklists of possible strengths, weaknesses, opportunities and threats to prompt further suggestions.

Organise the ideas

- Separate ideas into strengths, weaknesses, opportunities and threats.
- Recording suggestions on Post-It notes or cards that can be rearranged makes it easy to organise related ideas into groups.
- Create a digital summary that you can share. You can download a SWOT analysis template from many free to use web sites

Assess the importance of the issues identified

- To help you, use relevant data from your own and similar businesses.
- Update your conclusions from any previous SWOT analysis. For example, a strength may no longer exist (e.g. if last year’s cutting edge product is now outdated).
- Assess whether your strengths (or weaknesses) provide a significant competitive advantage (or disadvantage). For example, a strong research and development programme is useless unless you have the resources to make the most of the results.
- Do not be surprised if some factors crop up as both a strength and weakness.

Create a simple, clear action plan

- There is no point conducting a SWOT analysis if it doesn't result in action.
- Set out what will be done to address weaknesses, capitalise on opportunities and deal with threats. This includes the steps to be taken, the personnel involved, timeframes and budget.
- Involve key personnel in drawing up the action plan to gain their commitment.

- Keep the analysis and action plan to hand for review before making important decisions. For example, as a reminder of what you should be looking for when recruiting a new employee.

Real data

Too often, a SWOT analysis is based on unrealistic and unfounded assumptions. To make the process as effective as possible, research your market thoroughly and justify conclusions with relevant data.

Get in-house information from your business records and personnel

- For example, ask sales people what they know about market facts and figures.

Get data on your competitors

- Read company reports and industry research carried out by relevant trade organisations, scour competitor websites and review their social media output to get a feel for their online persona.

Do more research if necessary

- For example, a customer satisfaction survey can help you find out what customers really think.
- Specialist consultants can help you get comparative data on similar businesses, so that you can compare strengths and weaknesses.

3. Strengths

Your strengths are usually easy to identify, through your continuing discussions with customers and suppliers. Your records (eg sales) will also help to suggest areas where you are particularly strong (eg rising sales for a particular product).

Sound finances may give you advantages over your competitors

Important factors might include:

- positive cash flow;
- growing turnover and profitability;
- skilled financial management, good credit control and few bad debts;
- a strong balance sheet;
- access to extensive credit, a strong credit rating, and a good relationship with the bank and other sources of finance.

Marketing may be the key to your success

For example, your business may enjoy:

- market leadership in a profitable niche;
- a good reputation and a strong brand name;
- an established customer base;
- a strong product range;

- an effective online presence;
- effective research and development;
- use of design and innovation;
- a skilled sales team;
- thorough after-sales service;
- protected intellectual property (eg registered designs, patented products).

Management and personnel skills and systems may underpin your success

These may include factors such as:

- management strength;
- the ability to make quick decisions;
- skilled employees, successful recruitment, effective training and development;
- good motivation and morale;
- efficient administration.

Strengths in production may include the right premises, plant and suppliers

You may benefit from:

- modern, low-cost production facilities;
- spare production capacity;
- a good location;
- effective purchasing and good relationships with suppliers.

Be aware that strengths are not always what they seem

- Strengths may also be weaknesses. For example, market leaders are often complacent and bureaucratic.
- Strengths often imply threats. For example, your star salesperson may be a strength, unless they leave.

4. Weaknesses

Your weaknesses are often known but ignored. A SWOT analysis should be the starting point for tackling underperformance in your business.

Poor financial management

This may result in situations where:

- not enough funds are available for investment in new plant or product development;
- all available security, including personal assets and guarantees, is already pledged for existing borrowings;
- poor credit control leads to unpredictable cash flow.

Lack of marketing focus

This may lead to:

- unresponsive attitudes to customer requirements;
- a limited or outdated product range;
- a bad website;
- a poor or non-existent online presence (eg on social networking sites and in content marketing);
- complacency and a failure to innovate;
- over-reliance on a few customers.

Management and personnel flaws are often hard to recognise without hindsight

Typical examples are:

- failure to delegate and train successors;
- expertise and control locked up in a few key personnel;
- inability to take outside advice;
- high staff turnover.

Inefficient production, premises and plant can undermine any business

Typical problems include:

- poor location and shabby premises;
- outdated equipment, high cost production and low productivity;
- long leases tying the business to unsuitable premises or equipment;
- inefficient processes.

5. Opportunities

External changes provide opportunities that well-managed businesses can turn to their advantage.

Changes involving organisations and individuals which directly affect your business

These may open up completely new possibilities. For example:

- deterioration in a competitor’s performance, or the insolvency of a competitor;
- improved access to potential new customers and markets (eg overseas);
- increased sales to existing customers, or new leads gained through them;
- the development of new distribution channels (eg social media platforms);
- improved supply arrangements, such as just-in-time supply or outsourcing non-core activities;
- the opportunity to take on a key employee from a competitor;

- the introduction of financial backers who are keen to fund expansion.

