



The Jewellery Business
Bootcamp

WITH JESSICA ROSE

MODULE 10

The Business nitty gritty – understanding business and legal matters

.....

GETTING THE BUSINESS NITTY-GRITTY
SORTED OUT WILL HELP YOU GET ON
WITH THE FUN PARTS OF RUNNING YOUR
BUSINESS



Note: the information provided here is from current UK legislation as of February 2018. Do ensure you check regularly for any changes/updates

Business structure

When you start your business you will need to decide on your business structure and register with HMRC.

The two main structures that jewellers tend to choose from are

Sole trader

Most makers choose to be sole traders, at least to start with, because it is the most straightforward. It requires the least amount of paperwork, legal requirements and money. You need to inform HMRC of your sole trader status and start trading. You will need to submit an annual tax return and pay National Insurance. The biggest drawback of being a sole trader is the fact that your business and personal assets are considered as one in the eyes of the law so if your business went bust you would be personally liable. If you have considerable assets e.g. large savings, a house etc it would be best to consider becoming a limited company

Limited Company

This option requires a significantly large amount of paperwork and money but is often necessary for larger companies with higher turnover, staff and a large number of customers. You will need to register your business as a limited company, submit company accounts and pay corporation tax on profit. Most limited companies are also VAT registered so need to submit quarterly VAT returns. However, it does mean that your liability is limited so that if there are debts or bankruptcy then you are not personally liable, only the business is.

NOTE: YOU CAN GO FROM BEING A SOLE TRADER TO A LIMITED COMPANY WHEN YOUR BUSINESS GROWS

.....

WHEN SHOULD YOU CONSIDER CHOOSING TO BE A LIMITED COMPANY?

.....

- If you have significant personal assets e.g. mortgage/house, savings
- When you register for VAT (at this stage you will have a high turnover, large customer base, the more customers you have the higher the business risk)
- Branding – how developed and in the public eye is your brand?
- Supplier wholesale accounts – some wholesalers require you to be registered as a limited company to purchase from them
- When growing and taking on staff

.....

WHAT ARE THE DISADVANTAGES OF BEING A LIMITED COMPANY?

.....

- More paperwork than for a sole trader
- Can be more costly

Other business structure options:

- **Partnership**

- This is where two or more people share the responsibility of
- the company financially and usually also the day to day
- running of the business. Each partner needs to register for
- self assessment with HMRC and complete an annual tax
- return and the nominated partner must also send an HMRC
- partnership return. If you are working in a partnership it is
- crucial to have a legal agreement to outline what everyone
- owns, the process if one of the partners wants to leave etc.

-

- Social enterprises – can be set up as a limited company
- Community Interest Company (CIC)
- Charity

Check out <https://www.gov.uk/set-up-business> for more information in the UK. Outside the UK search your local government regulations on business structures.

Task time



- Consider which business structure will work for you right now
- Take advice from a business advisor or accountant if you feel it's necessary to help you make your decision
- Register your business with HMRC under your chosen legal structure

Insurance for your jewellery business

There are two main types of insurance for jewellers and these relate to the types of material you are using. Most home jewellers need the basic level of jewellers insurance but if you are working with fine jewellery e.g. diamonds, gold, platinum etc. you will need a higher level of insurance.

When you take out insurance the insurer will ask you questions about your business, stock holding, where you are going to sell e.g. craft fairs etc. They will then provide you with a quote based on your answers. For most jewellers, the cost is between £100 and £200 per year.

What do we need insurance cover for?

Materials, stock, tools, machinery, teaching – onsite and off site, selling events and fairs.

You will need **public liability insurance** and product liability insurance. These cover you in the event that your product causes damage to anyone.

Tips:

* We recommend you take out specialist jewellery insurance rather than add it to your home insurance policy (as this is often a more costly option)

* Do your research, look for craft insurance. A couple of examples of companies in the UK include:

Ian Wallace <http://craftinsurance.co.uk>

Hiscox Small Business Insurance <https://www.hiscox.co.uk>

OTHER INSURANCE YOU MAY NEED TO CONSIDER

If you are employing staff it is the law that you have Employers liability insurance.

