

I03

Guide for Young Migrant Entrepreneurs



Co-funded by the
Erasmus+ Programme
of the European Union



Index

Prologue	10
P.1 General Introduction of the Guide for Young Migrant Entrepreneurs	10
P.2 Why do we need an Entrepreneurial Learning Guide for Young Migrants?.....	10
P.3 How will this be delivered?	11
P.4 Introduction of the YME partnership and the partner organizations.....	12
Chapter 1. An Entrepreneurial Dream.....	15
1.1. The Best Entrepreneurship Movies (and their trailers).....	15
1.2. The 5 most inspirational You Tube Video Channels for entrepreneurs !	18
1.3. More YouTube Picks on entrepreneurship, innovation and inspiration	19
1.4 The 6 best entrepreneurial podcasts?	27
Chapter 2. An Entrepreneurial assessment.....	29
2.1 Defining Entrepreneurship.....	29
2.2. Entrepreneurial Self-Assessment.....	29
2.3. Honesty is very important with self-assessment.....	29
2.4. Have you ever considered yourself to be Enterprising?	30
Chapter 3. From Dreams to Ideas to Business	31
3.1. The Importance of an Idea.....	32
3.2. It all starts with the brand ‘I’	32
3.3 Evaluate yourself.....	32
3.4. What’s the best for the birth of ideas?	33
3.5. Ideas and your target group	33
3.6. Do market research.....	34
3.7. Do the customers want it?	35
3.8. More Suggestions	35
3.9. Make it official.....	36
3.10. Write your business plan.....	37
Chapter 4. How to set up a Business !.....	38
4.1. The Business Model.....	38
4.2. Business Model Canvas (Explained)	40
4.2.1 Step 1:.....	40
4.2.2 Step 2:.....	40

4.2.3. Step 3: What do you make money from?.....	41
4.2.4. Step 4:.....	41
4.2.5. Step 5:.....	42
4.2.6. Step 6:.....	42
4.2.7. Step 7:.....	42
4.2.8. Step 8:.....	42
4.2.9. Step 9:.....	43
4.3. Lean StartUp (Explained)	43
4.3.1 Designing the Business Model (in Lean Startup).....	44
4.3.2 Development of the consumer segment.....	48
4.3.3 Monitoring the startup progress.....	50
4.3.4 Examples of Application of Lean Start-up Method	53
Chapter 5. Entrepreneurial laws, rules, regulations and tax	54
5.1. Step by Step.....	54
5.1.1. Step 1: Choose legal form.....	54
5.1.2. Step 2: Officially Register your Company	54
5.1.3. Step 3: Fiscal regulation and Accountancy (VAT identification number and sales tax number)	54
5.1.4. Step 4: Write a business plan	55
5.1.5. Step 5: Opening a Business Account (Loans and Grants).....	55
5.1.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits (e.g. building permit, etc.).....	55
5.1.7. Step 7: Privacy / Personal Data Protection and Making a business website.....	56
5.1.8. Step 8: Insurance	56
5.1.9. Step 9: Management of human resources	56
5.1.10. Step 10: Patents and Brands	56
5.2. Step by Step United Kingdom	57
5.2.1. Step 1: Choose legal form.....	58
5.2.2. Step 2: Officially Register your Company with the Chamber of Commerce	64
5.2.3. Step 3: Fiscal regulation and Accountancy.....	69
5.2.4. Step 4: Write a business plan	75
5.2.5. Step 5: Opening a Business Account	75

5.2.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits (e.g. building permit, etc.).....	77
5.2.7. Step 7: Privacy / Personal Data Protection (Making a business website).....	78
5.2.8. Step 8: Insurance.....	78
5.2.9. Step 9: Management of human resources.....	82
5.2.10. Step 10: Patents and Brands.....	82
5.3. Step by Step The Netherlands.....	83
5.3.1. Step 1: Choose legal form.....	84
5.3.2. Step 2: Officially Register your Company with the Chamber of Commerce.....	86
5.3.3. Step 3: Fiscal regulation and Accountancy.....	86
5.3.4. Step 4: Write a business plan.....	88
5.3.5. Step 5: Opening a Business Account.....	88
5.3.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits.....	89
5.3.7. Step 7: Privacy / Personal Data Protection (Making a business website).....	91
5.3.8. Step 8: Insurance.....	93
5.3.9. Step 9: Management of human resources.....	94
5.3.10 Step 10: Patents and Brands.....	96
5.4. Step by Step Italy.....	97
5.4.1. Step 1: Choose legal form.....	97
5.4.2. Step 2: Officially Register your Company with the Chamber of Commerce.....	98
5.4.3. Step 3: Fiscal regulation and Accountancy.....	99
5.4.4. Step 4: Write a business plan.....	99
5.4.5. Step 5: Opening a Business Account.....	99
5.4.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits.....	102
5.4.7. Step 7: Privacy / Personal Data Protection (Making a business website).....	102
5.4.8. Step 8: Insurance.....	103
5.4.9. Step 9: Management of human resources.....	103
5.4.10. Step 10: Patents and Brands.....	104
5.5. Step by Step Romania.....	113
5.5.1. Step 1: Choose legal form.....	114
5.5.2. Step 2: Officially Register your Company with the Chamber of Commerce.....	117
5.5.3. Step 3: Fiscal regulation and Accountancy.....	117

5.5.4. Step 4: Write a business plan	118
5.5.5. Step 5: Opening a Business Account	118
5.5.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits	119
5.5.7. Step 7: Privacy / Personal Data Protection (Making a business website)	119
5.5.8. Step 8: Insurance	119
5.5.9. Step 9: Management of human resources	120
5.5.10. Step 10: Patents and Brands	120
5.6. Step by Step Turkey	121
5.6.1. Step 1: Choose legal form.....	123
5.6.2. Step 2: Officially Register your Company with the Chamber of Commerce	123
5.6.3. Step 3: Fiscal regulation and Accountancy	124
5.6.4. Step 4: Write a business plan	127
5.6.5. Step 5: Opening a Business Account	127
5.6.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits	129
5.6.7. Step 7: Privacy / Personal Data Protection (Making a business website)	131
5.6.8. Step 8: Insurance	132
5.6.9. Step 9: Management of human resources	134
5.6.10. Step 10: Patents and Brands	135
Chapter 6. Tips and Tricks	138
6.1. Ten Tips and Tricks for Young Entrepreneurs	139
6.1.1. Challenge yourself	139
6.1.2. Stay true to yourself	139
6.1.3. Take risks	139
6.1.4. Have a vision of what you want.....	139
6.1.5. Find the right people	139
6.1.6. Take action.....	139
6.1.7. Be persistent	140
6.1.8. Do research	140
6.1.9. Spend your money wisely.....	140
6.1.10. Listen to your customers	140
6.2. Successful Young Migrant Entrepreneurs	140
6.3. Ten Tips and Tricks How to become an Entrepreneur?.....	142

6.3.1. Your business idea should be fueled by passion.....	142
6.3.2. Your business idea should be a solution.....	142
6.3.3. You should identify and understand your target market.....	143
6.3.4. You should prepare a well-structured business plan.....	143
6.3.5. You should know the legal requirements for starting a business.....	144
6.3.6. You should secure financing for your business idea.....	145
6.3.7. You should start on a small scale and work to grow your business.....	145
6.3.8. You should take breaks.....	146
6.3.9. You should take risks.....	146
6.3.10. You should learn from your mistakes.....	147
6.4. Tips and Tricks around Business Planning.....	148
6.4.1. Tailor your business plan to your audience.....	148
6.4.2. Research your market thoroughly.....	148
6.4.3. Identify your competitors.....	148
6.4.4. Pay attention to detail.....	148
6.4.5. Focus on the opportunity your start-up offers investors.....	148
6.4.6. Don't leave out important facts.....	149
6.4.7. Get your financial information right.....	149
6.4.8. Make your executive summary convincing.....	149
6.4.9. Seek a second opinion from a business Coach.....	149
6.4.10. Implement your business plan properly.....	149
6.5. Success Factors.....	149
6.6. Ten Tips and Tricks to be successful as an Entrepreneur.....	150
6.6.1. Do Solid business planning.....	150
6.6.2. Prepare for Financial Challenges.....	150
6.6.3. Be Cautious - Remember you're starting up a business.....	150
6.6.4. Ask for help!.....	150
6.6.5. Put your faith in a trusted mentor.....	151
6.6.6. Marketing on a small budget.....	151
6.6.7. Look after number one.....	151
6.6.8. Build a team that shares your vision.....	151
6.6.9. Life Long Learning.....	152

6.6.10. Safeguard your venture	152
Chapter 7. F.A.I.L. (FIRST ATTEMPT IN LEARNING)	153
7.1. Top 10 of F.A.I.L.	153
7.1.1. Failure to establish a goal	153
7.1.2. In the end enthusiasm is not enough to succeed	153
7.1.3. Inability to Learn	153
7.1.4. Poor Money/Budget Management.....	153
7.1.5. Failure to advertise/brand the Product	153
7.1.6. Underestimating the Competition.....	154
7.1.7. Starting for the Wrong Reasons	154
7.1.8. Poor Management	154
7.1.9. No Business Plan/Terrible Planning.....	154
7.1.10. Surrounding yourself with the Wrong People	154
7.2. More F.A.I.L:	154
7.2.1. Fail in preparation.....	154
7.2.2. Fail in start-up.....	155
7.2.3. Fail branding.....	155
7.2.4. Fail generated by the lack of domain specific business knowledge	155
7.2.5. Fail generated by the overestimation of the market need.	155
7.2.6. Fail generated by the underestimation of the competitors.....	155
7.2.7. Fail generated by poor knowledge of the target group, resulting in poor marketing. ..	155
7.2.8. Fail generated by lack of passion and commitment in the founding team.	155
Chapter 8. How to Network.....	156
8.1 What is the Best Way to Network?	156
8.2. Ten Network tips and tricks	156
8.2.1. Always leave the room smelling of roses	156
8.2.2. Stand out! But for the right things.	156
8.2.3. Do your homework.....	156
8.2.4. Most people don't start conversations	156
8.2.5. Memorise some conversation starters that are not too intense!.....	156
8.2.6. When describing your job, create a fun or different explanation to what you do - and be proud.	157

8.2.7. Don't close yourself in the office	157
8.2.8. Put a photo on your business card.....	157
8.2.9. Don't be too direct.....	157
8.2.10. Try and think what the other person is interested in.	157
8.3 Ten Tips and Tricks to Network.....	157
8.3.1. Taking Lead.....	157
8.3.2. Use social media	157
8.3.3. Dress professionally.....	158
8.3.4. Listen to others.....	158
8.3.5. Look people in the eye	158
8.3.6. Come with a goal!	158
8.3.7. Take the first step!.....	158
8.3.8. DON'T BE NEGATIVE!	158
8.3.9. Talk to people you don't know	159
8.3.10. Be able to accept rejection.....	159
8.4 More tips and Tricks about Networking.....	159
8.4.1. Meet People Through Other People	159
8.4.2. Leverage Social Media.....	159
8.4.3. Don't Ask For A Job.....	159
8.4.4. Use Your Resume as a Tool for Advice.....	160
8.4.5. Don't Take Up Too Much Time	160
8.4.6. Let The Other Person Speak	160
8.4.7. Present A Success Story	160
8.4.8. Ask For Suggestions on How to Expand Your Network	160
8.4.9. Find a Reason to Follow Up	161
8.4.10. Always Remember to Say Thank You	161
Chapter 9. Marketing and Communication	162
9.1.What Is Marketing?	162
9.2: Here 10 tips to share with you	162
9.2.1. Know your customer !.....	162
9.2.2. Before creating a strategy, ask yourself what for	162
9.2.3. Study your competition and copy	162

9.2.4. Set a specific goal.....	163
9.2.5. Sit with your team	163
9.2.6. Plan.....	163
9.2.7. Take care of the landing page.....	163
9.2.8. Communicate what you do	163
9.2.9. Bet on a media strategy.....	164
9.2.10. Measure the results.....	164
9.3. Six More Marketing Tips and Tricks	164
9.3.1. The King of Marketing Tips: Keep Up With the Trends !.....	164
9.3.2. Embrace Paid Social	164
9.3.3. Nurture Brand Advocates	164
9.3.4. Prioritize Authenticity	165
9.3.5. Create a Memorable Message.....	165
9.3.6. Build Partnerships.....	165
9.4. Six Marketing Tips and Tricks	165
9.4.1. Have a memorable LOGO	165
9.4.2. Actions for improvement the client fidelity	166
9.4.3. Try to make your original research	166
9.4.4. Invest in social media.....	166
9.4.5. Film some Ads.....	166
9.4.6. Digitises UP!	166
9.5. What Is Communication O3yme.....	167
9.6 Six tips how to do communications	167
9.6.1. Practice Your Listening Skills (and Your Paying Attention Skills Too):.....	167
9.6.2. Collaborate, Don't Dictate:	167
9.6.3. Pay Attention to How You Spend Your Leisure Time	167
9.6.4. Invest in the Right Communication and Collaboration Tools:.....	168
9.6.5. Don't Wait Too Long to Bring Up Sensitive Issues.....	168
9.6.6. Learn to Have and Use a Good People Memory	168

Prologue

P.1 General Introduction of the Guide for Young Migrant Entrepreneurs

Entrepreneurship among migrants must be seen as a new arena for social, economic and political action. Many governments are therefore trying to actively promote entrepreneurship through various forms of support. But it's not up to the governments... It's up to you !

The Young Migrant Entrepreneurs (YME) project has produced a guide for young entrepreneurs. Within the EU, young migrants represent an important pool of potential entrepreneurs, but can face, as other more vulnerable groups, specific legal, cultural and linguistic obstacles. We have addressed these issues in such a complete way as possible to support the young entrepreneur whenever and where ever we can.

Fortunately there are a lot of initiatives in the EU that are supporting young migrant entrepreneurs, but we believe that this YME Guide is added value with all its tips and tricks. Check it out !

Learning independently can be challenging, even for the brightest and most motivated young entrepreneur. We have built this YME Guide around the four key stages to independent learning, known as self-directed learning:

- * Are you ready and motivated to learn and work hard to be an entrepreneur?
- * Setting entrepreneur goals
- * Engaging in the entrepreneurial process; and
- * Evaluating entrepreneurial learning.

P.2 Why do we need an Entrepreneurial Learning Guide for Young Migrants?

An Entrepreneurial Learning Guide for Young Migrants is needed, because:

- It will be available to young migrants whenever they need it;
- It is a reference base for all entrepreneurial learning sessions;
- It systematizes the skills and knowledge about entrepreneurship adapted to the considered educational segment;
- It allows comparing experiences between project partners.

P.3 How will this be delivered?

The Entrepreneurial Learning Guide will be delivered as a printed brochure, as downloadable file and as a mobile application.

The following Chapters are included in the Guide for Young Migrant Entrepreneurs:

* [Prologue](#)

An introduction.

* [Chapter 1 - An Entrepreneurial Dream](#)

A chapter for inspiration and self-motivation.

* [Chapter 2 - An Entrepreneurial Assessment](#)

Are you an Entrepreneur? What kind of skills do you need have to be a good entrepreneur? A needs analysis.

* [Chapter 3 - From Dreams to Ideas to Business](#)

How to turn dreams into ideas and ideas into dreams.

* [Chapter 4 - How to set up a Business](#)

Our dreams and ideas can only be achieved through the vehicle of a business plan.

* [Chapter 5 - Entrepreneurial Laws, Rules, Regulations and tax](#)

The laws, rules, regulations and tax explained for a young entrepreneur in each YME country: Turkey, Netherlands, United Kingdom, Romania and Italy.

* [Chapter 6 - Tips and Tricks](#)

Tip and Tricks (through animation) for young entrepreneurs.

* [Chapter 7 - F.A.I.L. \(FIRST ATTEMPT IN LEARNING\)](#)

You should see failure as an opportunity to learn and grow.

* [Chapter 8 - How to Network](#)

When you learn to network you learn to improve your personal life and business as well.

* [Chapter 9 - Marketing and Communication](#)

Raising awareness, communication and marketing is key for a any successful business.

P.4 Introduction of the YME partnership and the partner organizations

Young Migrant Entrepreneurs (YME) project is focused on delivering entrepreneurial skills-building support to young migrants in the partnership countries. The partnership countries are Turkey, Romania, Italy, the Netherlands and United Kingdom.

Boğaziçi University (Turkey)

Boğaziçi University (BU) was formally established in 1971. It has four faculties, six graduate institutes, two schools (School of Foreign Languages and Vocational School of Applied Sciences) and 32 research centers. The faculties and schools are offering undergraduate studies for approximately 16,000 students, whereas the institutes are offering graduate programs for approximately 4,000 students. The language of instruction at the University is English. There are permanently 939 academic staff and 984 administrative staff. It is endorsed by the European Universities Association (EUA) and the Faculty of Engineering is the first ABET-accredited faculty in TR. BU is a member of several international university networks that share the same goal of enhancing academic cooperation among its members: IAU - International Association of Universities; Magna Charta Universitatum; EUA - European University Association; Unimed – Mediterranean Universities Union; The Utrecht Network; Black Sea Universities Network; SEFI - European Society for Engineering Education, European Universities Continuing Education Network (EUCEN).

[Website Boğaziçi University](#) - [Instagram @uniBoğaziçi](#) - [Twitter @UniBoğaziçi](#)

Ministry of National Education (MoNE) (Turkey)

Ministry of National Education (MoNE) in Turkey manages one of the largest educational systems in Europe. Educational services at all levels are provided substantially (more than 90 %) by public education institutions. Administrative legislation and supervision related to formal and non-formal education (except for higher education) are performed by Ministry of National Education. MoNE also regulates the teacher employment and relocation and imposes the curriculum; timetables, textbooks used in the classroom, and explicitly use tests to monitor teaching practices in the classroom. Private education institutions also exist. Private education institutions mean private financing and administration. Individuals, corporations or other types of institutions (such as associations, foundations) can open and run private schools profit based at pre-primary, primary and secondary levels. Private education institutions are subject to the same regulations with public institutions in terms of educational arrangements and certification (curricula, teacher qualifications, length of school day/week/year, assessment, progression, diploma etc.). Public funds are given to private institutions in various ways to a certain extent. But “government-dependent” private institutions don’t exist. In higher education level, only ‘foundations’ can run private higher education institutions without making a profit.

Number of Students 2019 : 18 Million (1.5 Preschool, 5.5 Primary School, 5.5 Middle School, 5.5 High School)

Public Schools: 15 Million

Private Schools: 1.5 Million

Open Education 1.5 Million

As a first attempt for the social integration of Syrian's in Turkey mainly focused on their education. There are 3.5 million Syrians in Turkey and 1.1 Million are between the ages 5-18. Even though there are immense efforts to provide education to the Syrian children in Turkey, only 650.000 are currently being educated in public schools. The challenging part of Syrian children's integration is language training. Providing full-fledged Turkish language training is still a developing area with all efforts and support of MoNE.

At the beginning of 2016, Turkey amended its legislation so that refugees could take up employment legally. Syrian refugees are now able to obtain a work permit and gain access to the vocational education and training system. By earning a living or acquiring a professional qualification, refugees have the opportunity to become active members of the Turkish economy rather than continuing to receive aid. Until now, labour market institutions and vocational schools have been able to offer only a limited range of services to meet the needs of Syrian refugees. Many refugees do not have the necessary knowledge of Turkish. As a result of the war, they were unable to complete their training and are no longer in possession of their course certificates. Furthermore, they are not familiar with the Turkish labour market and the advisory services available.