The broader business environment may shift in your favour

This may be caused by:

- Political, legislative or regulatory change. For example, a change in legislation that requires customers to purchase a product.
- Economic trends. For example, falling interest rates reducing the cost of capital.
- Social developments. For example, demographic changes or changing consumer needs leading to an increase in demand for your products.
- New technology. For example, new materials, processes and cloud-based platforms.

6. Threats

Threats can be minor or could possibly destroy the business.

Changes involving organisations and individuals that directly affect your business

These can have far-reaching effects. For example:

- improved competitive products or the emergence of new competitors;
- a reliance on legacy products or services for large chunks of revenue;
- loss of a significant customer;
- creeping over-reliance on one distributor or group of distributors;
- failure of suppliers to meet quality requirements;
- price rises from suppliers;
- key personnel leaving, perhaps with trade secrets;
- lenders reducing credit lines or increasing charges;
- a rent review threatening to increase costs, or the expiry of a lease;
- legal action (eg being sued by a customer).

The broader business environment may change to your disadvantage

This may be the result of:

- Political, legislative or regulatory change. For example, new regulation increasing your costs or requiring product redesign.
- Economic trends. For example, lower exchange rates reducing your income from overseas.
- Social developments. For example, consumer demands for 'environmentally-friendly' products.
- New technology. For example, technology that makes your products outdated or gives competitors an advantage.

7. Analysis into action

The results of SWOT analysis - and the action needed - will be different for every business. Successful businesses focus on capturing market niches and creating 'barriers to entry' to reduce possible competition.

Capitalise on opportunities that play to your strengths

The SWOT analysis may also suggest various strategic options. For example:

- following a strategy of aggressive expansion where opportunities match your strengths;
- moving away from areas of significant threat to more promising opportunities;
- focusing on turning around weaknesses in areas of significant opportunity;
- taking defensive measures in areas of threat where you are weak.

Address your weaknesses

- Decide which weaknesses need to be addressed first. Other weaknesses must be acknowledged and respected until time and resources allow a solution.
- Some weaknesses can be turned into strengths or opportunities. For example, it might be possible to turn a shortage of production capacity into rarity value for your product.
- Some weaknesses have a clear solution. For example, financial weakness might be solved by raising further funds, and management shortcomings by recruiting new personnel.
- Some weaknesses will take time and money to address. For example, you may need to start a programme of improvements through training.

Protect yourself against threats

For example:

- build relationships with suppliers and customers;
- promote good employee relations;
- make sure you have clear and reasonable contracts with suppliers, customers and employees;
- take out insurance cover against obvious potential disasters, such as cybercrime and data theft;
- draw up realistic contingency plans to cope with possible crises;
- introduce the right types of service contract for key personnel;
- invest in legal protection for your intellectual property;
- take advantage of low fixed-interest rates to move your overdraft to long-term loans.

8. SWOT checklist

1. Involve employees from all the key areas of your business in your SWOT analysis.

2. Consider involving key customers, suppliers or other sympathetic outsiders who know your market and can provide an objective view.
3. Ask participants to collect and review information on internal resources and external factors affecting the business.
4. Arrange a brainstorming session to identify your firm's strengths and weaknesses and the opportunities and threats facing it.
5. Decide whether you have the skills and objectivity to chair the session yourself, or if you should use an external facilitator.
6. Encourage an open and honest atmosphere. Avoid judging or disagreeing with suggestions; try to draw out weaknesses and threats.
7. Review internal operations such as finances, marketing, production, management and personnel to identify strengths and weaknesses.
8. Review external organisations (eg competitors, customers and suppliers) and the business environment and market to identify opportunities and threats.
9. When there are no further suggestions, discuss the ideas that have been raised; agree the key strengths, weaknesses, opportunities and threats.
10. Identify any additional information you need to confirm your analysis. If necessary, carry out further market research.
11. Assess the significance of your results. Identify areas where you have a competitive advantage or disadvantage.
12. Create an action plan to tackle weaknesses, capitalise on strengths and opportunities and deal with threats.
13. Use the analysis and action plan as a review tool before important decisions.

PROMOTE YOUR NEW BUSINESS TUTORIAL

Promoting your business is essential if you want potential customers to know you exist. But where do you start? Personal recommendations can be one of the most effective forms of publicity, which is why you must ensure your customers are left satisfied every time they deal with your business.

Online marketing involves making best use of your website (including optimising it for search engines such as Google), as well as including email marketing and newsletters, pay-per-click (PPC) advertising, and using social media services such as Twitter, Facebook, Pinterest and LinkedIn.

You could enter into affiliate marketing deals with other businesses, while some raise their profile through content marketing (including blogging and podcasting).