If you are shipping overseas a lot as part of your business look into postal insurance

If you are renting a workbench/workshop you may need buildings and contents insurance (this could be included as part of your rental agreement so check your terms and conditions)

You can look at taking out loss of earnings insurance/income protection insurance. This covers you under certain circumstances if you are unwell or aren't able to work for a period of time. Make sure you understand what is covered before you take it out as there can be exemptions to these.

Do shop around for the best deal for you

Check the terms and conditions in any insurance document before you take out insurance, if you feel you need to, take legal advice

Task time

Look carefully at your current business needs and get some quotes for insurance

Choose the insurance you need for your business and take it out ASAP so that you are properly covered for all of your business activities.

Do I need a business bank account?

- It is important to set up a business bank account for your business expenses and payments
- This can be another current account in your name that is separate from your personal finances
- A separate account is good to help you keep track of sales
- Avoid taking out a business credit card!
- Keep all bank statements and receipts somewhere safe for your end of year accounting and to reconcile payments
- Consider setting up online banking, it's easier to keep track of your business finances than waiting for statements
- When you're ready, and certainly when limited company, get a business bank account
- Shop around for your business bank account as these have charges



Income tax

- The tax year runs from April until the following April
- You must register with HMRC for self-assessment and Class 2 National Insurance contributions. Make sure you do this well before you need to file your first tax return as you need to wait for a code in the post and it can take a while to get set up
- You can file your taxes on paper by 31st October or online by 31st January. Any tax you owe needs to be paid on or before 31st January
- If you file online by 30th December you can opt to have your tax collected from your wages instead of having to pay a lump sum in January. This is if you are also in employment and are paid by PAYE, owe less than £3000, the tax you owe can't be more than 50% of your wage
- You can employ an accountant to deal with your taxes or file them yourself if you are self-employed
- You can create a spreadsheet or look at other options for compiling your tax return. Anna uses Go Simple Tax



Employing people to help in your business

- If your business is growing you may want/need to consider taking on staff. This will free you up from the day to day tasks to allow you to work on growing your business.

We suggest that you:

- Start small, hire part-time or freelance staff
- Remember that to begin with having staff may be more work as you need to learn how to train them and to delegate work to them
- Ensure you have enough money in your business to pay them!
- Consider using freelancers, both you and they have more freedom
- You will still have a contract with them and may need to pay them more than other staff because they will have to pay their own taxes and National Insurance
- Think about how many days a week you need someone
- Be up front with staff about the business – if it is new, whether you hope to give them more working hours in the future etc.
- Consider the parts of the business you enjoy? Hire around your weaknesses!
- Ensure you oversee things that are crucial to your business e.g. checking quality of work, checking over accounts before they are filed etc.

Your responsibilities to your staff

- Pay •Training •Welfare

What is the process for employing someone?

- Write a job description, including the essential and desirable skills
- Set a deadline for applications
- Shortlist and interview
- Offer your preferred candidate the job and set a start date
Draw up a contract – freelance or PAYE?
- We suggest using an accountant to set up the PAYE process or get some training
- Work out how to manage progress – e.g. three month, six month, annual reviews
- Check out www.gov.uk/employing--staff for more help and information about employing staff



GDPR

General Data Protection Regulations (GDPR) comes in in 2018.

What does this mean?

This refers to any data that you hold on your customers e.g. email addresses, addresses for postage, card information etc.

This relates to anyone doing business with the UK so is relevant to all with an international business

What can I do to make sure my mailing list complies?

Use a mailing list service e.g. Mailchimp, Infusionsoft etc as these companies are working hard to make it easy to comply

Have double opt-in - where someone opts into your mailing list and receives an email link that they have to click on to opt-in

Any email you send through Mailchimp etc will have an unsubscribe link allowing customers to opt out automatically

How can I collect email addresses at craft fairs etc?

Print out sheets that are clear about what people are signing up for e.g.

Mailing list

Please add me to your mailing list. I understand that I will be contacted with new products, information and offers from time to time and that my data will not be sold

Take photos of your sign up sheets as proof of sign up in case you need it

For more information go to ico.org.uk

Managing operations and processes in your growing jewellery business

As you grow, what processes do you need to put in place to support your jewellery business?