As a support to this condition, starting from the 2016-17 academic year, Syrians may enrol in public education centres that specialize in training for many different job profiles: [Click here](#).

[Website MONE](#) - [Instagram @tcmeb](#) - [Twitter @tcmeb](#) - [Facebook @milliegitimbakanligi](#)

University POLITEHNICA of Bucharest (Romania)

The UPB is founded in 1886, is the oldest and the largest technical university of Romania, with about 23000 students from which more than 1500 are international students, 3300 full time staff, 1800 part-time faculty and 900 postgraduate students. University POLITEHNICA of Bucharest comprises study programmes for many of the engineering fields, from computer science and robotics to entrepreneurship, business engineering and management. University POLITEHNICA of Bucharest is a part of the international academic community, sharing the same belief in moral, educational, scientific and cultural values. Its main mission is to bring together education, training and scientific research in order to prepare professionals capable to adapt at the requirements of market economy and new technologies, with an economic and managerial knowledge and promote the principles of sustainable development and environmental protection.

[Website University POLITEHNICA of Bucarest](#) - [Facebook @UPB1818](#)

Dutch Foundation of Innovation Welfare 2 Work (Netherlands)

The Dutch Foundation of Innovation Welfare 2 Work (DFW2W) is an independent, non-profit organisation which supports professionals (e.g. youth work institutions, (local, regional and EU) governments, etc.) and young people in the fields of employment, job matching & mobility, traineeship, education, social inclusion, social security, social innovation, welfare, entrepreneurship and quality of life.

[Website DFW2W](#) - [Twitter @DFOIW2W](#)

CPA (Italy)

Helping people and companies take advantage of European opportunities through empowerment strategies, coaching, enterprise and innovation. Involved in work with Migrants, Rural Development and people with special needs to facilitate their employability and attractiveness in the market.

[Website CPA](#) - [Facebook @ConnectAbruzzo](#)

Werkcenter Scotland (United Kingdom)

Werkcenter Scotland (WS) has the philosophy 'From Work to Work; that's the way it works', a comprehensive local approach which is taken up to regional, national & international level where the main objective is to get young people into work and/or entrepreneurship through experience. WS is aligned to encourage (learning towards) entrepreneurship, work & job search at all stages. Through a simple structured approach, it improves the position of the young unemployed people in the jobs market immediately, while at the same time improving their long-term employability.

[Website Werkcenter Scotland](#) - [Twitter Werkcenter Scotland](#)



Chapter 1. An Entrepreneurial Dream

In this chapter we have made a selection out of the inspirational video's to promote and raise awareness and reel young migrants into entrepreneurship

1.1. The Best Entrepreneurship Movies (and their trailers)

What are the best #Entrepreneurship movies of all time? Below 5 movies, personally picked, for you to see. Enjoyable and full of entrepreneurship lessons and qualities you need to succeed! Don't miss out our list. But please watch and read the lessons learnt.



5. The Pursuit of Happyness

This movie tells the story of Chris Gardner, an American businessman and [motivational speaker](#). During the early 1980s, Gardner struggled with [homelessness](#) while raising a toddler son. He became a [stock broker](#) and eventually founded his own [brokerage firm](#) Gardner Rich & Co in 1987. In 2006, Gardner sold his minority stake in the firm and published his memoirs and that book was the script of motion picture [The Pursuit of Happyness](#) starring [Will Smith](#). The movie grossed \$163 million domestically at the box office and over \$300 million worldwide. As a result, it earned Will Smith an [Academy Award](#)-Nomination for [Best Actor](#).

The movie took some liberties with Gardner's true life story, but in essence tells that you have to pursue... , no matter how hard it gets, you have to keep on going, and not give up. Having lots of confidence in yourself is essential to succeed as an entrepreneur: 'Don't let anybody tell you can't do something. If you have a dream you got to protect it. You want something, go get it. Period'. The life story of Chris Gardner is a true inspiration ! #MustSee !
[Trailer](#)

4. The Social Network

In 2003 Harvard student Mark Zuckerberg invents Facebook. It quickly becomes a global phenomenon and a revolution in communication. Six years later, Mark is the youngest billionaire in history, but not without legal complications. *The Social Network (2010)* tells the entrepreneurial tale of Facebook.

The script is more or less based on the book [The Accidental Billionaires \(2009\)](#). The movie portrays the founding of [social networking](#) website [Facebook](#) and the resulting lawsuits. The movie tells the entrepreneurial tale of the 19-year-old [Harvard University](#) student [Mark Zuckerberg](#), who creates a campus website called [Facemash](#) by hacking into college databases to steal photos of female students, then allowing site visitors to rate their attractiveness. After traffic to the site crashes parts of Harvard's computer network, Zuckerberg is given six months of [academic probation](#). However, Facemash's popularity attracts the attention... Zuckerberg approaches his friend [Eduardo Saverin](#) with an idea for The Facebook, a [social networking](#) website that would be exclusive to [Ivy League](#) students...

The movie is about the bumpy road of entrepreneurship, with a lot of quarrels around who came up with the original idea, lots of court cases, broken friendships, to... the big success of Facebook!

It stars [Jesse Eisenberg](#) as founder [Mark Zuckerberg](#). Neither Zuckerberg nor any other Facebook staff were involved with the project. *The Social Network* won Oscars for its direction, screenplay, acting, editing, and score:

[Trailer](#)



[3. Steve Jobs](#)

The movie of Steve Jobs (February 24, 1955 – October 5, 2011), the personification of Icon Apple, an American [business magnate](#), [industrial designer](#), [investor](#), and [media proprietor](#), with Syrian roots. He was the chairman, chief executive officer (CEO), and co-founder of [Apple Inc.](#), the chairman and majority shareholder of [Pixar](#), a member of [The Walt Disney Company](#)'s board of directors following its acquisition of Pixar, and the founder, chairman, and CEO of [NeXT](#). Jobs is widely recognized as a pioneer of the [personal computer revolution](#) of the 1970s and 1980s, along with Apple co-founder [Steve Wozniak](#).

The movie is centered around Steve Jobs most important presentations, launching his new innovative products, his entrepreneurial focus, not willing to give what clients ask for, 'because they don't know what they want'... The story of Steve Jobs shows that success does not come easy and not necessarily mean that you are as happy as you can be if you are successful. His complicated personality, and one-way-thinking destroys ultimately almost all his competitors, but along the way also a lot of relationships with colleagues, friends, and his own family and his own child... Lots of private problems and issues don't get in the way to his ultimate entrepreneurial goal: Making Apple the biggest and successful Company in the World...:

[Trailer](#)

[2. The Big Short](#)

The Big Short (2015) is an entrepreneurial movie, which catches the feel of the current #Corona #Crisis situation the most. It's based on the 2010 book [The Big Short: Inside the Doomsday Machine](#) by [Michael Lewis](#) showing how the [financial crisis of 2007–2008](#) was triggered by the [United States housing bubble](#). The film stars [Christian Bale](#), [Steve Carell](#), [Ryan Gosling](#), [Brad Pitt](#), and many more.

The movie is noted for the unconventional techniques it employs to explain [financial instruments](#), explain concepts such as [subprime mortgages](#) and [collateralized debt obligations](#) as a [meta-reference](#). Several of the film's characters directly address the audience, most frequently Gosling's, who serves as the narrator. This is been done in a really good way, so everyone understands ultimately how the Banks were all fooling us with their definitions and complicated terms (which was plain and simple: Fraudulent behavior). A few entrepreneurs see what's happening and jump in...

The movie won the [Academy Award for Best Adapted Screenplay](#) in addition to nominations for [Best Picture](#), [Best Director](#), [Best Supporting Actor](#) (Bale), and [Best Film Editing](#). Bale is the personification of the entrepreneur who walks way in front of the pack. He is the one who sees the opportunities and everyone says he is crazy and his boss and colleagues are losing faith in him. He becomes the laughing stock, but he stays persistent end confident and pursues it till the end. You have to watch yourself if he fails or succeeds –either way it's a great entrepreneurial lesson: [Trailer](#)



1. The Founder

The Founder (2016) is a [biographical comedy-drama film](#) directed by [John Lee Hancock](#) and written by [Robert Siegel](#). Starring [Michael Keaton](#) as businessman [Ray Kroc](#), the film portrays the story of his creation of the [McDonald's](#) fast-food restaurant chain. [Nick Offerman](#) and [John Carroll Lynch](#) co-star as McDonald's founders [Richard and Maurice McDonald](#).

The movie received generally positive reviews from critics, who praised Keaton's performance. Many obstacles and disappointments are shown but Ray does keep on going: Not giving up and the perseverance of Ray leads ultimately to the phenomenal success of what McDonald's is today. The movie tells the highs and lows of entrepreneurship with the quarrels and setbacks, misunderstandings and how simple innovation can have a huge impact. It also explains that although you don't have the original idea you can develop and build on other ideas and become even bigger! [Trailer](#)

After watching these movies, you are interested, excited and motivated to start as an entrepreneur?:

Go to the Self-Assessment

Always remember Why do you want to be an entrepreneur ?!

Motivation is key !

1.2. The 5 most inspirational You Tube Video Channels for entrepreneurs !

The Top 5 YT channels are:

1. [Business Casual](#)

Business Casual is on a mission to educate and inspire the next generation of leaders.

2. [Startup stories](#)

Startup Stories, a one-stop destination to bring you the complete journey about successful entrepreneurs and founders, who established themselves with their innovative ideas, with exclusive stories of top companies like Amazon, Flipkart, Snapdeal, Facebook, Google, WhatsApp and many more which were established by successful entrepreneurs Jeff Bezos, Sachin Bansal, Kunal Bahl, Mark Zuckerberg, Larry Page among others.

[Top 5 Entrepreneurship Lessons From Most Successful Entrepreneurs | Life Lessons Startup Stories](#)

3. [Silicon Valley Girl](#)

Silicon Valley Girl is a channel by Marina Mogilko. building companies and about her personal brand!

4. [TEDx Talks](#)

TEDx is an international community that organizes TED-style events anywhere and everywhere -- celebrating locally-driven ideas and elevating them to a global stage. TEDx events are produced independently of TED conferences, each event curates speakers on their own, but based on TED's format and rules.

[What it takes to be a migrant entrepreneur | Rafael dos Santos | TEDxRoyalTunbridgeWells](#)

[What If You Were An Immigrant? | Ben Huh | TEDxPortland](#)

[How immigrants make America great | Mawi Asgedom | TEDxGrantPark](#)

[3 Lessons from an Arab Business woman](#)

5. [Hubspot](#)

Grow Your Career and Your Business Take your professional skills to the next level with free, online training from HubSpot Academy. From quick, practical courses to comprehensive certifications...

1.3. More YouTube Picks on entrepreneurship, innovation and inspiration

1. [Domino Chain Reaction](#)

A domino can knock over another domino about 1.5x larger than itself. A chain of dominos of increasing size makes a kind of mechanical chain reaction that starts with a tiny push and knocks down an impressively large domino. Original idea by Lorne Whitehead, American Journal of Physics, Vol. 51, page 182 (1983).

2. [Best Things On Earth Are At the Other Side of Fear](#)

Actor Will Smith shares his experience on Skydiving with a quote of Franklin D. Roosevelt: "The only thing we have to fear is fear itself". Smith emphasizes the importance of coping with our own fears by coming face to face with them.

3. [Moonshot Thinking](#)

Why aim for a 10% when you can aim for 10X? Instead of a mere 10% gain, a moon-shot aims for a 10x improvement over what currently exists. The combination of a huge problem, a radical solution to that problem, and the breakthrough technology that just might make that solution possible, is the essence of a moon-shot.

4. How to Learn From Rejection and Failure

Jia Jiang adventures boldly into a territory so many of us fear: rejection. By seeking out rejection for 100 days -- from asking a stranger to borrow \$100 to requesting a "burger refill" at a restaurant -- Jiang desensitized himself to the pain and shame that rejection often brings and, in the process, discovered that simply asking for what you want can open up possibilities where you expect to find dead ends.

5. Bloomberg Entrepreneurship World Silicon Valley Episode

Turkish Bloomberg HT Channel presents a special part of its "Entrepreneurship World" in San Francisco, voiced by Oguzhan Aygoren, head of entrepreneurship centre at Boğaziçi University in Istanbul, Turkey. The guest is the co-founder and CEO of a start-up, Anki Inc., Boris Sofman and the subject is on robotics and AI as the functioning areas of this company. (The beginning of the video is in Turkish, but continues in English)

6. Start With Why

Simon Sinek explains there's a pattern about why Apple is so innovative, why Martin Luther King was so inspiring ('It was: "I have a dream!" Not I have a plan'): All great companies and leaders think, act and communicate in the same way. It's called the Golden Circle. It's all about why? How? What? When people believe in what you do, you will be successful. Why? How? What? [Please Watch!](#)

7. Steve Jobs 2005 Stanford Commencement Speech

Drawing from some of the most pivotal points in his life, Steve Jobs, chief executive officer and co-founder of Apple Computer and of Pixar Animation Studios, urged graduates to pursue their dreams and see the opportunities in life's setbacks -- including death itself -- at the university's 114th Commencement on June 12, 2005.

Steve Jobs tells three life stories:

1. Story about Connecting the dots
2. Story about Love and Loss: Go for your passion, don't settle for less
3. A story about death: Your time is limited: Don't waste it, living someone else's life.

8. Six Life Lessons from Steve Jobs

The 6 Life Lessons in this Video:

1. Choose the Life you want to live
2. Certificates don't matter
3. Dream Big
4. Start Somewhere
5. Live every day like it's your last
6. You only fail when you stop trying

9. Arnold Schwarzenegger's 5 Rules for Success

Actor Arnold Schwarzenegger reveals his 5 secret steps to tackling life and becoming Mr. Universe (at the age of 20), 7-time Mr. Olympia, Hollywood legend and 2-term Governor of California. His story proves that no obstacle is too big to overcome and no vision, too big to achieve.

1. Find your Vision and Follow it
2. Never ever think small, think big
3. Ignore the Naysayers
4. Work your ass off
5. Don't just take, give something back (...and change the world)

10. Rocky Balboa Inspirational Speech

'Let me tell you something you already know. The world ain't all sunshine and rainbows. It's a very mean and nasty place and I don't care how tough you are it will beat you to your knees and keep you there permanently if you let it. You, me, or nobody is gonna hit as hard as life. But it ain't about how hard ya hit. It's about how hard you can get it and keep moving forward...'

11. Dream It Big

Tim Bengel, young German artist, tells the story of how he became an innovative artist and through his work arrived to create his solo artist exposition in New York.

12. Dream and Design (The Hidden Sink)

The video shows the creation of an innovative sink that combines function with experience.

13. Using Traditional Turkish Ebru Art for Change

The video shows the use of a traditional artistic technique to recreate a famous Van Gogh painting.

14. Surprising Habit of Originals

The TED talk presents the so called category of “originals” and the speakers drives the public to understand their characteristics and value.

15. Inside the Mind of a Master Procrastinator

The TED talk presents in an innovative way how is the mind of a procrastinator and what procrastination means and implies.

16. Fail early, fail fast in order to succeed sooner

The video shows how a young guy learnt how to do a back flip in less than 6 hours, and proposes the value of resilience.

17. Why startups succeed

This video explores the reasons behind start-up failure or success. The speaker postulates that the main factors that determine success are: the idea, the team, the business model, the funding and the timing. The most influential of these factors being the timing [42%] and the team [32%].

18. How to start a movement

This video highlights the importance of self-confidence in leadership and the role played by meaning partners in promoting and sustaining the cult business leaders and attracting other partners.

19. [Weird or just different](#)

The video speaker explores the importance of local and cultural perspective in regard to any assumptions that could be made showing that whatever concepts may be the norm for you, the opposite might be true for others depending on the local context.

20. [Keep your goals to yourself](#)

The video speaker presents the paradox of how sharing your personal goals and ambitions with somebody else will make it less likely to materialize due to psychological factors.

21. [Refugees and entrepreneurship and Turkey: Starting from Zero](#)

The video summarizes and explores the real-life difficulties and obstacles that may be encountered by individuals such as refugees who need to rebuild their lives in foreign countries

22. [Syrian refugee entrepreneur turns shed into chocolate factory](#)

How previous skills can help you turn a shed into a successful chocolate factory

Source: Scotta Nova News

23. [Meet the Syrian refugees turned entrepreneurs living in Turkey](#)

Syrian refugees launching businesses and creating jobs in Turkey

24. [NO Excuses](#) - Best Motivational Video

This motivational video explains what you have to do when you have a problem. Do something about it! You have time, you have skills, you have the knowledge. It's never going to be easy. This is your opportunity: Make it happen !

25. [Dream](#) - Motivational Video

Don't give up on your dreams. Your dream is possible. Greatness exists in all of us. You are unique. Watch also [The Pursuit of Happiness](#) to how to overcome disappointment and setback and be successful in the end!

26. [WATCH THIS EVERYDAY AND CHANGE YOUR LIFE](#) - Denzel Washington

Speech Denzel Washington 2020: Nelson Mandela said: ' There is no passion to be found playing small, settling for a life that is less than you are capable of living' Do what you feel passionate about. Dreams without goals are just dreams. You will fail at some point in your life: Embrace it ! Everyone has the talent to succeed, but if you don't fail you are not even trying. Failure is best way of figuring out your direction.

27. [Entrepreneur - Motivational Video](#)

28. [Motivation - Business Motivation for Entrepreneurs](#)

Inspirational video's Turkey (English Subtitles)

1. [Story of a young Syrian entrepreneur](#)

Watch the story of this Young Syrian entrepreneur, an example of determination

2. [From Refugee Camp to Successful Entrepreneur](#)

3. [Good Voice Bad Voice](#)

4. [App helps Refugees find jobs in Turkey](#)

How a Syrian entrepreneur developed an app to help Syrian refugees

5. [Entrepreneurship animated video - Arijit Bhattacharyya](#)

EC YouTube Videos

The European Commission's on entrepreneurship, migrants and refugees:

1. [Policy Guide on Entrepreneurship for Migrants and Refugees](#)

A joint product with UNCTAD and UNHCR

A tool to raise awareness about the work done on entrepreneurship. The Guide is based on the UNCTAD Model of entrepreneurship, including 35 case studies... With the release of the new IOM/UNCTAD/UNHCR Policy Guide on Entrepreneurship for Migrants and Refugees, we hope that the link between self-employment and human mobility will be firmly established; [Please click for the Guide here](#)

2. [Entrepreneurship for Migrants and Refugees - Isabelle Durant](#)

Isabelle Durant, deputy secretary-general of UNCTAD, speaking about a global photo exhibition that the International Organization for Migration (IOM), UNCTAD and UNHCR launched on 18 November 2019 to illustrate the contributions that migrant and refugee entrepreneurs make in their new communities as well as those they come from.

YouTube Videos in Turkish

1. [Bloomberght](#)
2. [Businessht](#)
3. [Oğuzhan Aygören's Channel](#)
4. [GTO Suriyeli Girişimciler Animasyonu](#)

YouTube Videos in Italian

1. [Il miglior video di motivazione](#)
2. [La Strada del Successo](#)



YouTube Videos in Arabic

The video about the '[Arab Rally for Entrepreneurship 2019](#)' is the first Arab Race to Develop the Spirit of Innovation Among Young People. The Arab Entrepreneurship Rally is a competition powered by the AAST Center of Entrepreneurship at the Arab Academy for Science, Technology, and Maritime Transport for people who want to start their own business.