Key 'offline' marketing options include advertising, direct mail, leafleting (which still works very well for some businesses), public relations (PR) and networking (including visiting and taking a stand at fairs, trade shows and exhibitions).

Devise a marketing plan

Marketing should be part of your everyday business culture. Having a marketing plan can increase your chances of success, but it doesn't need to be complex, just something that sets out your goals and strategy, structures your efforts and enables you to measure success.

Market research enables you to identify the people you want to sell to (your 'target market') or those most likely to buy from you. Segmenting customers into distinct groups enables you to finely tune your marketing.

Ahead of launch, you must make potential customers aware you're about to start a new business. Having work or sales lined up can help you get your business off to a flying start.

Focus on your product's benefits

Features don't sell - benefits do. Focus on the main benefits your products or services offer to customers. Summarise them into a few key reasons why people should buy from you.

Drawing attention to your unique selling proposition (USP) could also help your cause. This requires explaining what makes your business special.

Target the right customers

Focusing on your target market's habits will help you decide how best to reach them. There's no point in advertising in a glossy magazine if your target market won't read it or advertising online if potential customers aren't internet users. Advertising in a local paper, handing out flyers or doing a door-to-door leaflet drop might be much more effective.

Simple forms of advertising can be highly effective, low cost or even free. These include simply getting a sign painted on your van, putting a card up in your local newsagent's window, creating a Facebook page or having a Twitter feed for you and your business. You could even strike up mutual recommendation agreements with other small businesses.

Stay close to customers

Simply meeting potential customers face-to-face is often the most effective way to promote your business. Networking can also generate sales.

Word of mouth is the best form of advertising - but you must earn it. Satisfied customers can be your best advocates, which is why customers' needs should be satisfied every time. Much will depend on the quality of your products or services, of course, but how you deal with customer enquiries or complaints can be just as important.

If relevant to your type of business, simply following up sales with a brief courtesy call a few weeks later can go down very well. It also provides the opportunity to remind customers about your business and tell them about other offers. You could even offer them a reward for recommending your business to others, possibly by providing a small discount off future purchases.

Refine your marketing

Promoting any business involves some trial and error. This is why you need to have a system for measuring the success of your marketing methods, which could be as

simple as asking each new customer how they heard of you or including a promotion code for specific campaigns.

If something hasn't worked, work out why and don't repeat the mistake. In future, you can concentrate your resources on more effective marketing methods.

Q&A: Marketing plans

Writing a marketing plan may seem unnecessary for a start-up - but in fact it's a vital tool that can help you focus your promotional activities and measure their success.

What is a marketing plan?

It’s a document that explains how a particular product or service will be marketed. It describes the overall objective, the market, tactics, costs/budget, responsibilities and anticipated sales.

Much like a business plan, a marketing plan usually contains an executive summary, which explains key facts and figures. Business plans often include condensed marketing plans.

Are marketing plans suitable for small businesses?

They can help businesses of all sizes and types. While larger organisations normally have sophisticated marketing plans, even a relatively basic version can help a start-up or small business allocate limited resources.

A marketing plan assesses the most cost-efficient methods of attracting potential customers and how these can be converted into sales. Without a plan, a small business is essentially rudderless and marketing activities are likely to be considerably less effective.

How do I start to draw up a marketing plan?

By assessing your business and its market. There are various frameworks and tools you can use, including SWOT analysis, in which you consider your internal strengths and weaknesses alongside external opportunities and threats.

This, of course, requires good knowledge of your competitors, as well as a thorough understanding of your customers.

Consider whether specific segments within your customer base would benefit from targeted marketing. Taking a ‘scattergun approach’ is often a waste of time and money.

Once you know which customers to target with marketing activities, you can decide how to reach them, and how much this will cost.

How does targeted marketing work?

Think of a local restaurant. Its marketing activities are likely to be concentrated within a three-mile radius of its location, because this is where most of its customers are likely to live.

There’s probably no point in advertising on TV, even locally, because the cost is likely to outweigh the returns. Local radio adverts could work, however.

Stuffing leaflets through letterboxes in the area is well targeted and costs significantly less. The same can be said of advertising or using PR activities to get coverage in a local newspaper.

How can the success of a marketing plan be measured?

The key aims tend to be the same when marketing all products and services: to create awareness, stimulate interest, and convert this into sales. Ensure you set objectives that are SMART - specific, measurable, achievable, realistic and timed.

Plan-versus-actual analysis after the fact is also critical. How did actual results compare to what was predicted in your plan?

Measuring precise return on marketing spend can be problematic. I'd recommend using codes with campaigns, and then asking customers to use these when replying.

At the very least, ask new customers how they heard of your business. This will help you to understand which marketing methods are successful. Some might bring no sales whatsoever.

What if my marketing doesn't work?