Examples of processes

Packing orders

How do you do this? Daily? Next day delivery?

Shipping

Will you visit the Post Office daily, can you have a post office pick up or use a different service?

Stock

Are you going to be making all the pieces? Can you employ staff/freelancers? How many bespoke orders/pieces can you make in a week/month? Can you start manufacturing or casting?

Customer service

When will you answer your emails or the phone? Will you have a separate phone? How will you respond to social media enquiries? Consider getting a virtual assistant to answer the phone?

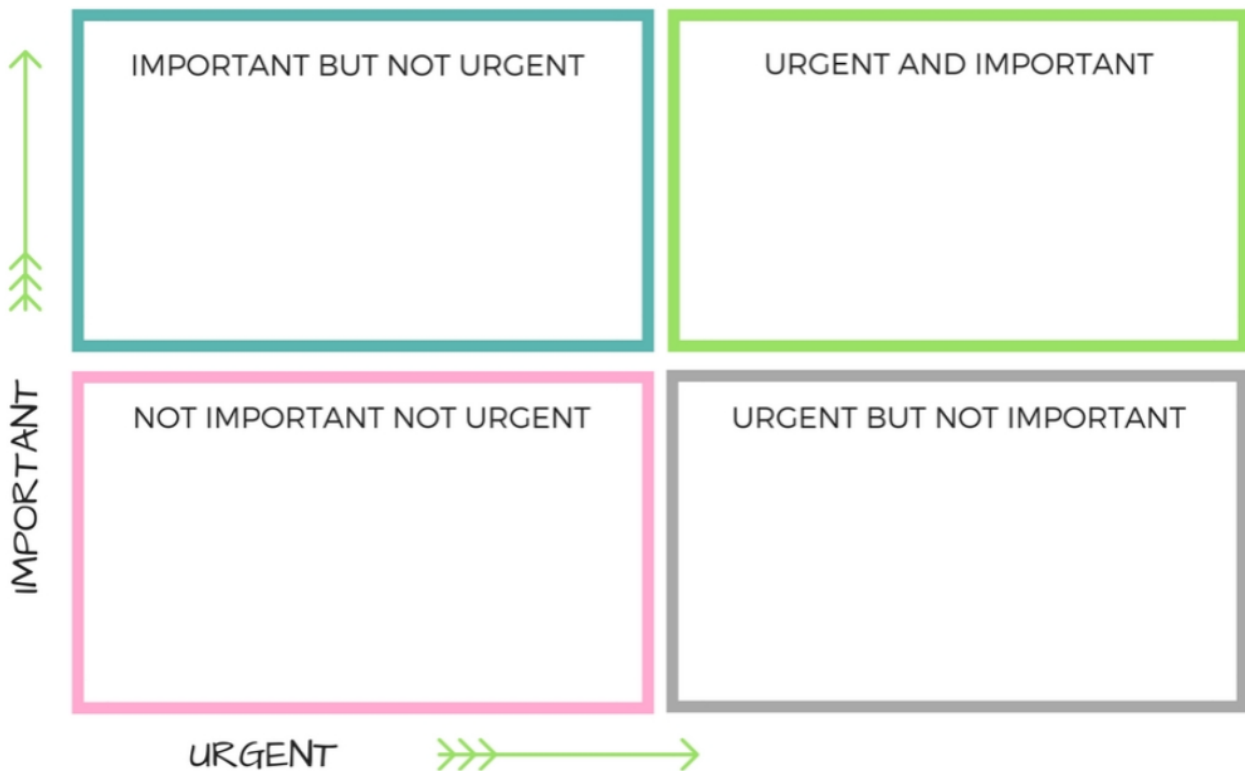
Time management

1. List all the things that need to get done e.g. work on business accounts, make the pieces for three new orders, send out this weeks orders, schedule the social media posts etc.
2. Put the things you need to do in the Eisenhower matrix

Eisenhower matrix

Getting the right stuff done!