1. [Entrepreneurship Rally](#)

Visit the [website of the Entrepreneurship rally](#)

2. [Rise – Motivational Video](#)– English with Arabic subtitles

A motivational video with reference to paragraph the Entrepreneurial movie [The Pursuit of Happyness](#) and the [Rocky Balboa Inspirational Speech](#)

3. [Prove Them Wrong Motivational Video](#)– English with Arabic subtitles

YouTube Videos in Romanian

Some Romanian videos are also very interesting

1. [YouTube Channel of Cristian Onetiu with videos on entrepreneurship subject](#) (in Romanian):

The videos from this channel have arguments which encourage stating a business, give advices and explain how to run a business. Important at this point may be the following videos:

- [From idea to business](#)
- [Advices for fresh university graduates](#)

2. **Inspirational videos** (English with Romanian subtitles):

1. [Success is in You](#)

2. [It's all up to you!](#)

3. [An unwavering Will !](#)

Two Inspirational videos

Two Inspirational and motivational videos

1. [Entrepreneur Motivational Video](#)

2. [Motivation - Business Motivation](#)

1.4 The 6 best entrepreneurial podcasts?

Listen and Learn: 5 Top Podcasts for Young Entrepreneurs

Glean insights on ideas, innovation, leadership and productivity from one-on-one conversations between top entrepreneurs. YME have compiled a list of 5 podcasts to help entrepreneurs build, balance, grow and get you started:

1. [The Tim Ferriss Show](#)

Tim Ferriss' game-changing book, *The 4-Hour Workweek*, transformed the way many entrepreneurs and professionals manage their time and productivity. Tim brings the same engaging content to [The Tim Ferriss Show](#) podcast. It features a diverse set of guests—from Katie Couric to Tony Robbins to Seth Godin--examining the tactics and strategies that high-performing people employ to reach success in sports, arts and business.

Don't miss: Author [Michael Pollan's extremely popular episode](#) takes you through the new science of psychedelics.

2. [Stanford Entrepreneurial Thought Leader Series](#)

If you're partial to academic thinking and want to learn from entrepreneurs whose names you read daily, try Stanford University's podcast series, [Entrepreneurial Thought Leaders](#). With guests including renowned Stanford faculty and well-known venture capitalists, the episodes pack serious value and knowledge in one-hour chunks.

Don't miss: The future-focused discussion with [Elon Musk](#) will have you hooked.

3. [EntreLeadership](#)

If becoming a better leader is a priority, subscribe to [EntreLeadership](#), a podcast that features guests including Mark Cuban and Simon Sinek. Tackling topics ranging from company culture to money, host [Ken Coleman](#) masterfully leads interviews, bringing out thoughtful insights and helpful advice that will benefit almost every entrepreneur.

Don't miss: [Learn from guest Daniel Pink](#) how timing affects performance and how to harness your most productive time slots.

4. [The James Altucher Show](#)

James Altucher, the wildly successful entrepreneur, writer and investor, also [hosts of one of iTunes' most popular podcasts](#). With diverse guests including Tim Ferriss, Wolfgang Puck, Tony Hawk and Arianna Huffington, you'll revel in engaging content from those who define their industry and find takeaways that apply to your entrepreneurial journey.

Don't miss: Altucher's no-nonsense intellect is on full display in this honest discussion with author [Tucker Max](#).

5. [How to Start a Startup](#)

Learning from Y Combinator and Stanford is ideal when you're serious about launching a business--which is why [How to Start a Startup](#) is so valuable to budding entrepreneurs!

Delivered as a crash course over 20 episodes, *How to Start a Startup* features lectures from notable investors and entrepreneurs worthy of a platform at Stanford. Sam Altman, Adora Cheung and Peter Thiel explore business strategy, scaling, building products and more.

Don't miss: [Start from the very beginning](#) of the course for maximum impact.

6. [Unemployable](#)

Have you ever worked for another person or company only to realize that you're utterly unemployable? Then this is the podcast for you!

[Unemployable](#) is for the entrepreneur, solopreneur, consultant and freelancer, hosted by Brian Clark, the well-known founder of Copyblogger.

Brian's humorous take on entrepreneurship attracts diverse guests. From punk rock icon Henry Rollins, to authors Daniel Pink and Jenny Blake, to social media guru Gary Vaynerchuk, this podcast will not only help you navigate "employability," but gives advice and insights that resonate.

Don't miss: You'll understand the appeal of this podcast when you listen to [Peter Abraham's recent episode](#).

Chapter 2. An Entrepreneurial assessment

***Are you an Entrepreneur and What kind of skills do you need to be a good entrepreneur?
What makes someone a successful young entrepreneur?***

The key qualities are traits such as creativity, the ability to keep going in the face of hardship, and the social skills needed to build great teams... If you want to start a business, it's essential to learn the specific skills that underpin these qualities.

2.1 Defining Entrepreneurship

Some experts think of entrepreneurs as people who are willing to take risks that other people are not. Others define them as people who start and build successful businesses. Thinking about the first of these definitions, entrepreneurship doesn't necessarily involve starting your own business. Many people who don't work for themselves are recognized as entrepreneurs within their organizations (we would call these people intrapreneurs).

Regardless of how you define an "entrepreneur," one thing is certain: becoming a successful entrepreneur isn't easy. What the entrepreneurship definition doesn't tell you is that entrepreneurship is what people do to take their career and dreams into their hands and lead it in the direction of their own choice. It's about building a life on your own terms. No bosses. No restricting schedules. And no one holding you back. Entrepreneurs are able to take the first step into making the world a better place, for everyone in it.

2.2. Entrepreneurial Self-Assessment

The YME Entrepreneurial Guide for the young Migrant Entrepreneurs always starts with the EC link <https://ec.europa.eu/migrantskills/#/> and the file created, which the young migrant will produce, will be uploaded as a file with subscription on our [YME Portal](#). [Our portal](#) will provide a free psychometric assessment tool for young people to assess their own enterprise skills. The [YME self-assessment](#) activity is the examination of oneself in order to assess particular aspects. It can be performed for establishing self-identity, determining certain needs (learning, etc.) or checking self-assurance. A cardinal aspect of every self-assessment activity is the honesty with which it is applied. If the person indulges herself/himself, the results of self-assessment will be erroneous.

2.3. Honesty is very important with self-assessment

The purpose of self-assessment is to help the young person know the extent of his abilities and to improve upon them without the need of a performance appraiser. It involves the use of questions such as; what are my strengths; what are the obstacles, etc. As indicated above, the

honesty of the persons who performs self-assessment is important in order to obtain reliable results. Also, the locus of control can influence the results of self-assessment. Persons with high locus of control tend to make mistakes during self-assessment. The [YME psychometric assessment](#) is a procedure which will help you in better define your entrepreneurial profile, and therefore your professional goals, setting up a business or start up

2.4. Have you ever considered yourself to be Enterprising?

Young Enterprise Scotland in the United Kingdom have developed a free assessment tool for young people to assess their own enterprise skills and see where their strengths lie – a young person may be a successful future entrepreneur, they just don't know it yet.

We believe that to help young people develop skills and understand what they're good at, they need to have a starting point. The "My Enterprise Profile" assessment tool is this starting point. Give yourself 15 minutes to go through the questions. After completion you will be sent a thoroughly detailed report that illustrates six key areas of enterprise and which of these areas you excel in.

These areas are:

- Making your customer's experience positive
- Connecting with the market
- Finding new ideas and concepts
- Growing your business
- Maintaining commitment and focus
- Being prepared and ready for business.

Your reports will be sent to you via email and will be a document that'll display these areas matched to your answers. Your report will have a diagram of each area with levels of how you perform in each.

So, why not take that YES test now by [clicking this link](#).

[Go to the YME self-assessment](#) !!!



Chapter 3. From Dreams to Ideas to Business

Turning Dreams into Ideas and Ideas in to Dreams. “One day it will have to be officially admitted that what we have christened reality is an even greater illusion than the world of dreams,” Dali once said. “Dreams are a powerful form of consciousness”, Edgar Allan Poe wrote in his essay ‘An Opinion About Dreams’

It’s ‘I have a dream, not I have a plan!’ Simon Sinek



Paul McCartney (Yesterday), John Lennon (#9 Dream), Salvador Dali (Persistence of Memory) and Christopher Nolan (Inception), Stephen King (Dreamcatcher): Just a few famous people who all worked out ideas that started in their dreams...

But it's not only about dreams. It's about turning your ideas into the business of your dreams! To make sure that when your business kick off it can survive on the short term, but also capable of achieving the long term Dream Business you have designed in your head!

3.1. The Importance of an Idea

Without ideas, progress isn't made, change doesn't happen, much of human development stops. But ideas can't go anywhere unless they are realized and actioned. And you can't action anything without the initial idea:

"Ideas make the world, for they are the guide to future practice. Even the flimsiest ideas rooted in prejudice and ignorance make history and form public culture... Ideas, when mobilized, become the templates of thought and practice." [Ash Amin & Michael O'Neill in Thinking About Almost Everything]

The possibilities for creating value and delivering it to people are endless - as long as you can identify problems that the common man faces, and have unique ideas on how to address them. Entrepreneurship opportunities are present everywhere you look in this day and age, although admittedly hidden from plain sight sometimes.

3.2. It all starts with the brand 'I'

Starting point is who you are: 'Who am I?'

The first job is to know yourself. If you know yourself you will understand what you love and then you can start do what you love: So , yes, it all starts with the Brand 'I'

It's your job to discover yourself and shape your own brand and your own ideas as an entrepreneur. But the Brand 'I' is of course under the influence of parents, peers, teachers, trainers, friends, family, etc.

There is a problem with 'I' Branding and having too much ideas... People get confused. So you need to stick to a certain framework/format, so they recognize it's you, it's your company ...

3.3 Evaluate yourself

Let's start with the most basic question: Why do you want to start a business? Use this question to guide what kind of business you want to start. If you want extra money, maybe you should start a side hustle. If you want more freedom, maybe it's time to leave your 9-to-5 job and start something new. Once you have the reason, start asking yourself even more questions to help you figure out the type of business you should start, and if you have what it takes:

* What skills do you have?

- * Where does your passion lie?
- * Where is your area of expertise?
- * How much can you afford to spend, knowing that most businesses fail?
- * How much capital do you need?
- * What sort of lifestyle do you want to live?
- * Are you even ready to be an entrepreneur? ([Go to the Self-Assessment](#)- Chapter 1)

3.4. What's the best for the birth of ideas?

(Lack of) Knowledge

What you read and retain has a potential bearing on what you read and retain after that. The ongoing, holistic process is what gives each of us a unique viewpoint. No wonder we have such varied opinions. With a general election campaign in full swing, you can't avoid opinions. Personal views, official lines, big picture analysis, minor point evaluation...

Opinions are important because they help shape our ideas. Reading is also important because we learn about other opinions and ideas in the process. We can't form our own conclusions if we don't read about other ideas out there.

The best ideas arise from analyzing one's own needs that have not yet been met (at all or partially). Then, in the case of young migrant entrepreneurs, ideas may come from examining cultural and other differences between the country of origin and the host country. And classic sources of ideas for entrepreneurs are changes in demographic structure; the new technologies; legislative changes; and lifestyle changes.

Structure the idea considering time and money. Think about strategies for selling – digital development– logistics – cash flow – communication – culture and legal – staff / help. Do you need to invest money? How long will it take before money comes in? You need Cash flow! You need to pay your bills and eat.

3.5. Ideas and your target group

Your ideas need to be pitched to your target groups A target market refers to a group of potential customers to whom a company wants to sell its products and services. This group also includes specific customers to whom a company directs its marketing efforts. A target market is one part of the total market for a good or service.

** Think of a business idea.*

Do you already have a killer business idea? If so, congratulations! Then You can proceed to the next section ([How to start a Business ? - Chapter 4](#)). If not, there are a ton of ways to start brainstorming for a good idea. An article on Entrepreneurship, "[8 Ways to Come Up With a Business Idea by Jane Porter](#)" helps people break down potential business ideas. Who do you want to sell to ? This is your target as a business.

Here are a few pointers from the article:

** Ask yourself what's next?*

What technology or advancement is coming soon, and how will that change the business landscape as we know it? Can you get ahead of the curve?

** Fix something that bugs you.*

People would rather have less of a bad thing than more of a good thing. If your business can fix a problem for your customers, they'll thank you for it.

** Apply your skills to an entirely new field.*

Many businesses and industries do things one way because that's the way they've always been done. In those cases, a fresh set of eyes from a new perspective can make all the difference.

** Use the better, cheaper, faster approach.*

Do you have a business idea that isn't completely new? If so, think about the current offerings and focus on how you can create something better, cheaper or faster.

** Also, go out and meet people and ask them questions, seek advice from other entrepreneurs, research ideas online or use whatever method makes the most sense to you.*

Once the business idea is identified, it does not mean that it is a valid idea. The idea must be verified: if there is a market large enough to cover investments and periodic expenses; if it complies with the laws in force; whether funding can be obtained etc.

3.6. Do market research.

Start researching your potential rivals or partners within the market by using this guide. It breaks down the objectives you need to complete with your research and the methods you can use to do just that. For example, you can conduct interviews by telephone or face to face. You can also offer surveys or questionnaires that ask questions like:

** "What factors do you consider when purchasing this product or service?" and*

** "What areas would you suggest for improvement?"*

Just as importantly, it explains three of the most common mistakes people make when starting their market research, which are:

- * Using only secondary research.
- * Using only online resources.
- * Surveying only the people you know.

3.7. Do the customers want it?

This can be a relevant question, although Ford (Ford-T) and Steve Jobs (Apple) will tell you otherwise... in the beginning the customers did not know what they wanted. In the end they wanted it...

Your idea can be great, but timing is also very relevant:

The billion dollar company Free Record Shop in The Netherlands went bankrupt, holding on to the old concept of selling compact discs and video's... but they did have the early vision, selling on the net (like Amazon). This totally failed in the nineties... and they just deserted the idea as a failure. Actually, the momentum was not there yet...

Related: [How to Start a Business Online](#)

3.8. More Suggestions

Before the entrepreneur starts his/her company, s/he should check the idea with experts in the field, but also in law and taxation. For example, the entrepreneur should choose the type of company (limited, foundation, association, etc.).

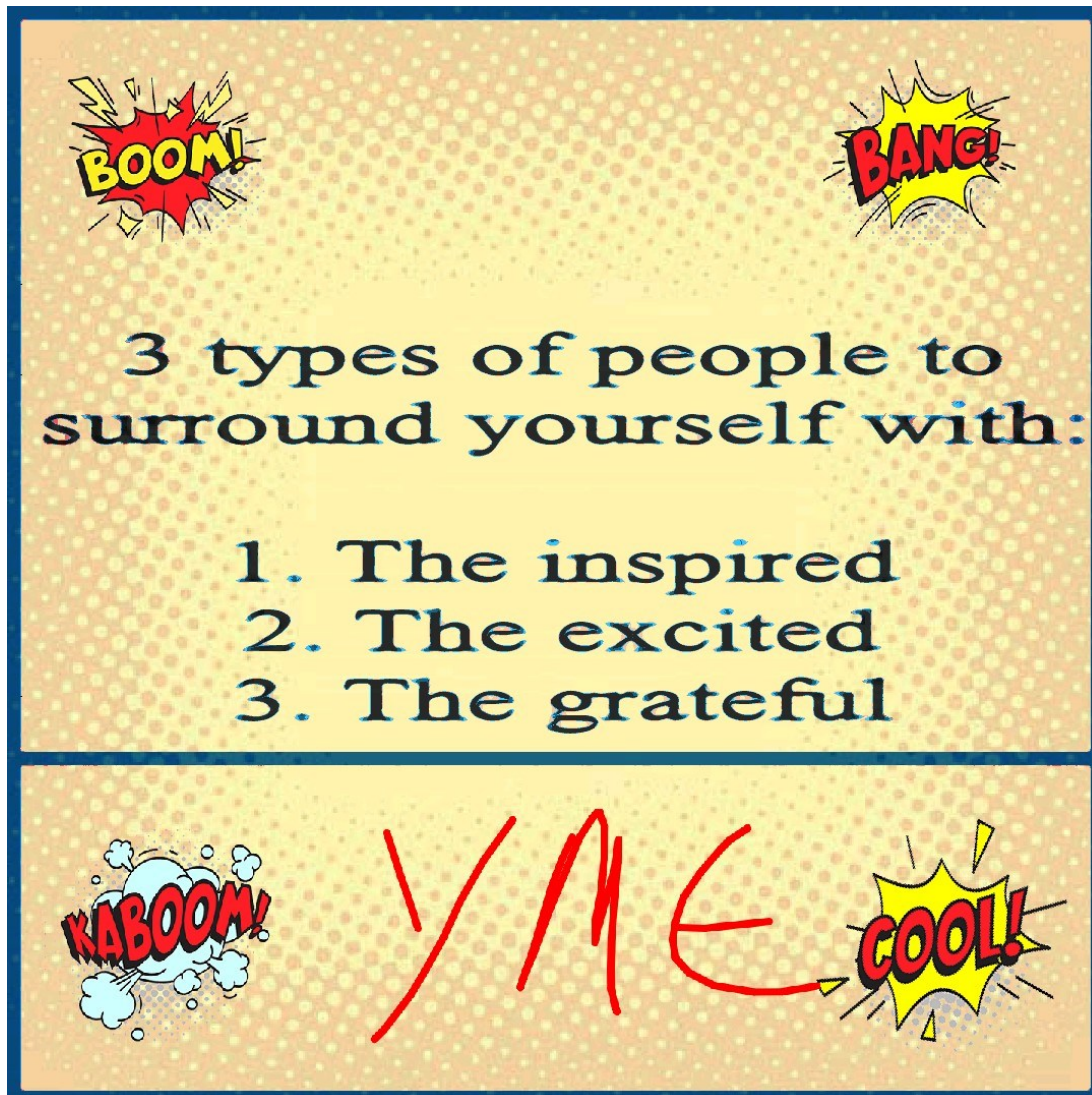
Get feedback.

Let people interact with your product or service and see what their take is on it. A fresh set of eyes can help point out a problem you might have missed. Plus, these people will become your first brand advocates, especially if you listen to their input.

Just make sure you don't surround yourself with negative people. That is not a good environment for developing ideas. So Pick the right People for feedback!

3 types of people to surround yourself with and get feedback from:

1. The Inspired
2. The Excited
3. The Grateful



3.9. Make it official

Get all of the legal aspects out of the way early. A quick checklist of things to shore up might include ([see also Chapter 5 Entrepreneurial laws, rules, regulations and tax](#)):

- Business structure (LLC, corporation or a partnership, to name a few.)
- Business name
- Register your business
- Tax ID
- Permits

- License
- Necessary bank account
- Trademarks, copyrights or patents

3.10. Write your business plan

A business plan is a written description of how your business will evolve from when it starts to the finish product. Business plan will include ([see also chapter 4 How to set up a Business](#)):

*Executive summary: This is a high-level summary of what the plan includes, often touching on the company description, the problem the business is solving, the solution and why now

*Business description: What kind of business do you want to start?

*What does your industry look like?

*What will it look like in the future?

*Market strategies: What is your target market, and how can you best sell to that market?

*Competitive analysis: What are the strengths and weakness of your competitors? How will you beat them?

*Design and development plan: What is your product or service and how will it develop? Then, create a budget for that product or service

*Operations and management plan: How does the business function on a daily basis?

Chapter 4. How to set up a Business !