Marketing involves some trial and error for new businesses, but it's important to learn from your mistakes. With time, you will establish a better idea of which methods work well for you.

Above all, it's important to ensure that your customers are happy. Word-of-mouth recommendations are free, and are the best publicity your business can get.

Q&A: Networking

What is networking?

Basically, networking is when people with a common interest come together to establish and develop mutually beneficial relationships.

Networking can be a highly cost-effective way to promote your business. Always remember - people do business with people. It's about developing trustworthy relationships that can provide opportunity. No business is an island.

Can networking really benefit small businesses?

Networking is ideal for small businesses, especially if they're looking to grow. It can help you find new customers and suppliers, as well as increase your industry knowledge.

Be strategic in your approach, and always remember that any relationship you develop must fit with your business objectives.

What sorts of networking opportunities exist?

Locally, business clubs, chambers of commerce and enterprise agency gatherings. Nationally, business organisations such as the Federation of Small Businesses, Forum of Private Business and Institute of Directors sometime stage events. Your trade association is also likely to offer networking opportunities.

Events and conferences are worth attending, because they provide the opportunity to make contacts through sharing knowledge. They can also be good hunting grounds for sales leads.

Networking using social media has really changed how business owners connect. LinkedIn is an ideal platform to use to strengthen and increase your network. Twitter, Facebook, Instagram and Pinterest are also widely used.

How do I decide which networking events to attend?

You must focus your networking activity, because it can take up a lot of time, so make it count.

Being clear about your goals - short-, medium- and long-term - can help you decide which events to attend. If you're looking for sales leads, there's no point going to an event full of other people trying to sell, for example.

Before going, remind yourself what you need to achieve and use that as your objective.

Is the old maxim true about networking - you only get out of it what you put in?

Yes, you have to work hard at it. If you don't contribute, you're wasting your time. You must be honest and open with your knowledge - otherwise why would anyone share their knowledge with you?

How can I make sure I network with the right people?

Contact the organisers prior to an event. Ask for details of attendees and create a list of people you need to speak to. Alternatively, tell the organisers which types of people you want to meet and then ask them if they'll introduce you.

Always arrive in good time, armed with your objectives.

Should I prepare an 'elevator pitch' about my business?

It can be a useful tool. Being able to explain quickly and concisely who you are and what your company does enables people to put you into context, which aids understanding and communication.

Don't be robotic in your delivery, otherwise you'll bore people rather than engage them. Aim to come across as warm, genuine and friendly, and include a couple of nuggets of interesting information about your business, because this gives people something to pick up on. It can help get the conversation going.

Obviously, if you already know people at an event, be sure to say a quick 'hello', even if you don't need to speak to them.

What about networking etiquette?

Don't be seen to 'work the room'. Make sufficient time to speak to people and listen to them. Be polite, not pushy. Avoid coming across as desperate, otherwise you'll look like you're only there for what you can get.

Small talk goes with the territory, and the more practice you get, the better you can become. Finally do some research into really important contacts, because showing current knowledge of what they're up to always goes down well.

How do I finish conversations and convert them into leads?

Tell people you've enjoyed meeting them; exchange business cards; and follow up with an email or phone call a few days later. If someone has requested more information, send it as quickly as possible.

Once you have made contact, you must work at the relationship if you are to move it forward.

How has technology impacted on networking?

Things have changed so much now that social media is a way of life. It is also a way to do business. The instant, immediate connection means that you can find out a lot about someone prior to meeting them. Whether you use LinkedIn, Twitter, Facebook, Instagram or any other medium, use it in a positive way.

Social media has no boundaries. Being able to connect with other business owners worldwide promotes your business directly into a new market. Trading internationally is now a fact of life, even for the smallest businesses.

If you do connect with businesses overseas, learn how they operate. Research their ethical and cultural practices and be prepared to do business their way

STARTUP SUPPORT MECHANISMS

Points of Single Contact (PSCs) are e-government portals that allow service providers to get the information they need and complete administrative procedures online. They are managed by the 'EUGO network' of national coordinators. If you want to:

- explore business opportunities or expand your services to another EU country
- set up a new business abroad
- find out about the rules and formalities that apply
- complete the administrative procedures online

PSCs provide national information to help you deal with a wide range of practical issues:

- licenses, notifications or permits needed to start a business
- requirements for offering services on a temporary basis
- recognition of professional qualifications and regulated professions
- labour and Social Law
- rules for public procurement

PSCs also provide information on procedures and make them available online:

- how to introduce an application
- which organisation is responsible for dealing with applications
- what is the cost of applying?
- how long does it take to get a reply?

General information and forms to download in order to start the registering procedure available at:

(http://www.ipyme.org/es-ES/DecisionEmprender/FormasJuridicas/Paginas/ProcesoConstitucionA.aspx?cod=11&nombre=Inscripci%C3%B3n+de+la+empresa+en+el+Registro)