Eisenhower Matrix Tool



Using the Eisenhower matrix

Once you have written out your to do list for the week you are going work out where they fit in your matrix tool

Urgent and important

These are your priority activities - add in the things that are both urgent and important

Urgent but not important

Things that have a deadline but are not important – do we need to do them? Can we reschedule or delegate?

Important but not urgent

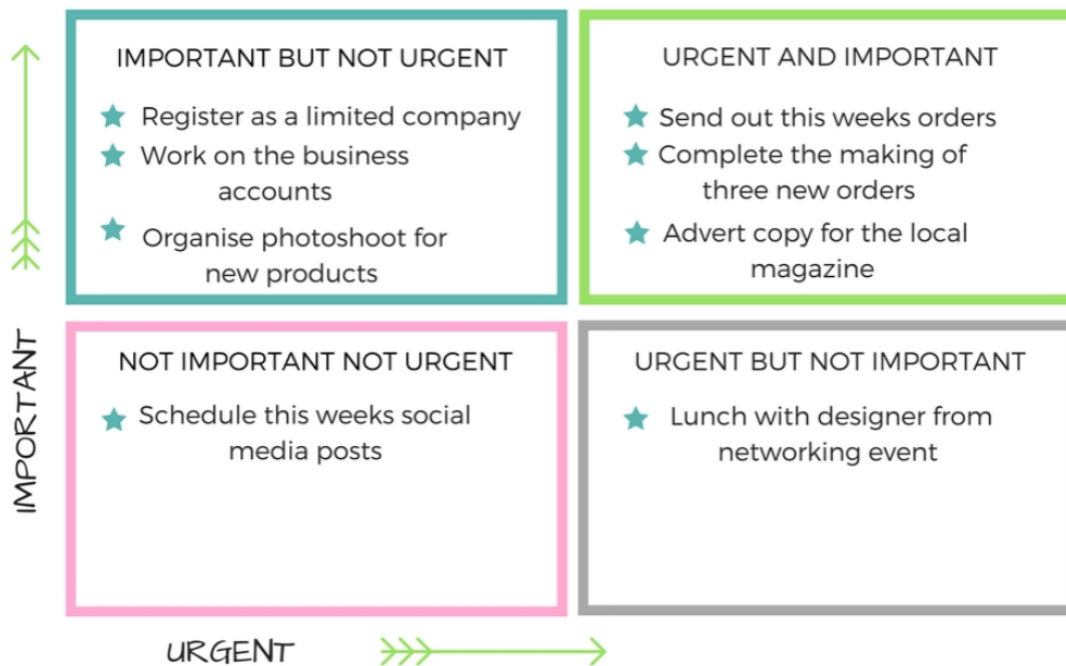
Things that need to get done but we have some time to do them

Not urgent or important

You need to consider whether this needs to be done at all! Certainly these things should be right at the bottom of your to-do list

Getting the right stuff done!

Eisenhower Matrix Tool



Tips

- * Use a diary
- * Don't give yourself too much to do in a day – set three crucial things you need to do in a day. You can do more but this allows you to focus and feel a sense of achievement rather than overwhelm!
- * We underestimate what we can do in ten years but overestimate what we can do in a day
- * Don't overwork yourself. You want to enjoy your jewellery business!

Task time

Document your key processes e.g. from ordering materials, making pieces, packing them, taking to the Post Office, responding to emails, phone calls etc.

Write down how these processes are done and what you might need to change as you grow

Reflect on your time management – how do you currently spend your time versus how you would ideally spend it?

Write your to do list for next week. Plot this on your Eisenhower matrix to help you prioritise your actions for the week



You have finished module 10

CONGRATULATIONS!

Well done on taking all that in, we are nearly there!

I know that this side of running a business is not always the most inspiring but getting the legal side of your business sorted out will free you up to get on with the fun stuff.

Next week we will be looking at your finances and planning for a profitable future. Then to finish off we will be looking at bringing together all you have learned in the final week, week 8.

Keep up the amazing work, we are on the home stretch! Do post your progress or questions in the Facebook group and send through any questions for the Q&A.

Have a great week!

Jessica x



*This course and all materials provided are under copyright by
© Jewellery School Online, 2018 Materials are for personal use only and
cannot be distributed or used without permission.*