“Our goals can only be reached through the vehicle of a plan, in which we must fervently believe, and upon which we must vigorously act. There is no other route to success.” – Pablo Picasso”

4.1. The Business Model

Realistically, registering your business is the first step toward making it real. However, as with the personal evaluation step, take your time to get to know the pros and cons of different business entities. You will also need to get the proper business licenses and permits. Depending upon the business, there may be city, county, or state regulations as well ([see Chapter 5](#)). In [Chapter 3](#) we talked about from dream to idea. Before the start, he/she should talk to his/her acquaintances and, if possible, the specialists from the business field. He/she has to make sure that the answers of his interlocutors are sincere and not just benevolent. Also, the future entrepreneur should not be discouraged by a few negative opinions. But if the vast majority of opinions are negative and the arguments of the interlocutors are solid and logical, then it means that the idea has no potential. Otherwise, the work at the business can start and you should make a business plan.

In the simplest terms, a business plan is a roadmap—something you will use to help you chart your progress and that will outline the things you need to do in order to reach your goals. Rather than thinking of a business plan as a hefty document that you’ll only use once (perhaps to obtain a loan from a bank), think of it as tool to manage how your business grows and achieves its goals.

Do you want some tips and tricks Tips around Business Planning ([see Chapter 6](#)): Writing a business plan can seem daunting if you've never done it before. However, it's something you can't afford to put off or ignore. Having a sound business plan is crucial to the survival and development of your business.

While you might use your business plan as part of your pitch to investors and banks, and to attract potential partners and board members, you will primarily use it to define your strategy, tactics, and specific activities for execution, including key milestones, deadlines and budgets, and cash flow.

In fact, the business plan does not have to be a formal document at all if you don’t need to present your plan to outsiders. Instead, your plan can follow a Lean Planning process that involves creating a pitch, forecasting your key business numbers, outlining key milestones you hope to achieve, and regular progress checks where you review and revise your plan.

If you aren’t presenting to investors, don’t think of this as a formal pitch presentation, but instead a high-level overview of who you are, the problem you are solving, your solution to the problem, your target market, and the key tactics you will use to achieve your goals. Even if you

do not think you need a formal business plan, you should go through the planning process anyway. The process will help to uncover any holes or areas you have not thought through well enough. If you do need to write a formal business plan document, you can choose to follow the outline below.

The standard business plan includes nine parts:

1. The Executive Summary
2. Target Market
3. Products and Services
4. Marketing and Sales Plan
5. Milestones and Metrics
6. Company Overview
7. Management Team
8. Financial Plan
9. Appendix

If you would like detailed information on how to write a business plan to present to banks or funders, there are plenty of online resources, including our own comprehensive guide.

You will also find hundreds of sample plans for specific industries on our platform and website. Use them at your convenience, but be prepared to adapt them to suit your precise needs. No two businesses are the same! There are several methods that aid the entrepreneur in building his/her company: Lean Start-up, Business Canvas Model, Design Thinking, etc. Below we give you two Business Model examples.

It's always advisable to consult the specialists in law and taxation. A specialist has a well-structured vision on the field and a valuable experience, so he/she represents a competent and reliable source, being able to focus on the significant details for the entrepreneur. These specialists can confirm the viability of the business idea, as well as provide very useful tips, such as where it is best to open the business or the requirements that must be met in order to obtain some legal advantages. After consulting the legal and tax specialists, the entrepreneur has a much clearer idea about his business. At this point, the entrepreneur starts to think at the form of legal organization of his business (individual entrepreneurship, limited company, etc.). These forms are specific to each country.

Further, the entrepreneur can develop his/her business based on intuition, but the chances of success are very low. It is best to apply a successfully tested method, such as [Lean Startup](#), or the [Business Model Canvas](#), as explained below.

4.2. Business Model Canvas (Explained)

Business Canvas in a nutshell

The Business Canvas was proposed by Alexander Osterwalder based on his book *Business Model Ontology and management Information Systems (A. Osterwalder, Y. Pigneur)*; it is a model which can help envision better all the steps to take in order to open a new business and develop it. At first it appears as a complex model but in reality is really simple and effective. Of course making a Business Canvas needs time and good programming, taking into consideration all the parties involved in the project, their point of view and their ideas.

In order to fill the business canvas it is important to have a clear idea of what the company wants to offer (services/products), so what the company is about and to envision the various steps of the canvas in 2 main sides: the left one corresponds to the creation side, the right one instead is the maintenance side.

4.2.1 Step 1:

Target group

The first step in order to set up your business is to define clearly what your target group is. The target group has to be as specific as possible in order to develop products or services that suit the needs of the target group, assuring these are used/consumed by them and therefore assure the maximum profit. When establishing the target group different characteristics must be taken into consideration (age, gender, interests, country, economic level, etc.).

To determine how attractive your prospective market really is (your own desires aside for the moment), we suggest doing a market analysis. It will guide your research as you think about: How urgently do people need the thing you're selling or offering right now?; What's the market size?; Are there already a lot of people paying for products or services similar to yours? Have you already in mind who exactly your target on the market is? How easy is it (and how much will it cost you) to acquire a customer?

4.2.2 Step 2:

What is the value of your proposition?

What needs does my product/service fulfil?

These are the most important question to answer in this step, focusing therefore on the added value of your product/service, why would people need to buy it.

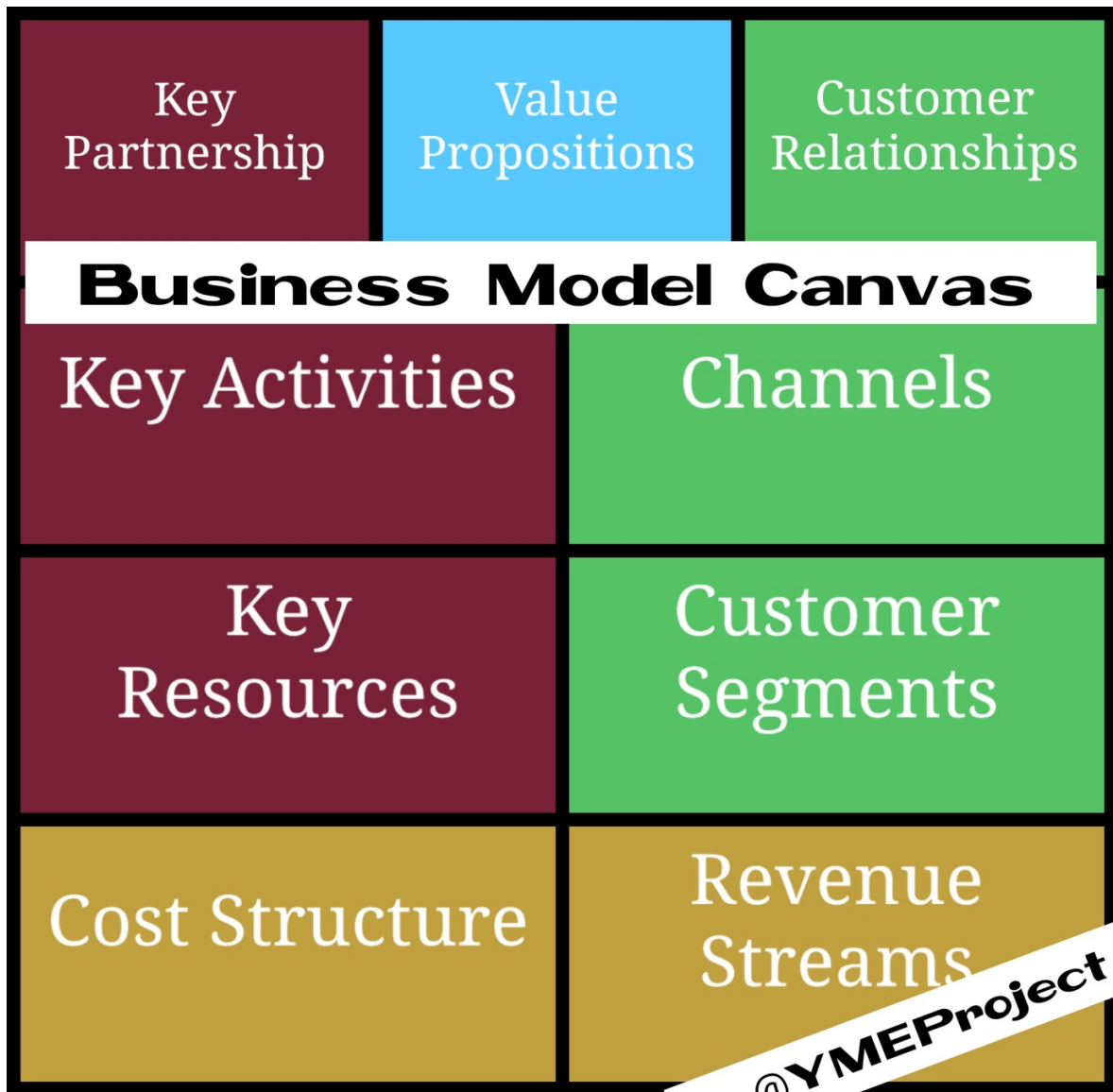


Figure 4.1 Business Model Canvas by YME Project

4.2.3. Step 3: What do you make money from?

You have to delineate precisely from where you are going to make profit because what you earn has to be balanced out with your costs to generate real profit. Will you do it only through the single product/service only or for more activities you want to include in your offer?

4.2.4. Step 4:

Change in the needs.

You have to be prepared to face changes. The economic, political, social and personal situation of the customers can affect their needs and therefore your work. It is important to plan in advance (what may logically happen in the future) in order to face correctly the situation of change. A good programme must include considering possible events so that they can be faced properly.

4.2.5. Step 5:

Channels – How do I reach the target?

This step is key and can be divided into 2 sub-steps:

1. Physical reach – how are you going to provide your service/product (i.e. single store, retailer, on line, etc.);
2. Awareness – how are you going to make your target know about you? How will you catch and maintain its interest? This second sub-step must be developed further in the marketing strategy.

4.2.6. Step 6:

Core of Business – What do you do?

In this step you have to envision which are going to be your most important activities. Plan what you are going to do is fundamental also to define the costs.

4.2.7. Step 7:

Resources.

Do you already have resources available or do you need to buy them?

4.2.8. Step 8:

Partners

In order to develop a business you may need the support (financial, intellectual, resources, etc.) of other companies or people (maybe experts) which are going to be partner with you. When looking for a partner it is important to establish with he/she a good relationship that has to be built upon clear rules (agreed in a written form before the start of the partnership) and trust, which can only develop with time.



4.2.9. Step 9:

Costs

This voice is very important since its balance with the incomes is going to constitute the real profits. It is important to describe in detail all costs for each activity planned, from the higher ones to the lower ones. It is important to include in the costs also an amount which can be used in case of necessity.

4.3. Lean StartUp (Explained)

Lean Startup Explained in 5 minutes

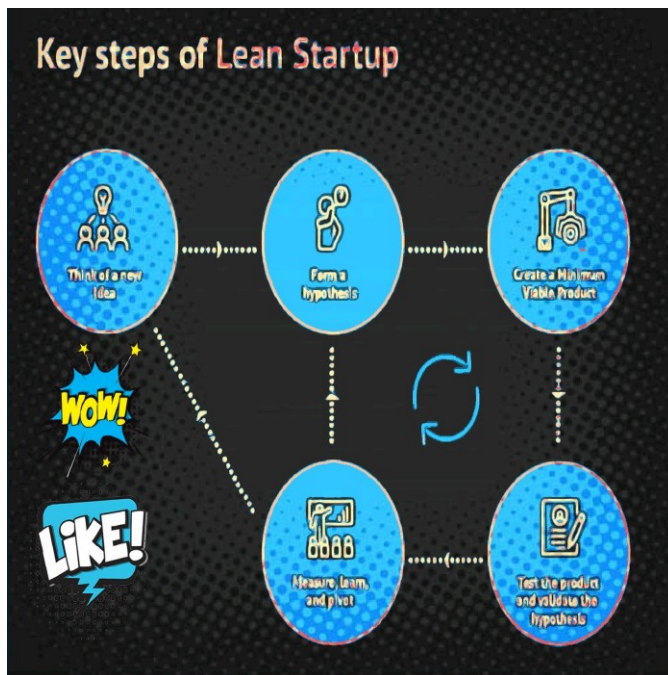


Figure 4.2 Key Steps of Lean StartUp – YME Project

Introduction

Lean Startup is a business development method designed to reduce the product development cycle and to minimize the risk of failure. The Lean Startup method is based on experimentation, repeated small-scale product launches in different stages of completion, continuous consultation of the targeted market segment and validated findings. The method (The Lean Startup) of Eric Ries (allows the avoidance of measuring the success at the end (through sales). The method also prevents going in a wrong direction and prevents the premature expenditure of large amounts of money.

A central problem of the startup that needs to be treated with the utmost attention is the understanding of its client. Most of the times, startups that have relied on assumptions, invalidated by objective marketing methods, have failed. The most frequent mistake in these cases is the self-centeredness of the entrepreneur who believes that his/her needs and expectations are also those of the customer segment. An entrepreneur needs to find out what consumers really want, not what they say they want, nor what the entrepreneur believes they should want.

If the consumer's views are neglected and the entrepreneur goes in the wrong direction, then all the efforts are obviously in vain, and the associated costs are wasted. In addition, the needs of the consumer (i.e. the ones that really matter to him/her) have to be prioritized so that most efforts are focused on the important customer needs. At the heart of the notion of Lean Startup is the question: Which of the efforts made are value creators and which simply represent losses? Value creation refers directly to that functions and characteristics constitutes benefits for the consumer.

With regard to the importance of constant experimentation, the Lean Startup experts recommend that the startup or its product should be treated as a scientific experiment, with hypotheses to be verified by experiments. Among the first actions of the entrepreneur is the breakdown of his/her vision of business into its component elements. If a component is an assumption, then it should be tested.

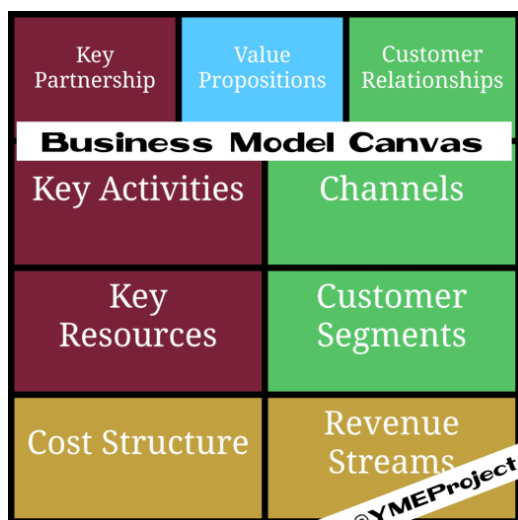
The Lean Startup method has the following steps:

- 4.3.1. Designing the business model;
- 4.3.2 Development of the consumer segment;
- 4.3.3 Monitoring the startup progress.

4.3.1 Designing the Business Model (in Lean Startup)

A business model is an abstract representation of a business (in textual and/or graphic format) of all the organizational, operational and financial structures essential for the functioning of the business designed and developed by a company (at present, but also in the future), as well as the basic products/services manufactured/distributed/ marketed by the company, in order to achieve the strategic objectives. In other words, the business model indicates: the capabilities and resources needed to run the business; how the value produced is created and marketed; financial flows.

The business model must be clear and allow the future development of the company to be observed. The particular importance of the business model is given by its use in the actions to obtain the financing. Based on the business model, the company's strategy and especially how the company produces value for customers and how it generates revenue for itself is established. An illustration of the business model structure is shown in below Figure 1.



Again Figure 4.1 Business Model Canvas by YME Project

It has been found that those companies that innovate at the business model level have a higher growth rate than those that only innovate or those that only copy a known business model. The levels at which the business model is innovated can be:

- Financially (it changes the way the company revenues are generated through new value propositions or new models are proposed for establishing the product price);
- As a Company (rethinks the way the value is generated within the company, resulting in the revision of internal procedures and collaboration protocols);
- As an Industry (the business model represents an innovation at the level of the economic branch or, rarely, a new economic branch is born).

It is recommended to follow these steps (represented by significant questions) in completing the business model format in order to better understand how the business is carried out:

- How do you reach customers? (methods, time consumed, people involved)
- Once the customer contact has been established, how will the contact be maintained and how will the customer relationships be managed?
- How the income will be generated?
- What is the price/fee of the product/service offered?
- Can the company revenue be calculated with an approximate accuracy for the next month, semester or year?
- What assets (financial, materials, logistics, etc.) are accessible?
- Who are the key partners?
- What key activities are needed to achieve the value proposition?
- What are the fixed costs?
- What are variable costs? Can these be calculated for the next month, semester or year?
- Can the projected revenues indicate an increased profitability towards the end of the period considered?

All the categories addressed in the format of the business model are important and must be dealt carefully and in detail, but the value proposition is crucial for the success of the new business. Therefore, it should be considered as a central element of the company's strategy.

The value proposition is a concise statement expressed by a company that clearly indicates the benefits obtained by the consumer after purchasing the product or service of that company. The value proposition convinces the consumer that the company's product or service will bring more value (expressed in different formats) or will satisfy their needs much better than other products or services available on the market.

The value propositions vary significantly depending on the economic branch and the market segment concerned. It is important that the value proposition is understood and it is meaningful to the consumer. Thus, the concept of the value of the consumer was introduced, namely the difference between the benefits obtained by the consumer and the associated costs (including the price). Therefore, when formulating the value proposition, the company must look at the benefits of the product or service through the eyes of the consumer. Moreover, reporting to the consumer's perspective must be carried out permanently, because the economic, social, demographic, technological context etc. is changing at an ever-increasing pace and over time. At a certain moment, the company may find that the benefits offered no longer matter to the consumer or that the targeted market segment has changed. Therefore, the value proposition should:

- *be superior to the competition;

allows a clear differentiation from the competition and the company will occupy a distinct position in the market;

- *indicates an in-depth understanding of the consumer's needs and desires.

More specifically, the value proposition is a statement that must include at least one of the following types of benefits: functional, emotional and self-representation. The questions that help to crystallize the value proposition are the following:

- *What is offered to consumers?

- *How does the offer reach consumers?

- *What kind of benefits are offered?

- *What is different about the offer from others on the market?

It should not be forgotten that the product or service for which the value proposition is formulated benefits from the contribution of the brand of the producing company.

Here are some examples of advertising slogans inspired by value propositions:

Activia [yoghurt with digestive ferments]: "The well-being comes from interior";

Stejar [strong beer]: "Essentially strong";

MailChimp: "Send Better Email";

Apple MacBook: "Light. Years Ahead";

Vimeo: "Make Life Worth Watching";

Weebly: "The Easiest Way to Make a Website";

Uber: "Tap the App, Get a Ride";

Budweiser: "The Great American Beer".

For the elaboration of a complete and efficient value proposal, the Format of the Value Proposal has been proposed, presented in figure 2.

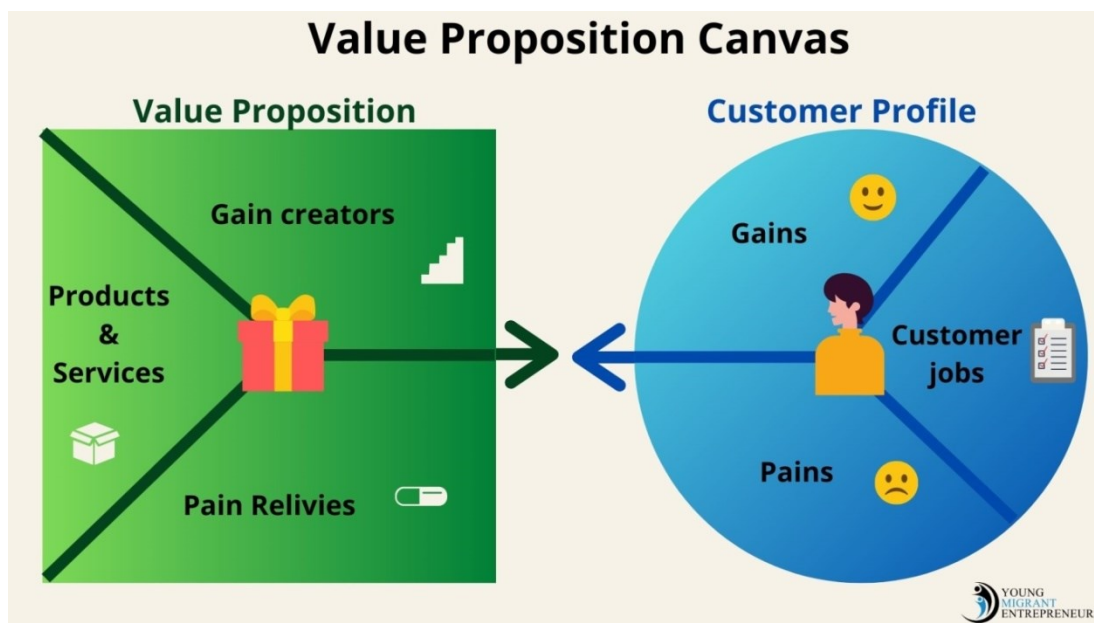


Figure 4.3 Based on format of Value Proposition [strategyzer.com] by YME Project

Once the business model was complete, the entrepreneur goes to check the model's viability. The hypotheses underlying the model are identified. The hypotheses are practically a series of assumptions about the evolution of the market, the behaviour of consumers, etc. Examples of hypotheses are:

Consumers want to use the new product and are willing to pay for the product's purchase.

Supermarkets are interested in distributing the new product.

The company's marketing campaign draws consumers' attention to the new product.

There are two general assumptions for startups:

- value hypothesis;
- growth hypothesis

Value Hypothesis

By the value hypothesis, it is tested whether a product or service really offers value to consumers who use it. Testing is not done by asking consumers if they like the product or if it helps them. True testing means organizing an experiment that measures objective parameters and, preferably, quantifiable. For example, an objective parameter is the product's lifespan or the period until the consumer buy a similar product.

Growth Hypothesis

By the growth hypothesis, it is tested how the new customers will discover the offered product. Again, this is the case of an experiment that identifies how early adopters discover the product. It can be measured: how many times do they use the product a second time; how many times they tell others how good the product is; etc.

Regardless the hypothesis, it is tested through an experiment organized in detail and on objective basis. A hypothesis is not tested by another assumption based on the logic of the entrepreneur. If the consumer behaviour is verified, then an experiment is organized in which the hypothesis is used to test a significant survey lot for the targeted market segment. The results of the hypothesis testing are evaluated from the perspective of their contribution to the success of the business. In addition, the hypotheses perceived to have the lowest probability must be verified!

Taking into account all the assumptions checks, a decision is made regarding the continuation of the business development process. In case all the hypotheses have been confirmed by the experimental data, the process is continued. If some of the assumptions have not been confirmed, then the problem of revising the business model or even abandoning it is raised. If most of the hypotheses have been confirmed, then the model is improved, and if too few hypotheses have been confirmed, then the business idea is abandoned, because the uncertainty level is too high.

4.3.2 Development of the consumer segment

Customer segment development is a step in the development process of a startup which is recommended to be run in parallel with the development of the new product. The customer segment development model is, in essence, a set of objectives and benchmarks that are of particular significance for startups. As with the business model, the customer segment

development model includes a number of assumptions that need to be verified directly with the targeted market segment.

The main objective of the customer segment development is a deep understanding of the market segment, the needs and expectations of the potential customers. Thus, the entrepreneur and the product development team can focus on the real needs and expectations of the targeted market segment. It is noteworthy that the developers of the new product, like those in marketing and sales, know what are the most important features (in the eyes of the buyer) in the product class they are targeting. The measure of the importance of a characteristic is not given by a consumer response of the type "Yes, characteristic X is important", but by a categorical answer that "The product must necessarily have characteristic X!". Also, it must be determined how much the consumer is willing to pay for the desired feature.

Those who have proposed the customer segment development model claim, which has been confirmed by many real situations, that the model allows the focus of activities on the really important issues, the shortening of the product development cycle and the rapid maturation of the startup.

The development of the customer segment is focused, at the beginning, on identifying the customer profile who is interested in the new product and on his problem that the new product will solve completely and at a higher level. It is noteworthy that this action does not involve making long lists of product features offered by potential buyers.

The client of a startup is not an average customer from the mainstream, as is the customer targeted by the large companies, who manufacture, distribute and market more or less traditional products. To satisfy such different customer, the new product would require an extremely long time, considering the possibilities of a startup. But the customer of a startup is a person who adheres to the vision of the startup and for whom the new product satisfies an important and especially acknowledged need. The clients of a startup are not a large group, but they are sufficient to provide the feedback needed to improve the product and make the sales strategy more efficient.

And now, the entrepreneur makes a series of assumptions regarding the customer profile and his/her motivations in the new product's purchase. These hypotheses must be tested and corrections will be iteratively made to the client's profile and motivations until the hypotheses are confirmed.

The key questions during this step are the following:

- Do you know who the customer is?
- Was identified the problem that the customer wants to solve?
- Is the customer fully aware of the acute importance of the problem?
- What solutions have the top users found so far?
- Does the new product completely solve the customer's problem?
- Is there enough information to develop a successful product on the market?

If until this moment the startup structure was more or less fluid, the company development brings a much better structure, with the differentiation of the production, financial, marketing, sales, administrative, and human resources departments. This step is based on the validated findings from the previous steps, as well as the guarantee of success confirmed by the first sales.

In the end, it can be considered that the startup has become a well-structured and mature company targeting a large market. The entrepreneur and the managers of the different departments give up the trial-and-error approach in favour of a move based on the declared mission of the company.

4.3.3 Monitoring the startup progress

A entrepreneurs' common mistake is ignoring the signs of stagnation and the inability to recognize that persevering in the current direction is a mistake. There are very few cases where the new product has zero consumers and it is obviously a failure. In most cases of failure, the new product has a few buyers, whose number does not increase, but the entrepreneur continues to hope for a miracle.

In order to avoid persevering in the wrong direction, the monitoring of progress is used.

The monitoring phases are:

- Determining the current level of the company (number of customers, revenues, etc.).
- Adjusting the growth engine of the company to move from the current level to the ideal level.
- The decision: continue with the chosen strategy or pivot to a new direction with a new strategy.

Every improvement of the product, marketing action or any other activity of the company must be oriented towards maximizing a parameter of the company growth model. That parameter must be measurable. For example: The company modifies the product for easier use. The target parameter of the growth model is the rate of new customers. If the change does not increase the rate of new customers, then the conclusion is that the change was a failure.

Usually, improving the product in a large organization with a history on the market leads to positive financial results, because consumers are known, the market is known and the technology is known. This is not the case for a startup, which has to deal with many unknowns. In addition, managers who come from the area of large organizations find it difficult to understand that the improvement of radically new products does not automatically attract positive financial results.

A common mistake is that when evaluating a company's performance, vanity parameters are used, which do not accurately reflect the evolution of the company. Actionable evaluation parameters should be used to highlight a cause-effect link. The vanity evaluation parameters do not really reveal anything and are usually increasing, creating the illusion that the last actions of the company, whatever those were, caused them.

For example, a company that sells packaged foods measures its performance in the number of final customers. At one point, the company finds that the number of customers is increasing, but revenues are falling. The obvious answer is given by the decrease of the quantity of products sold, given that each customer purchases less on average. So, the number of customers is a vanity parameter, and the quantity sold is the actionable parameter.

Sustainable growth has only one rule: New customers come from the actions of old customers. Old customers bring business growth through the following channels:

- human-to-human advertising;
- use of the product in public;
- the advertising paid from the revenues brought by the product;
- repeated purchase of the product.

The growth of the company is achieved with the help of the growth engine. The growth engine of a company can be:

- sticky engine;
- viral - growth appears as a side effect of using the product/service;
- paid - the company spends an amount of money for each new client.

Sticky Engine

In the case of the sticky engine, the actionable parameters are the number of customers who give up the product or service per unit of time (the "unsubscribe rate") and the number of new customers per unit of time (the rate of new customers). Companies that use this engine really grow when the rate of new customers exceeds the rate of unsubscription. This growth engine is specific to mobile companies, internet providers, cable television providers, etc.

Viral Growth

Viral growth engine does not necessarily mean human-to-human advertising, but much more. The use of the product by a consumer attracts the attention of a future consumer. Examples of such services are: social networks, free e-mail, etc. Examples are also in the field of products: Tupperware through the promotion system through presentations at home in front of friends, neighbors, etc.

Many companies that rely on the viral growth engine do not charge users directly to stimulate long-term use of the product/service and to face the competition that offers the product/service for free. The company's revenues come from the extra advertising included in their services.

Paid Growth

The paid growth engine assumes that the organization invests money in advertising, consumer-oriented marketing, etc. The organization is growing if the revenues obtained significantly exceed the direct, indirect costs and advertising costs, all related to the unit (product).

ATTENTION! The growth engine (whatever its type) of the company inevitably ends up stopping as the base of new customers runs out.

The third phase of monitoring is the decision related to maintaining the current strategy or performing a pivot. In fact, it is not just a singular decision made only at one moment, but the usual approach to this problem periodically (a few weeks). In the event that it is necessary for company to pivot, the startup must take into account the funds that are available. If these are insufficient, then the costs must be reduced or new funds raised. Cost reduction should be done carefully, as there is a danger that even activities that are essential to the development of the startup may be affected.

Pivoting is not a simple operation and is loaded with emotions. Many entrepreneurs are unable to carry it out and end up in failure. Other entrepreneurs manage to do it, but do it too late and either fail or recover, but with great losses.

Pivoting is more common in the early stages of development of a startup, but also large companies well anchored in the market are able to pivot. Pivoting is not a change for the sake of change, but a structural change, well thought out and carried out according to a clear strategy. Essentially, pivoting is an experiment that tests a new hypothesis about a product, market or company.

Here are some types of pivoting:

- pivoting towards simplification (the non-essential characteristics of the product/service are eliminated);
- pivoting towards amplification (the product/service should be given new functions and features in order to become viable);
- pivot to a new market segment (the product/service is viable, but not for the initially targeted segment);
- pivot to a new need of the segment (the need for the product is not essential, instead a new need has been discovered, unsatisfied with any other product or service);
- pivoting from a single product to a product platform;
- pivoting the profit-making model (sales in large quantities with a small profit margin or sales in small quantities with a large profit margin);
- pivoting the value proposition;
- pivoting the growth engine;
- pivoting the distribution channel;
- pivoting the type of technology.

4.3.4 Examples of Application of Lean Start-up Method

A prime example is Dropbox.

Founder Drew Houston's idea came from the fact that he used multiple computing units and had to transfer files between these different units to keep them synchronised, and sometimes he lost the memory stick he was transferring with. This situation is a typical case for generating a successful business idea, namely finding a very annoying personal problem, which motivates the entrepreneur to solve it (considering it a personal challenge). Thus, the basic concept was outlined: a cloud-based service that automatically synchronizes files on different devices. Improvement of the concept and detailed design was achieved through the continuous consultation of future users with the descriptions posted on different blogs and websites. As it would have been difficult to get regular funding, a "seed accelerator" was used. It should be emphasized that not every idea is financed through a "seed accelerator" and even the acceptance rate is 1 - 3%. The additional functions were gradually integrated, but at a rapid pace and the company has grown from 100,000 to 4 million users in just 15 months.

Webvan is a negative example

Webvan: A "don't do that", probably one of the biggest failures of the dotcom era. The company was established in the mid-1990s to offer consumers the opportunity to buy food online with delivery within a maximum of 30 minutes. The concept has been refined and a business plan has been created to impress investors. And it really impressed because in 3 years they made investments of hundreds of millions of dollars. The investors were investment funds, a bank and the general public following the listing on the stock exchange. The presence of investment funds was not a mistake in itself, but it created an unhealthy climate through the urgent demand for large and immediate profits. Without working too much on the business model, the company started growing too fast: it spread over too large territory, without self-testing in a small area, and created a gigantic infrastructure from the start (huge automated system and an impressive fleet of trucks and commercial vehicles). Moreover, it acquired HomeGrocer, a similar company, which constituted an additional financial effort. The market was also not analysed very well, because they targeted the main segment of the market (consumers interested in low prices) and not the wealthiest. In the end, Webvan went bankrupt, losing \$ 800 million. The fact that the idea of online commerce with food is really valuable was proven later by Instacart's and Picnic's successes.

Prepare for Trial and Error

Whether you're starting your first or your third business, expect to make mistakes. This is natural and so long as you learn from them, also beneficial. If you do not make mistakes, you do not learn what to do less of and what to emphasize. Be open-minded and creative, adapt, look for opportunities, and above all, have fun!

The great thing about owning your own business is that you get to decide what you want to do and where you'll grow.

Chapter 5. Entrepreneurial laws, rules, regulations and tax

Formal Step-by-step plan: Start your own business

How to formally start your own business?; Where do you start? And what rules, laws and regulations you have to take into account? It's the question that many starting entrepreneurs ask themselves. With this step-by-step plan we will make you legally and officially ready for the start of your company in the below mentioned countries (United Kingdom, the Netherlands, Romania, Italy, Turkey).

5.1. Step by Step

5.1.1. Step 1: Choose legal form

When starting a business, you must choose a legal form. For example, a sole proprietorship or private limited company. This differs per country. Choose a legal form that best suits your situation. For example, look at how you want to arrange liability, what the future looks like and what is fiscally beneficial for you. Below we have made a description for the legal forms in each country: United Kingdom ([paragraph 5.2](#)); The Netherlands ([paragraph 5.3](#)); Italy ([paragraph 5.4](#)); Romania ([paragraph 5.5](#)); and Turkey ([paragraph 5.6](#)) have each their own Step by Step paragraph in this chapter.

5.1.2. Step 2: Officially Register your Company

When You have prepared well to start your business. Your company must meet the requirements to start. You must register your company with appropriate institution, which is usually the Chamber of Commerce, to officially and properly organize your administration.

5.1.3. Step 3: Fiscal regulation and Accountancy (VAT identification number and sales tax number)

Taxes and contributions owed by companies and individuals are codified into the National Fiscal Code. In each country paragraph the fiscal regime for companies and self-employed will be defined, e.g. corporate tax (taxable profit), dividend tax (dividend payments made by the company to associates or share-holders), Value Added Tax (VAT, payable by all final consumers, with sometimes the option for legal forms and or startups to be exempt). Additionally, employees will also pay two taxes on their salary, e.g. income tax (payable on taxable income, differs from gross income primarily by being calculated as the income after paying the mandatory social and medical insurance contributions.

The contributions to social (and medical) insurance (25%+10%+2.25% - the last one being paid by the employer)

5.1.4. Step 4: Write a business plan

Starters sometimes dread writing a business plan. But if you are serious about this, you should first read [chapter 4: How to set up a Business](#) ! : It can bring you a lot of benefit:

- You map your business opportunities
- You get a good picture of your risks
- You know who your potential customers are
- You are aware of relevant market developments
- You make more impression on potential investors
- See also [Tips and Tricks Chapter 6](#)

In most cases, you will not need a degree or a professional qualification to start a business, however, in some cases, certain professions require degrees or professional qualifications.

5.1.5. Step 5: Opening a Business Account (Loans and Grants)

Opening a business account is often the next logical step. Business banking is a good way to keep an overview of your income and expenditure. This also prevents your business and private administration from getting mixed up hopelessly (in each paragraph a national scheme will be mentioned with special entrepreneurial schemes).

5.1.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits (e.g. building permit, etc.)

As an entrepreneur you sometimes have to take into account applying for permits. Think of a building permit if you want to renovate a commercial property. The procedures are different in each EU country. In each country paragraph the appropriate institutions and/or municipalities will be mentioned.

Environmental protection

In terms of a business, establishing a physical location plays a big role. A zoning plan needs to be considered in order to progress with your business. If you plan to establish your business at a particular location. In addition, entrepreneurs often have to deal with environmental regulations in the field of noise, energy and waste. The rules that apply to you may be different per region, field and type of company.



5.1.7. Step 7: Privacy / Personal Data Protection and Making a business website

Nowadays, a company can not do without a business website, which you can then promote on the well-known social media. You have to comply to national laws as regards to privacy, personal data protection and cookies.

You can have the website designed by a professional agency or - if you are a bit handy - make a (slightly simpler) variant yourself. It depends on your specific wishes and budget whether this is a desirable alternative.

SEO-proof website

Make sure that the content (texts, images, etc.) comply with current SEO trends, so that the website appears in Google with the first search results. You can also hire a specialized copywriter for this.

5.1.8. Step 8: Insurance

An accident - whether it is a physical or psychological problem - is in a small corner. Where as an employee you could still count on the support of your employer, as an entrepreneur you are responsible for the (financial) consequences of illness and accidents.

5.1.9. Step 9: Management of human resources

The management of human resources fully focuses on Employee taxes

5.1.10. Step 10: Patents and Brands

Intellectual property is something unique that you physically create. Copyright, patents, designs and trademarks are all types of intellectual property protection. It's a right that entitles you to be the only party that can reap the benefits of an intellectual accomplishment. Public information about your IP may be a source of inspiration for others when developing products of their own

5.2. Step by Step United Kingdom

[5.2.1. Step 1: Choose legal form](#)

[5.2.2. Step 2: Officially Register your Company with the Chamber of Commerce](#)

[5.2.3. Step 3: Fiscal regulation and Accountancy](#)

[5.2.4 Step 4: Write a business plan](#)

[5.2.5. Step 5: Opening a Business Account](#)

[5.2.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits](#)

[5.2.7. Step 7: Privacy / Personal Data Protection \(Making a business website\)](#)

[5.2.8. Step 8: Insurance](#)

[5.2.9. Step 9: Management of human resources](#)

[5.2.10. Step 10: Patents and Brands](#)

Introduction UK

When it comes to starting a business in UK, due to more laws, rules and regulations and all the countries that make up the UK (England, Northern Ireland, Scotland, Wales), the process is more complicated but there's always support, help, and compromise for anyone needing or seeking it. It may be a tedious task, but with the right mindset anything can be achieved. Her Majesty's Revenue and Customs is the main legal entity that everything has to go through before a business can be started, but since they are the main body, they will do everything in their power to help you solve any issues blocking your path to success, just like a smaller legal entity called "Companies House".

If you're wondering how to start a business, there are some key decisions you will need to make before starting up. As well as your product or service, you may want to choose your business' name, its structure and how you are going to run it. It is also important to think about how you are going to attract customers and where you will get the money for starting up. You may need to research and develop your basic business idea, work out what you are going to name your business and decide on what form it will take. It is important to think carefully about your product or service, audience and what makes you stand out from the crowd. At this point, it is worth thinking about how you are going to finance your start-up and what effect it will have on your personal finances while waiting for profits to show.

5.2.1. Step 1: Choose legal form

You should choose the right legal structure to suit your circumstances and register it with HM Revenue and Customs. HM Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support and the administration of other regulatory regimes including the national minimum wage.

[Click on the Guide Legal Forms for Business](#)

In the UK you have unincorporated and incorporated legal forms and these differ in England, Wales, Northern Ireland and Scotland. There is a multitude of companies that can be started in the UK such as: Public Limited Company (PLC), Private Company Limited by Shares (LTD), Company Limited by Guarantee, Unlimited Company (UNLTD), Limited Liability Partnership (LLP), Community Interest Company, Industrial and Provident Society (IPS), Royal Charter (RC)... and many more.

Unincorporated legal forms

The distinguishing feature of unincorporated forms is that they have no separate legal personality. There are three main forms:

Sole Trader

This is the simplest way to set up and run a business: ownership and control of the business rests with a single individual. Being a Sole Trader is inherently risky because the individual is not separate from the business and has sole unlimited personal liability for the business, its debts and contractual obligations, and any claims against it. They own all the assets of the business and can dispose of them as they wish, and may employ staff and trade under a business name. However it is unlikely that sole trader status will be suitable for businesses which need more than a small level of external investment – being unincorporated limits borrowing and prevents the business raising equity finance by issuing shares.

Regulation for the Sole Trader is minimal: there is no requirement for a formal constitution for the business, and no need to register or file accounts and returns with Companies House. Sole Traders are treated as self-employed by HMRC and must register and make an annual self assessment tax return – profits from the business are treated as personal income subject to income tax and national insurance contributions.

Unincorporated Association

Unincorporated Associations are groups that agree, or ‘contract’, to come together for specific purpose. They normally have a constitution setting out the purpose for which the association has been set up, and the rules for the association and its members. They are typically governed by a management committee. All members of the management committee will again have unlimited personal liability, unless they are specifically indemnified in the constitution. As for a

Sole Trader, there is a limitation on raising finance, minimal regulation, and self-employed tax status for management committee members.

Partnership

A Partnership is a relatively simple way for two or more legal persons to set up and run a business together with a view to profit. A partnership can arise, without any formal agreement, when people carry on a business in common, but typically there is agreement to trade as a partnership. Partners will usually draw up a legally binding partnership agreement, setting out such matters as the amount of capital contributed by each partner and the way in which they will share the profits (and losses) of the business. Again the Partnership has no separate legal personality. Partners share the risks, costs and responsibilities of being in business. Because partners generally bear the consequences of each other's decisions, partners usually manage the business themselves, though they can hire employees. Partners usually raise money for the business out of their own assets, and / or with loans, although again being unincorporated limits borrowing in practice, and not being a company with a share capital prevents the business itself from raising equity finance by issuing shares.

Each partner is self-employed and pays tax on this basis on their share of the profits: The partnership itself and each individual partner must make annual self-assessment returns to HMRC, and the Partnership must keep records showing business income and expenses.

Legal persons other than individuals – such as Limited Companies or Limited Liability Partnerships – can also be partners in a partnership. They are treated like any other partner except that they have additional tax and reporting obligations – for example companies must pay corporation tax rather than income tax on their profits from the partnership.

Limited Partnership

Not to be confused with a Limited Liability Partnership (see below) – a Limited Partnership has two sorts of partner: general partners and limited partners. The form is similar to a Partnership, with the main differences being that the limited partners may not be involved in the management of the business and their liability is limited to the amount that they have invested in the partnership. Note that limited partners are different from 'sleeping' partners in a Partnership or Limited Partnership, who do not take part in running the business but remain fully liable for its debts. Limited partnerships must register at Companies House, and do not come into existence until they are registered. Changes to the partnership must also be registered.

Trust

Trusts are unincorporated and have no legal identity of their own. They are essentially legal devices for holding assets so as to separate legal ownership from economic interest. A trust holds assets on behalf of an individual or another organization and governs how they are to be used. A trust is run by a small group of people called trustees who are legally responsible for the administration of the trust and personally liable for any debts or claims against it that cannot be

met out of the trust's own resources. Trusts make their own set of rules – enshrined in a trust deed – which sets the trust's objectives and may be used to ensure that assets and profits are used for a particular purpose. Trusts do not typically raise finance – they simply manage assets and do not distribute profits. Trusts are often used in conjunction with unincorporated associations, which cannot themselves own property.

Incorporated legal forms

Limited Company

The Limited Company is the most common legal form in use for running a business. Companies are 'incorporated' to form an entity with a separate legal personality. This means that the organization can do business and enter into contracts in its own name. On incorporation under the Companies Act 2006, a company is required to have two constitutional documents:

- a Memorandum, which records the fact that the initial members (the subscribers) wish to form a company and agree to become its members. The Memorandum cannot be amended; and
- Articles of Association – often just referred to as the Articles – which are essentially a contract between the company and its members, setting the legally binding rules for the company, including the framework for decisions, ownership and control.

The Companies Act 2006 provides significant flexibility to draw up articles to suit the specific needs of the company, provided it acts within the law.

A Limited Company is owned by its members – those who have invested in the business – and as the name suggests they enjoy limited liability – i.e. the company's finances are separate from the personal finances of their owners and as a general rule creditors of the business may only pursue the company's assets to settle a debt. The personal assets of the owners are not at risk.

There are two mechanisms for company membership: Company Limited by Shares and Company Limited by Guarantee.

Company Limited by Shares

Most companies fall into this category. Members each own one or more shares in the company and are therefore known as shareholders. Shareholders' limited liability means that they only stand to lose what they have already invested or committed to invest (amounts unpaid on shares).

Company Limited by Guarantee

Members of the company give a guarantee to pay a set sum if the company should go into liquidation. A company must have at least one member. In a Company Limited by Shares, each share usually has a voting right attached to it so the members are able to vote on important decisions affecting the company. The arrangement is normally one share one vote, although many companies will create different classes of share with different voting rights attached. In a Company Limited by Guarantee the arrangement is usually one member one vote (OMOV).

Day to day management of a company is nominally separate from its ownership and undertaken by a director or board of directors, with the core principle that they act in the interest of the company and its members. However, directors may also be members, thus the simplest form of Limited Company is a single member who owns the whole company and is also its sole director. A company must have at least one director (public companies described below must have two) and at least one director must be a real person.

In a Company Limited by Guarantee, finance comes from the members, from loans or from profits retained in the business as working capital. A Company Limited by Shares can also raise capital from shareholders in return for a stake in the business – any profits from the business are usually distributed to shareholders in the form of dividends, apart from profits retained in the business as working capital. Limited Companies have a greater capacity to finance themselves with loans than unincorporated businesses, as they can use their assets as security for loans, creating a ‘charge’ over the company’s assets. These charges are registered at Companies House, providing transparency about the extent of a company’s secured credit. Lenders, including banks and building societies will therefore typically make incorporation a condition of providing a business loan.

The Limited Company form is subject to stricter regulatory requirements than unincorporated forms: greater accountability and transparency is the price to pay for the benefit of limited liability. Accountability is both to the company’s shareholders and also to the public who may wish to deal with the business. Companies are registered at Companies House, and it is the directors’ responsibility to maintain the company’s public records – including annual accounts and an annual return about the company – and to file them at Companies House. They must notify Companies House of changes in the structure and management of the business. If a company has any taxable income or profits, it must tell HMRC that it exists and is liable to corporation tax. Companies liable to corporation tax must make annual returns to HMRC.

A Company Limited by Shares is either a Private Limited Company (Ltd) or a Public Limited Company (Plc). The key difference is that the Public Limited Company is permitted to offer shares for sale to the public. The Private Limited Company is the most common legal form used by the vast majority of businesses – ranging from a business with a single shareholder director to large companies which have attracted large investments of private equity capital.

Limited Liability Partnership (LLP)

A Limited Liability Partnership is a body corporate with a separate legal personality similar to a company. Unlike in a normal partnership, the members of an LLP enjoy limited liability as the name suggests – liability is limited to the amount of money they have invested in the business and to any personal guarantees they have given to raise finance. Each member takes an equal share of the profits, unless the members’ agreement specifies otherwise.

Much like a Partnership, each non-corporate member of an LLP needs to register as self-employed with HMRC, and both the LLP itself and each individual member must make annual self-assessment returns HMRC. Non-corporate members of an LLP pay income tax and national

insurance contributions on their share of the profits. Additionally, LLPs must register and file accounts and annual returns at Companies House. At least two members must be “designated members” who hold additional responsibilities – it is they who appoint auditors and sign off and file the accounts at Companies House.

Limited Liability Partnerships have much more freedom than companies over arranging their internal affairs, for example in the way in which decisions are made, and the way in which profits are distributed to members.

Community Interest Company (CIC)

A Community Interest Company (CIC) is a form of company (limited either by shares or by guarantee) created for so called ‘social enterprises’ that want to use their profits and assets for community benefit. CICs are easy to set up and have all the flexibility and certainty of the company form, but with several special features which ensure they serve a community interest:

- First, all companies applying to be registered as CICs must submit a community interest statement to provide the CIC Regulator with evidence that they will satisfy a community interest test defined in law. The company must continue to satisfy the test for as long as it remains a CIC, and must report annually to the Regulator
- Second, a CIC must have an “asset lock” which restricts the transfer of the company’s assets (including any profits generated by its activities) to ensure that they are used for the benefit of the community
- Third, CICs are subject to caps on dividends and interest payable – to strike a balance between encouraging people to invest in CICs and the principle that the assets and profits of a CIC should be devoted to the benefit of the community.

Charitable Incorporated Organization (CIO)

The Charitable Incorporated Organization (CIO) is a new legal form which will be available to charities in England and Wales from 2012. Currently charities wanting to incorporate normally do so as a Company Limited by Guarantee – which means dual registration with Companies House and the Charity Commission and dual regulation under company law and charity law. CIO status will offer the benefits of incorporation, but the organization will only be registered with the Charity Commission and regulated under charity law. The new form is expected to be used primarily by small and medium charities. Like any charity the organization’s profits and assets will be locked in for charitable purposes. Note that charity law and regulation are devolved: similar legislation has been passed in Scotland, but not yet in Northern Ireland.

Industrial and Provident Society

An Industrial and Provident Society (sometimes referred to as an I&P, or IPS) may take one of two forms:

Co-operative Society (Co-op)

A Co-operative Society is a membership organization run for the mutual benefit of its members – serving their interests primarily by trading with them or otherwise providing them with

goods, services and facilities – with any surplus usually being ploughed back into the organization, although profits can be distributed to members. A Co-operative Society may or may not be a social enterprise, depending on its activities and how it distributes its profits.

A Co-operative Society is governed by rules, which must reflect the co-operative values and principles set out by the International Co-operative Alliance. The Alliance defines a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise.

A Co-operative Society is incorporated – and so has a separate legal personality – and must register and submit annual accounts to the Financial Services Authority (FSA) rather than Companies House. As with a company, the members' liability is limited to the amount unpaid on shares. They have a principle of open membership and can therefore raise funds by issuing shares to the public.

They are run and managed by their members, usually through a committee of officers, similar to a company's board, that manages on members' behalf. However, members always have democratic control on a "one member one vote" (OMOV) basis, regardless of size of respective shareholdings, under the co-operative values and principles.

Community Benefit Society (BenCom)

A Community Benefit Society (BenCom) is similar to a Co-operative Society except that it conducts business for the benefit of the community, rather than the members of the society. Indeed a BenCom must be run primarily for the benefit of people who are not members of the society and must also be in the interests of the community at large. Profits are not distributed among members, or external shareholders, but returned to the community. BenComs also often apply an asset lock, which protects their assets for the future benefit of the community. It is unusual for the BenCom to issue more than nominal share capital (eg one share valued at £1 per member. If more than nominal share capital is issued or if members make loans to the BenCom, dividends and interest paid are capped at a reasonable rate needed for the business to retain the capital it needs.

A BenCom can be established as a charity, providing it has exclusively charitable objects that are for the public benefit, allowing them to raise capital through public grants and charitable trusts. If approved, they're known as exempt charities – reporting only to the Financial Services Authority (FSA), not the Charity Commission. Charitable BenComs must have an asset lock.

Financial Mutuals

There are three other types of mutual form, not covered in detail here, that specifically exist to provide financial services. These are also registered with the FSA.

- Building Society Building Societies are mutual financial services institutions, primarily providing residential mortgage lending, but also other financial services such as other

forms of lending and investment, money transmission services, banking and insurance services. They are funded substantially by their members

- Credit Union A credit union is a cooperative financial institution that is owned and controlled by its members and operated for the purpose of providing credit at reasonable rates, and providing other financial services to its members
- Friendly Society A friendly society is a voluntary mutual organization whose main purpose is to assist members financially during sickness, unemployment or retirement, and to provide life assurance

5.2.2. Step 2: Officially Register your Company with the Chamber of Commerce

It is important that you choose the structure that best fits your business and there is lots of help available to support you and you should seek advice before setting up any business structure .

HRM Customs and Companies House

3 types of business: sole trader, limited companies and partnerships that are governed by HMRC and Companies House.

[HRM Customs](#) and [Companies House](#)

Companies House is where you register your company and you will have to report at least once a year to both HMRC and Companies House. 3 types of business: sole trader, limited companies and partnerships that are governed by [HRM Customs](#) and [Companies House](#). [You can follow Companies House on Twitter](#)

If you want to set up as a Social Enterprise or a Charity then there are also different rules and regulations and these are governed by [The Charities Commission in England and Wales](#) and [OSCR \(The Office for Scottish Charities Regulation\)](#).

Sole Trader

Simpler way however responsible for your business's debts and some accounting responsibilities. You, therefore, are self-employed and you own it as an individual. You can keep all your business's profits after you've paid tax on them. You are responsible for any losses your business makes.

When you need to set up as a sole trader

You need to set up as a sole trader if any of the following apply:

- You earned more than £1,000 from self-employment between 6 April 2019 and 5 April 2020
- You need to prove you are self-employed, for example to claim Tax-Free Childcare
- You want to make voluntary Class 2 National Insurance payments to help you qualify for benefits

How to set up as a sole trader?

If you want to set up as a Social Enterprise or a Charity then there are also different rules and regulations and these are governed by [The Charities Commission in England and Wales](#) and [OSCR \(The Office for Scottish Charities Regulation\)](#)

Working in construction industry as a Sole Trader?

Register with HMRC for the Construction Industry Scheme (CIS) if you're working in the construction industry as a subcontractor or contractor.

Naming your business as a Sole Trader

You can trade under your own name, or you can choose another name for your business. You do not need to register your name. You must include your name and business name (if you have one) on official paperwork, for example invoices and letters.

Business names Sole trader

Sole trader names must not:

- include 'limited', 'Ltd', 'limited liability partnership', 'LLP', 'public limited company' or 'plc'
- be offensive or be the same as an existing trade mark
- Your name also cannot contain a 'sensitive' word or expression, or suggest a connection with government or local authorities, unless you get permission

Limited company

If you form a limited company, its finances are separate from your personal finances, but there are more reporting and management responsibilities:

- You must tell Companies House if you want to change your company's registered office address. If the change is approved, they will tell HM Revenue and Customs (HMRC)
- Your company's new registered office address must be in the same part of the UK that the company was registered (incorporated)
- Your address will not officially change until Companies House has registered it.

Other changes you must report, You must tell HMRC if:

- your business' contact details change – for example, your name, gender, business name or your personal or trading address
- you appoint an accountant or tax adviser You must tell Companies House within 14 days if you make changes to:
- the address where you keep your records, and which records you keep there

- directors or their personal details, like their address
- 'people with significant control' (PSC), or their personal details like a new address
- company secretaries (appointing a new one or ending an existing one's appointment)

You must tell Companies House within a month if you issue more shares in your company.

How to report changes to Companies House

- use the Companies House online service
- fill in and send paper forms

Changes that shareholders must approve

You may need to get shareholders to vote on the decision if you want to:

- change the company name
- remove a director
- change the company's articles of association

This is called 'passing a resolution'. Most resolutions will need a majority to agree (called an 'ordinary resolution'). Some might require a 75% majority (called a 'special resolution').

Your new company name will not take effect until it's registered by Companies House - they'll tell you when this happens.

Shareholder voting

- When you're working out whether you have a majority, count the number of shares that give the owner the right to vote, rather than the number of shareholders.
- You do not necessarily need to have a meeting of shareholders to pass a resolution. If the right amount of shareholders have told you they agree, you can confirm the resolution in writing. But you must write to all shareholders letting them know about the decision.

Check your company's details

You need to check the following:

- the details of your registered office, directors, secretary and the address where you keep your records
- your statement of capital and shareholder information if your company has shares
- your SIC code (the number that identifies what your company does)
- your register of 'people with significant control' (PSC)

Check the Companies House register and send your confirmation statement.

Send your confirmation statement online or by post. It costs £13 to file your confirmation statement online, and £40 by post.

If you need to report changes

You can report changes to your statement of capital, shareholder information and SIC codes at the same time.

You cannot use the confirmation statement to report changes to:

- your company's officers
- the registered office address
- the address where you keep your records
- people with significant control You must file those changes separately with Companies House. When it's due You'll get an email alert or a reminder letter to your company's registered office when your confirmation statement is due.

The due date is usually a year after either:

- the date your company incorporated
- the date you filed your last annual return or confirmation statement You can file your confirmation statement up to 14 days after the due date.

You can be fined up to £5,000 and your company may be struck off if you do not send your confirmation statement.

Signs, stationery and promotional material

You must display a sign showing your company name at your registered company address and wherever your business operates. If you're running your business from home, you do not need to display a sign there. Example: If you're running 3 shops and an office that's not at your home, you must display a sign at each of them. The sign must be easy to read and to see at any time, not just when you're open.

You must include your company's name on all company documents, publicity and letters.

On business letters, order forms and websites, you must show:

- the company's registered number
- its registered office address
- where the company is registered (England and Wales, Scotland or Northern Ireland)

- the fact that it's a limited company (usually by spelling out the company's full name including 'Limited' or 'Ltd')

If you want to include directors' names, you must list all of them.

If you want to show your company's share capital (how much the shares were worth when you issued them), you must say how much is 'paid up' (owned by shareholders).

Partnership

A partnership is the simplest way for 2 or more people to run a business together.

Setting up

In a partnership, you and your partner (or partners) personally share responsibility for your business. This includes:

- any losses your business makes
- bills for things you buy for your business, like stock or equipment Partners share the business's profits, and each partner pays tax on their share.

A partner does not have to be an actual person. For example, a limited company counts as a 'legal person' and can also be a partner.

What you need to do

When you set up a business partnership you need to:

- choose a name
- choose a 'nominated partner'
- register with [HM Revenue and Customs \(HMRC\)](#)

The 'nominated partner' is responsible for managing the partnership's tax returns and keeping business records. There are different rules for limited partnerships and limited liability partnerships (LLPs).

Naming your partnership

You can trade under your own names, or you can choose another name for your business. You do not need to register your name. You must include all the partners' names and the business name (if you have one) on official paperwork, for example invoices and letters.

Business names

Business partnership names must not:

- include 'limited', 'Ltd', 'limited liability partnership', 'LLP', 'public limited company' or 'plc'
- be offensive
- be the same as an existing trade mark

Your name also cannot contain a 'sensitive' word or expression, or suggest a connection with government or local authorities, unless you get permission. Example: To use 'Accredited' in your company's name, you need permission from the Department for Business, Energy and Industrial Strategy (BEIS).

Check which words you need permission to use, and who from.

5.2.3. Step 3: Fiscal regulation and Accountancy

In order to start a business legally in the UK, you have to meet certain conditions and follow strict and thorough laws, rules and regulations. If you wish to set up a new business in the UK, you must observe various laws set in a different part of the UK (England, Wales, Scotland and Northern Ireland) and other rules. Some of these laws might be specific to a certain part of the UK so you would need to check within the sector-specific information for your business to see what applies to you and your business.

The rules and regulations for setting up a business in the UK are governed by different bodies and these include: HMRC (Her Majesty's Revenue and Customs) HMRC are responsible for all taxation in the UK although if you live in Scotland the Scottish Government does have some additional powers. These taxes include personal taxation, business taxation and Value Added Tax (VAT). If you work business to business then prices are shown exclusive of VAT but in business to customer this is included and the standard rate of VAT is 20%. There are 3 types of business: sole trader, limited companies and partnerships that are governed by [HMRC](#) and [Companies House](#).

Sole trader

How to set up as a sole trader? You need to tell HMRC that you pay tax through Self-Assessment and file a tax return every year.

Your responsibilities

Keep records of your business's sales and expenses.

Send a Self-Assessment tax return every year.

Pay Income Tax on your profits and Class 2 and Class 4 National Insurance

You'll need to apply for a National Insurance number if you're moving to the UK to set up a business.

Limited Company

Should you choose the limited company route, it is vital to keep accurate records and pay tax and National Insurance. In a limited company there are directors' responsibilities. As a director of a limited company, you must:

- Follow the company's rules, shown in its articles of association
- Keep company records and report changes
- File your accounts and your Company Tax Return
- Tell other shareholders if you might personally benefit from a transaction the company makes
- Pay Corporation Tax
- You can hire other people to manage some of these things day-to-day but you're still legally responsible for your company's records, accounts and performance.
- You may be fined, prosecuted or disqualified if you do not meet your responsibilities as a director.

Company and accounting records

You must keep:

- records about the company itself
- financial and accounting records

You can hire a professional (for example, an accountant) to help with your tax. HM Revenue and Customs (HMRC) may check your records to make sure you're paying the right amount of tax.

Records about the company

You must keep details of:

- directors, shareholders and company secretaries
- the results of any shareholder votes and resolutions
- promises for the company to repay loans at a specific date in the future ('debentures') and who they must be paid back to
- promises the company makes for payments if something goes wrong and it's the company's fault ('indemnities')

- transactions when someone buys shares in the company
- loans or mortgages secured against the company's assets

You must tell Companies House if you keep the records somewhere other than the company's registered office address.

Register of 'people with significant control'

You must also keep a register of 'people with significant control' (PSC). Your PSC register must include details of anyone who:

- has more than 25% shares or voting rights in your company
- can appoint or remove a majority of directors
- can influence or control your company or trust

You still need to keep a record if there are no people with significant control.

Read more guidance on keeping a PSC register if your company's ownership and control is not simple.

Accounting records

You must keep accounting records that include:

- all money received and spent by the company
- details of assets owned by the company
- debts the company owes or is owed
- stock the company owns at the end of the financial year
- the stocktaking you used to work out the stock figure
- all goods bought and sold
- who you bought and sold them to and from (unless you run a retail business)

You must also keep any other financial records, information and calculations you need to prepare and file your annual accounts and Company Tax Return. This

includes records of:

- all money spent by the company, for example receipts, petty cash books, orders and delivery notes
- all money received by the company, for example invoices, contracts, sales books and till rolls

- any other relevant documents, for example bank statements and correspondence

You can be fined £3,000 by HMRC or disqualified as a company director if you do not keep accounting records.

How long to keep records

You must keep records for 6 years from the end of the last company financial year they relate to, or longer if:

- they show a transaction that covers more than one of the company's accounting periods
- the company has bought something that it expects to last more than 6 years, like equipment or machinery
- you sent your Company Tax Return late
- HMRC has started a compliance check into your Company Tax Return

If your records are lost, stolen or destroyed

If you cannot replace your records after they were lost, stolen or destroyed you must:

- do your best to recreate them
- tell your Corporation Tax office straight away
- include this information in your Company Tax Return

Confirmation statement (annual return)

You need to check that the information Companies House has about your company is correct every year.

This is called a confirmation statement (previously an annual return).

Taking money out of a limited company

How you take money out of the company depends on what it's for and how much you take out:

- Salary
- Expenses, and
- Benefits

If you want the company to pay you or anyone else a salary, expenses, or benefits, you must register the company as an employer.

- The company must take Income Tax and National Insurance contributions from your salary payments and pay these to HM Revenue and Customs (HMRC), along with employers' National Insurance contributions

- If you or one of your employees make personal use of something that belongs to the business, you must report it as a benefit and pay any tax due.

Dividends

A dividend is a payment a company can make to shareholders if it has made a profit.

- You cannot count dividends as business costs when you work out your Corporation Tax
- Your company must not pay out more in dividends than its available profits from current and previous financial years.

To pay a dividend, you must:

- Hold a directors' meeting to 'declare' the dividend
- Keep minutes of the meeting, even if you're the only director

Dividend paperwork

For each dividend payment the company makes, you must write up a dividend voucher showing the:

- date
- company name
- names of the shareholders being paid a dividend
- amount of the dividend

You must give a copy of the voucher to recipients of the dividend and keep a copy for your company's records.

Tax on dividends

Your company does not need to pay tax on dividend payments. But shareholders may have to pay Income Tax if they're over £2,000.

Directors' loans

- If you take more money out of a company than you've put in - and it's not salary or dividend - it's called a 'directors' loan'.
- If your company makes directors' loans, you must keep records of them.

Company changes you must report Changing your company's registered office address

Partnership

Rules for your type of business

You may have other responsibilities depending on what your business does.

Check if you need:

- licenses or permits, for example to play music, sell food or to trade in the street
- insurance

There are also rules you must follow if you:

- sell goods online
- buy goods from abroad or sell goods abroad
- store or use personal information

Where you work

Check what your responsibilities are if you:

- run your business from home
- rent somewhere to run your business from

I- you rent or buy a property, you may have to pay business rates. Small businesses can apply for a discount on business rates and some may pay nothing.

Check if you can claim office, property and equipment as expenses.

Taking on people to help

If you take on agency workers or freelancers you have some responsibilities, for example their health and safety.

Becoming an employer

There are things you'll need to do if you take on your own employees. You'll have more responsibilities, including:

- running payroll
- paying for their National Insurance - but you can claim an allowance to reduce your bill
- providing workplace pensions to eligible staff

VAT

You must register for VAT if your turnover of your business is over £85,000. You can register voluntarily if it suits your business, for example if you sell to other VAT-registered businesses and want to reclaim the VAT.

5.2.4. Step 4: Write a business plan

It's advisable to write a business plan. To map your business opportunities and get a good picture of your risks. To know who your potential customers are... The first step when it comes to starting a business in the UK is to download a business template ([business planning](#)) aside from having an idea and the drive. This is a good device, to ensure applicants are in the best possible position to receive funding. The business template is not necessary but with the odds presented which are that you're two and a half times more likely to get into business if you write a business plan, (according to outside sources) having a solid business plan on a template should be considered a necessity.

A business plan template is useful to you if:

- You want to start a business
- You own an established firm and are seeking help
- You need to determine your objectives
- You want to use it to raise funds to start your business.

Using a business plan template is the best and quickest way to collate all the information you need to start a business. The process of completing a business plan template can help ensure the viability of your business proposition from the off, eliminates worries and questions such as: Does it work? Does the market already exist? Is there an appetite for the product or service you are proposing?

See also [Chapter 4](#) and [Chapter 6](#) of our YME Guide.

5.2.5. Step 5: Opening a Business Account

Opening a business account is often the next logical step. Business banking is a good way to keep an overview of your income and expenditure. This also prevents your business and private administration from getting mixed up hopelessly.

In the United Kingdom the government and several banks have entrepreneurial schemes and grants for young entrepreneurs. With the government pledging to help small and medium-sized

businesses (SMEs) through the stages of startup and growth, there is a range of funding for small businesses to take advantage of. Follow our guide to government grants.

Regional Growth Fund (RGF)

Businesses looking for funding of less than £1 million, can apply for support through Regional Growth Fund programmes.

These are schemes run by national or local organizations that have been awarded RGF cash to offer grants and/or loans to eligible businesses.

Since 2011, £1.7 billion has been allocated to RGF programmes, supporting more than 9,400 small and medium-sized businesses.

To be eligible, your business must be based in England, have a growth plan, create or protect jobs, and be investing private capital. See a list of 'live' RGF programmes and funding opportunities. [See a list of 'live' RGF programmes and funding opportunities.](#)

Startup loans

This government-funded initiative provides loans, mentoring and support for startups or very small, early stage businesses with potentially viable propositions but who are unable to attract investment from high-street banks.

To be eligible, businesses must be yet to launch or have been trading for less than 12 months. You can easily keep these records with accounting software.

The scheme provides free business planning to ensure applicants are in the best possible position to receive funding.

Every loan application is considered according to the needs of your business, with an average loan size of around £6,000.

The final loan size will be determined by your business plan. Find out more about Start-Up Loans. [Find out more about Start-Up Loans.](#)

Government grants

Small businesses grants are available from the UK government, the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly.

Each grant provider has its own application process and criteria for applying.

For a full list of providers, use the government's [business finance support finder](#). This tool allows you to search for funding opportunities based on the location, size and type of business you run.

Read more about finding funding for your business

[Venture capital trusts: How to find alternative finance solutions](#)

[Crowdfunding tips: Alternative finance to support your business](#)

[Trim-It on winning the challenge of dealing with investors](#)

[Venture capital trusts vs Enterprise Investment Scheme](#)

This means it takes on the risk of the loan from the bank, so that the bank is more likely to offer it.

UK Export

It can also help UK exporters to raise tender and contract bonds and access working capital finance. To be eligible for export insurance, your business must be based in the UK and the buyer must be overseas. [Find out more about UK Export Finance \(UKEF\)](#).

Business Finance Partnerships

With government investment of £1.2 billion, the Business Finance Partnership is designed to diversify the sources of [funding](#) available to small and medium-sized businesses via non-bank lenders. Loan terms will vary, but businesses can directly apply for finance with a number of non-traditional fund managers and lenders. [Find out more about Business Finance Partnerships](#).

5.2.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits (e.g. building permit, etc.)

Environmental Protection

Check if you need an environmental permit

Permits for installations, medium combustion plant, specified generator, waste or mining waste operations, water discharge or groundwater activities, or work on or near a main river or sea defense.

[England](#)

[Wales](#)

[Scotland](#)

[Northern Ireland](#)

Local environmental permits

[Local authority environmental permits \(England and Wales\)](#)

[List with UK Permits](#)

5.2.7. Step 7: Privacy / Personal Data Protection (Making a business website)

The Data Protection Act 1998 (c 29) was a United Kingdom Act of Parliament designed to protect personal data stored on computers or in an organized paper filing system. It enacted the EU Data Protection Directive 1995's provisions on the protection, processing and movement of data.

Under the DPA 1998, individuals had legal rights to control information about themselves. Most of the Act did not apply to domestic use,[1] for example keeping a personal address book. Anyone holding personal data for other purposes was legally obliged to comply with this Act, subject to some exemptions. The Act defined eight data protection principles to ensure that information was processed lawfully.

It was superseded by the Data Protection Act 2018 (DPA 2018) on 23 May 2018. The DPA 2018 supplements the EU General Data Protection Regulation (GDPR), which came into effect on 25 May 2018. The GDPR regulates the collection, storage, and use of personal data significantly more strictly.

5.2.8. Step 8: Insurance

Business insurance policies

You are legally required to have Employers' liability insurance

Once you take on your first employee, you are required by law to take out employers' liability insurance. This will protect your employees if they fall ill or are injured in the course of their work. Your insurance certificate must be displayed where your staff can see it.

You don't need employer's liability insurance if your limited company has just one employee, who owns 50% or more of the share capital (i.e. you). If you are a sole trader and do not employ anyone, or you only employ close family members, you should also be exempt.

Even if you don't have any full-time employees, and just occasionally hire staff or use temps or seasonal workers, you must take out cover.

You can be fined up to £2,500 per day if your business doesn't have a suitable employers' liability policy. The size of the potential fine dwarfs the cost of cover so it's not something you should delay.

Public liability insurance

Public liability insurance is not required by law, but if members of the public come to your premises, or could be hurt in any way by something your business does it's probably a good idea to have cover.

Depending on the type of business you are in, you might find that some organizations will require you to have public liability cover before giving you a contract or allowing you to operate on their premises. For example, if you have a stand at a market, or attend a fair to sell your wares, the organizers may demand you have public liability insurance before they will allow you to attend.

A public liability insurance policy will cover you for any damages claimed, plus legal representation. You'll find more details in our dedicated guide; [What is public liability insurance? – A guide for businesses.](#)

Buildings insurance for your premises

If you own your own commercial premises, you must protect them, just as you do your home. At the most basic level, this means a business buildings insurance policy which will cover any damage to your premises in the event of a fire, flood or some other catastrophe. Although, it's not obligatory, it makes sense to take out cover for fixtures and fittings and any stock you might have on your premises. Most commercial property insurance policies will allow you to include these options along with the basic buildings insurance.

Motor vehicle insurance

If you operate company vehicles, you must have at least third party insurance, and preferably fully comprehensive. Remember employees are less likely to look after their company vehicle, so you may find yourself claiming on your policy more often than you would expect to with a private car.

Industry-specific insurance policies

If you are part of a recognized profession, check with your industry body what insurance policies they insist, or recommend you hold. For example, solicitors are required to carry an insurance policy in order to practice law.

Business insurance policies you should have

Professional Indemnity (PI) insurance

Professional indemnity, or PI insurance, gives professional businesses protection against claims made by their clients, for any damage caused by professional negligence.

Many firms, particularly larger organizations, now require you to have PI cover before they will hire you. With this being common practice in many industries, professional indemnity insurance is effectively a must-have insurance for the majority of contractors, consultants and freelancers. Even if you're not required to have it by your clients, it is advisable to have professional indemnity insurance if you offer any kind of service to businesses or the public.

Director's & Officers insurance

Director's & Officers insurance covers the legal liabilities you have as a director of a limited company and any legal costs if you get something wrong. This type of cover is also frequently referred to as D&O insurance.

Employee travel insurance

If you require your employees to travel abroad, you should get them well insured with a reputable company that will look after them in an emergency. Remember to check their luggage, money and any laptop will be covered.

Product liability cover

If you make, repair or sell products, you could be held liable for any injury or damage caused by defects.

Pollution risk insurance

If you manufacture anything and there's any risk you might pollute the environment, this will cover the costs of any clean up operation, plus claims against your business.

A selection of more specific business insurance policies you could buy:

Key person insurance

If your business would grind to a halt if you, or another employee, was badly injured or killed, key person insurance will protect the business against loss of revenue while a replacement is found.

Business continuity insurance

Also called business interruption insurance, this will protect you against any disruption that could lead to loss of revenue, such as a major catastrophe. You should aim to cover events not already included in your other insurance policies, or where there will be a longer-term disruption (such as total loss of premises).

Trade credit insurance

Will pay out if you have a bad debt. Definitely worth looking at if you sell a small number of high value items.

Glass & sign cover

If you have a shop with a large window or expensive signage, it may not be covered by other policies if it's destroyed by vandals.

Plant and business equipment cover

If you rely on key expensive machinery, get it insured in case it's damaged or stolen.

Goods in transit insurance

If you shift large amounts of stock around, this will give you extra protection from accidents or theft.

Money insurance

If you hold large amounts of cash or other valuable documents, this may offer you some protection against loss or theft.

Fidelity guarantee

This cover protects your business against loss of money or stock if one of your employees is dishonest. It's unlikely to be cost effective until you have a significant number of employees.

Engineering insurance

Provides cover against electrical or mechanical breakdown of essential equipment.

5.2.9. Step 9: Management of human resources

Taking on people to help

If you take on agency workers or freelancers you have some responsibilities, for example their health and safety.

Becoming an employer

There are things you'll need to do if you take on your own employees. You'll have more responsibilities, including:

- running payroll
- paying for their National Insurance - but you can claim an allowance to reduce your bill
- providing workplace pensions to eligible staff

5.2.10. Step 10: Patents and Brands

You'll need to register your name as a trade mark if you want to stop people from trading under your business name.

Should you choose the limited company route you are required to register with Companies House and You may need to seek specialist advice on intellectual property protection to cover copyright, trademarking, design registration or patenting.

Intellectual Property (IP) Insurance

Much of the value of many modern businesses is made up of intangible assets such as Intellectual Property. If your business is innovative and relies on any patents, trademarks or designs, you might want to consider protecting yourself with Intellectual Property insurance.



5.3. Step by Step The Netherlands

[5.3.1. Step 1: Choose legal form](#)

[5.3.2. Step 2: Officially Register your Company with the Chamber of Commerce](#)

[5.3.3. Step 3: Fiscal regulation and Accountancy](#)

[5.3.4. Step 4: Write a business plan](#)

[5.3.5. Step 5: Opening a Business Account](#)

[5.3.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits](#)

[5.3.7. Step 7: Privacy / Personal Data Protection \(Making a business website\)](#)

[5.3.8. Step 8: Insurance](#)

[5.3.9. Step 9: Management of human resources](#)

[5.3.10 Step 10: Patents and Brands](#)

Introduction

Starting a business in Netherlands can be a lengthy process with all the laws, regulations and rules, but also with all the possibilities and opportunities. It may be hard, but it's rewarding as the Netherlands offer a huge amount of support for all business whether it's with legal issues, monetary support, consulting, etc. With places like "Area 071" in Leiden for example, you will have everything and everyone you need to support you and your newly started business, but on top of that, Dutch Tax and Customs Associations as well as Commercial Register are willing to help and they are stated in every province in the Netherlands.

In order to start a business legally in the Netherlands, you have to meet certain conditions and follow strict and thorough laws, rules and regulations. If you wish to set up a new business in the Netherlands, you must observe various government and other rules. Some of these laws might be sector specific so you would need to check within the sector-specific information for your business to see what applies to you and your business.

For starters, Entrepreneurs who intend to stay in the Netherlands must fulfil a number of conditions. If you are not an EU citizen, you will also need to apply for a temporary (e.g. Visa) and permanent (e.g. Dual Citizenship) residence permit simultaneously. On top of that, If you plan to start doing business in the Netherlands, you will also need to have or apply for a business bank account (e.g. IBAN). Writing a business plan is not a necessity when starting a legal business, however it does help to do so. When it comes to a business, you always need to select a legal business structure and the said structure determines such issues as liability, tax obligations and many more. Briefly talking about the legal business structures, some examples that can be given is a Sole Proprietor or a Private Limited Company.

5.3.1. Step 1: Choose legal form

Every company must be registered in the Trade Register of the [Chamber of Commerce \(Kamer van Koophandel – KvK\)](#). [Overview legal forms in PDF](#): There you must immediately indicate which legal form applies best to your company. The legal form you choose has consequences for, among other things, the liability of the organization and certain tax obligations. There are many legal forms to choose from. We have made a breakdown below. Most starters opt for a sole proprietorship (eenmanszaak). Are there multiple owners? Then they often opt for a partnership (VoF) or BV. The ones which are the most appropriate for a young entrepreneurs are further described.

The Dutch legal forms to choose from are:

- *Sole Proprietorship (Eenmanszaak)*

Most people decide to set up a 'sole proprietorship' (eenmanszaak), when starting a business for themselves.

Being a Freelancer and/or ZZP'er (Zelfstandige zonder personeel = Self-employed without staff) is not a legal form. You must also choose a legal form as a self-employed person or freelancer. For example, a sole proprietorship.

Setting up as a sole trader has some advantages - it's quick and easy to do, and often offers more tax benefits than setting up a private limited company, especially in the early years. A disadvantage of establishing yourself as a sole trader is that you're personally liable for your business debts.

The only thing you'll need to do to set up as a sole trader in the Netherlands is register with the Netherlands Chamber of Commerce, and this process costs €50. You can only set up one sole proprietorship, but you can operate under various trade names, perform different commercial activities and work from multiple premises.

Running a sole proprietorship, your business is not a legal corporate entity. This means you're liable for all your actions and finances.

- *General Partnership (VoF)*

A general Partnership is called Vennootschap onder Firma (VoF): In a VoF you start a company together with one or more other entrepreneurs. It is the intention that all partners contribute something to the company. Often this is an amount of money, but sometimes also goods or working hours. You do not need starting capital for a VoF. You lay down the mutual agreements in a VOF contract. Each participant is privately liable for the entire VOF. If you want to start a VoF, register with the Trade Register of the Chamber of Commerce (KvK). All basic data such as the name, activity and the names of the partners are registered.

- *Private Limited Company (BV)*

One option is to create a legal entity in the form of a 'private limited company': Besloten Vennootschap (BV). The main advantage of a BV is that it's an autonomous entity. The BV is generally speaking liable for any debts, rather than you as an individual. As a director, you're an employee of the BV and you act on its behalf. It's possible to set up a BV on your own or with other individuals and/or legal entities (an example that can be given is Area 071). A private limited company's equity is divided into shares that are owned by shareholders (The company owners still run the daily errands and the business itself)

Starting a private limited company, or changing your sole proprietorship into a private limited company, has grown a lot easier over the years due to the flexibility and growth in the Entrepreneurship market.

Running a private limited company, you're in theory not personally liable for your business's debts. However, banks generally ask that as a director and major shareholder you co-sign for loans as a private individual for protection and a form of insurance.

- *Limited Liability Partnership (LLP)*

Limited Liability Partnership (LLP) is a legal form from England that is recognized in the Netherlands. LLP can be compared to a VoF and Maatschap: a partnership between at least two (legal) persons. With an LLP, you are entitled to the start-up allowance, the self-employed person's allowance and the SME profit exemption. In addition, the LLP ensures limited liability

- *Limited partnership (CV)*

A limited partnership, Commanditaire vennootschap (CV) is interesting if you do not have enough money to start. A CV has managing and silent partners. The managing partner has the daily management of the company. Silent partners are only lenders.

- *Partnership (Maatschap)*

In a Maatschap (partnership), 2 or more persons carry out their profession under a common name. Every participant contributes something, such as labor, money or goods. The benefit is distributed.

- *Foundation (Stichting)*

Do you want to achieve a certain social, social or idealistic goal, such as nature conservation, help to other people or the spread of culture? And do you have money available for this? Then you can opt for the foundation as a legal form. You can set up a foundation alone or with others. The foundation uses any profit to achieve the ideal goal.

- *Association (Vereniging)*

Do you have a wish or goal and do you want to work with others to achieve this, such as a sports club or interest group? Then you can choose the association as legal form.

- *Cooperative association (coöperatieve vereniging)*

A cooperative and mutual guarantee society (in full: cooperative association) is a special association that focuses on cooperation and that enters into agreements with and for its members.

5.3.2. Step 2: Officially Register your Company with the Chamber of Commerce

A visit to the Chamber of Commerce (Kamer van Koophandel - KvK) is compulsory for (almost) everyone who starts their own company. In order to do business, your company must be registered in the Trade Register of the Chamber of Commerce (KvK). Logically, the next step would be to choose an appropriate “Trade Name” for your company. In order to progress any further, the name has to be original and not plagiarizing any other major or minor brand/company. As aforementioned, you need to register your name in the Commercial Trade Register. This must be done no later than one week after you have started. [Make an appointment online](#) and then go to a Chamber of Commerce office. When you register, this costs € 50. These are costs that you can deduct from the profit. You will immediately receive a Chamber of Commerce number.

5.3.3. Step 3: Fiscal regulation and Accountancy

If you have registered your business in the Trade Register of the Dutch Chamber of Commerce, You do not need to register separately with the tax authorities. That happens automatically.

VAT identification number and sales tax number

There are more legal entities coming into the picture, such as the Tax and Customs Administration. If your business structure is sole proprietor or partnership, you will be issued with a VAT-number, so you don't have to register with the Dutch Tax and Customs Administration separately. Private Limited Companies have to register via a civil-law notary, who will take care of the registration at the Dutch Tax and Customs Administration on your behalf.

BTW / Value Added Tax (VAT)

VAT (BTW), payable by all final consumers, with sometimes the option for legal forms and or startups to be exempt).

Good facts to know: The Tax Authorities will send you a VAT identification number and sales tax number after a week by post if you are found to be liable for VAT.

- You put the VAT identification number on your invoices, quotes and website
- You use the turnover tax number to file a turnover tax declaration with the tax authorities.

Before 2020 there was only one number: the VAT number. However, this was linked to your BSN, which made it sensitive to privacy. Ultimately, the tax authorities work towards one safe number for customers and pay tax.

Are you an entrepreneur and do you independently run a company or profession? Then you pay VAT (turnover tax) on your turnover. The legal form (eg BV or NV) is not important for paying VAT. A foundation or association also pays VAT if the Tax and Customs Administration considers this as an enterprise.

The conditions for VAT are different than for income tax How much VAT should you charge?

- The standard rate for VAT is 21%. Sometimes you charge a different rate
- For certain services you charge 9% VAT. For example if you repair bicycles or if you are a hairdresser
- For certain goods you charge 9% VAT. For example for food, books and medicines
- Services with 0% VAT are, for example, international passenger transport
- Goods with 0% VAT, for example, are catches that you immediately bring to the auction
- In some branches and in a number of activities you do not have to charge VAT. For example in education or if you provide excursions and tours. You then have an exemption from VAT.

Is it unclear to you what rate to charge? [The Tax and Customs Administration \(belastingdienst\)](#) separately examines the VAT rate for some products and services, if there are any questions about this.

Corporate tax (taxable profit) (VPB)

Do you own, for example, a BV or NV? In that case, you must file a corporate income tax return (vpb) for your company. Corporation tax is a tax on taxable profit. A foundation or association also sometimes has to file a corporate income tax return. Depending on the amount of the profit, an exemption applies.

Paying on taxable profit

Your company pays corporation tax (VPB) on the taxable profit in a financial year. Profits can still be reduced if your company can offset losses. A financial year is often the same as a calendar year. However, a broken financial year (for example from May to April) is also permitted within corporate income tax. The financial year for the corporate income tax return must be the same as the financial year in the company's articles of association.

Dividend tax

Dividend payments made by the company to associates or share-holders). If your NV or BV makes a profit, the company can distribute part of that profit to the shareholders. This usually takes the form of dividend. The company that distributes the dividend must then pay dividend tax to the tax authorities. In a number of cases you may be eligible for (partial) exemption or refund of the dividend tax.

5.3.4. Step 4: Write a business plan

Starters sometimes dread writing a business plan. But if you are serious about this, it can bring you a lot of benefit:

- You map your business opportunities
- You get a good picture of your risks
- You know who your potential customers are
- You are aware of relevant market developments
- You make more impression on potential investors
- See also [Chapter 4](#) and [Chapter 6](#)

When starting a business your intent is always to grow and expand. Growth and expansion mean getting more people involved in your cause i.e. hiring people. If you intend to hire staff, you will first need to register as an employer with the Dutch Tax and Customs Administration.

5.3.5. Step 5: Opening a Business Account

Opening a business account is often the next logical step. Business banking is a good way to keep an overview of your income and expenditure. This also prevents your business and private administration from getting mixed up hopelessly.

In the Netherlands several banks have entrepreneurial schemes for young entrepreneurs:

Qredits has over a hundred million euros to provide in the Netherlands as microcredits. Qredits, the trade name for the Microcredit Netherlands Foundation, jumps into the gap that the banks are dropping. Since the beginning of this year, the foundation has been included on small entrepreneurs, also from disadvantaged groups. Borrowing money from banks has always been a challenge for smaller entrepreneurs, but the financial crisis has made it an impossible task for many (starting) entrepreneurs. That is why the Microkrediet Nederland Foundation wants to help small entrepreneurs throughout the Netherlands obtain credit under the name Qredits from Almelo: [Click Qredits](#)

Government Grants

From 2020, the Minister of Social Affairs and Employment will make € 48 million available for initiatives aimed at stimulating learning and development in SMEs. In addition, € 1.2 million will become available for the same purpose in large companies in the agricultural, catering and recreational sectors.

Keep a close eye on the website. Any updates regarding the [SLIM subsidy](#) scheme are mentioned on [this website](#).

5.3.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits

In most cases, you will not need a degree or a professional qualification to start a business, however, in some cases, certain professions require degrees or professional qualifications.

As an entrepreneur you sometimes have to take into account applying for permits. Permits are important, and in some cases mandatory, if you want to start a business. At the Chamber of Commerce ([Kamer van Koophandel](#)) you can find in detail which permits you need for your company. In addition, the municipality where your company is, will also have certain requirements. Different rules apply to these specific requirements per municipality.

In terms of a business, establishing a physical location plays a big role. A zoning plan needs to be considered in order to progress with your business. If you plan to establish your business at a particular location, this choice of location must be in line with the municipal zoning plan. If this is not the case, you can apply for an “All-in-one Permit for Physical Aspects” to carry out your plans anyway. After a preferred location has been considered in a municipal area, the next step before establishing a business is to consider environmental regulations which may have a negative impact on the environment (e.g. Waste, endangering wildlife/public, etc.). If you think that this could be the case, you must submit a notification of environmental management to your local municipality unless you are in possession of an “All-in-one Permit for Physical Aspects” beforehand.

There are experts at both the Chamber of Commerce and the municipalities who can help you get started in the maze of permits. Below you will find some general information about permits that you definitely need.

Destination plan

In the Netherlands, government zoning plans determine where you can and cannot set up your company. These zoning plans also state what the uses are for your business property and plot and what can change in the vicinity of your company. It is therefore important to know what is in the zoning plan, so that you are not faced with surprises. You also have to take into account that a municipality can change an existing zoning plan. It is important to know the procedure for this, because the future of your company may depend on it.

Environmental regulations and permits for starters

In addition, entrepreneurs often have to deal with environmental regulations in the field of noise, energy and waste. The rules that apply to you may be different per region, field and type of company. To facilitate this, the environmental permit was introduced in 2010. The environmental permit includes about 25 other permits, including the Environmental Permit, Building Permit and Usage Permit discussed below.

Environmental permit

If you want to set up a company in the Netherlands, you will have to deal with the Environmental Management Act. This law applies to almost all companies and is intended to keep environmental pollution within legal standards. If you can cause nuisance, danger, nuisance or damage, you probably need a permit. Some entrepreneurs are eligible for an exemption. The national government has more information: [Click here for national government information](#).

Building permit

If you want to (re) build your business premises, you must also apply for various permits, which is possible with an environmental permit. You will then have to deal with the Housing Act, the Building Decree and the municipal building regulations. For more information, you can (re) build at the municipality in which you are going to build.

License to use

The fire safe use permit system has two procedures. Namely;

- a procedure whereby a license for fire safe use is granted. Often known under the name "use permit", this is necessary when accommodation is provided, children under 12 are present, etc.
- the second procedure is an application for which a "fire safe use report" is requested. This is only mandatory if more than 50 people are admitted to a shop or office building at the same time. The use permit and the report fire-safe use must both be requested in writing (form and drawings) and must be completed with a short procedure.

Other environmental permits

Other environmental permits are:

- demolition permit
- waste order
- housing permit
- monument permits

Do you think you need an environmental permit? Then do the permit check first. You can apply for an environmental permit online via the environment counter.

Local taxes: permits

Each city council draws up a General Local Regulation (APV), which regulates the use of public space (for example for terraces, advertising). The APV usually has a licensing system in which

applicable prohibitions do not apply to you if you have received a license for this. There are costs associated with obtaining these permits.

Work From Home

Sometimes choosing a new location for your business might not be ideal if you plan to start small or do not require an excess of space. Essentially, you could start a business from your own house and if you plan to run a business from your home, you are normally obliged to report this plan to your local municipality. You must also bear in mind various tax and mortgage issues.

5.3.7. Step 7: Privacy / Personal Data Protection (Making a business website)

Nowadays, a company can not do without a business website, which you can then promote on the well-known social media.

The Netherlands has a high percentage of general Internet, social network site, and smartphone users. The Dutch Constitution contains a provision on the protection of privacy of personal data. The Personal Data Protection Act broadly governs the protection of personal data; online privacy is addressed in particular by the Telecommunications Act, which was recently amended to incorporate privacy provisions deemed by some commentators to be stricter than those of the EU. The Netherlands has incorporated key European Union directives on privacy, such as the Directive on Personal Data, the Data Retention Directive, and the Privacy and Electronic Communications Directive, into its national law.

The processing of any personal data in the Netherlands requires the data subject's unambiguous consent; certain types of personal data, such as that concerning a person's religion may not be processed, however. Internet service providers have an obligation to protect the privacy of users and subscribers. The Dutch Data Protection Authority is a key agency involved in the protection of personal data, but two other agencies play a role in supervising telecommunications service providers and the telecom market. Among possible future changes in the Dutch legal framework of online privacy is the adoption of a constitutional amendment on the protection of digital rights.

Legal Framework

The Constitution of the Kingdom of the Netherlands provides for the protection of privacy in article 10, which states as follows:

Everyone shall have the right to respect for his privacy, without prejudice to restrictions laid down by or pursuant to Act of Parliament. Rules to protect privacy shall be laid down by Act of Parliament in connection with the recording and dissemination of personal data. Rules concerning the rights of persons to be informed of data recorded concerning them and of the

use that is made thereof, and to have such data corrected shall be laid down by Act of Parliament.[7] The Constitution also provides for the inviolability of the person[8] and the home[9] and protects against the violation of the privacy of correspondence and of the telephone and telegraph, except as otherwise provided by acts of Parliament.[10]

When it comes to Personal Data Processing, the storing and processing is regulated by the General Data Protection Regulation(GDPR). The GDPR consists of a number of rules for the (automatic) processing of personal data. This EU regulation forces you as an entrepreneur to act more carefully and responsibly when dealing with personal data of customers, personnel or others. That means that your website needs to be GDPR proof website. This law gives people stronger privacy rights and organizations more responsibilities. For example, organizations are obliged to show which personal data they collect and how they use and secure them. People

have the right to have data deleted if they no longer want an organization to process personal data about them.

GDPR manual | General Data Protection Regulation (AVG)

Instructions

To help managers and entrepreneurs to be prepared in time for all changes, the Ministry of Justice and Security (JenV) has issued a 98-page manual that fully explains how the new law and the necessary measures must be implemented and monitored. The document, entitled 'Manual General Data Protection Regulation and Implementation Act General Data Protection Regulation', was compiled by consultancy Consideration under the auspices of the Ministry of JenV. In addition, an external sounding board group was also consulted during the preparation of the manual.

The comprehensive user guide runs step by step along the various points that are important for those who will have to deal with the AVG. This is also the first point that the document deals with: to whom does the AVG actually apply? In general, it can be said that the law applies to anyone who deals with the storage and processing of personal data of EU citizens. This may concern companies and institutions as well as people, such as self-employed persons. There are, however, some exceptions. For example, the law does not apply if the processing is exclusively intended for purely personal or household activities that are not related to business activities. In addition, the processing of personal data by the police in detecting criminal offenses is exempt from the regulation. The separate Police Data Act applies to this.

The transition to the new legislation has, even now, a major impact on companies and institutions. In order to ensure that the organization is well organized in time to comply with the stricter rules, it is often necessary to make major adjustments with regard to processes, systems, working methods, culture, personnel and policy.

Companies that do not have their affairs in order run a high risk: in cases of non-compliance, large fines can be distributed, rising to as much as € 20 million, or even 4% of the worldwide annual turnover of a company if this is more than € 20 million.

Data Protection Officer

An important new duty for many of the companies and institutions that deal with the AVG is the appointment of a Data Protection Officer (DPO), whose job is to monitor compliance with the rules. In this way, the DPO must also keep in mind that the various elements within an organization are well-armed against the current cyber threats. This involves, for example, ensuring that employees handle data carefully and keep cyber criminals out of the (digital) door. [Click her for the Guide regarding privacy law regulations.](#)

5.3.8. Step 8: Insurance

An accident - whether it is a physical or psychological problem - is in a small corner. Where as an employee you could still count on the support of your employer, as an entrepreneur you are responsible for the (financial) consequences of illness and accidents.

For freelancers/self-employed professionals in the Netherlands it is not, unlike for employees, compulsory to have insurance for illness, invalidity or unemployment at the moment. Therefore, they must make arrangements for these kind of social insurances themselves if they want to receive any benefit if they become ill or unfit for work, for example. There are, however, benefits schemes for maternity leave and childcare available. National insurance schemes (social security), however, do also apply to freelancers/self-employed professionals.

Voluntary insurance

Former employees or benefit recipients in the Netherlands who start their own business, can take out several insurances with the Dutch Employee Insurance Agency (UWV, in Dutch). To be able to do so, they need to register within 13 weeks after their compulsory employee insurance scheme through former work or benefit has been cancelled.

Every freelancer/self-employed professional can take out voluntary insurances against a number of business risks with an insurance company. In the future, it may become compulsory to take out insurance against occupational disability. You will find information about insurance schemes regarding disability, provision for old age and liability on the Insurances for self-employed website (Verzekeren voor Zelfstandigen).

For people who have been working independently for more than 1 year, it is also possible to set up a 'bread fund' (Broodfonds, in Dutch) with a group of other self-employed professionals. This is a voluntary scheme where participants (20-50 people) all pay into a fund to be able to support each other in case of illness.

National insurance schemes

National insurance schemes are compulsory for everyone working or living in the Netherlands. Freelancers/self-employed professionals in the Netherlands pay national insurance contributions through their income tax. Additionally, there are several ways to ensure your business's assets in the event of legal liability or any other any other risk you can't afford to cover.

5.3.9. Step 9: Management of human resources

General

The taxation of employees in the Netherlands consists of the levy of personal income tax and social insurance contributions. The employer has a withholding obligation for taxes due over the employee's salary (wage tax) and the social security contributions which become due over the employee's salary.

The Dutch social security contributions consist of the national social insurance contributions and the employee social insurance contributions. The national social insurance contributions are basically due by every Dutch individual tax payer, regardless the nature of the income. The levy of the national social insurance contributions is integrated in the income tax and wage tax levy.

The employee social insurance contributions are only due by employer and employee on account of qualifying employment income. The levy of the employee insurance contributions is separated from the levy of income tax. For employees who are temporarily assigned to the Netherlands an exemption from the Dutch social insurance system may apply by virtue of applicable treaties and/or EU regulations.

Personal income tax

Resident individuals are subject to individual income tax on their worldwide income.

Income earned outside the Netherlands may qualify for an exemption by virtue of applicable tax treaties or the Dutch unilateral rules for the avoidance of double taxation.

Non-residents are only subject to individual income tax on certain types of Dutch source income, including income from employment.

Real estate situated in the Netherlands

Income derived from shareholdings in a Dutch corporation, provided that the interest equals or exceeds 5% of the shares. Special rules apply to certain categories of tax payers like for instance sportsmen or artists.

The centre of vital interest will be decisive for qualifying as a Dutch resident e.g. physical presence of the taxpayer and his family in the Netherlands.

A non-resident taxpayer earning Dutch source income can opt for the status of resident tax payer if this for whatever reason is beneficial. Usually this is done to qualify for personal allowances and deduction of certain expenses which are generally not allowed for non-resident tax payers.

Under most tax treaties a foreign employee who is assigned to the Netherlands by a foreign employer is exempt from Dutch income tax/wage tax if the employee's working days in the Netherlands do not exceed 183 days in a tax year. This rule generally does not apply if the foreign employee has a Dutch employer. Special rules may apply for foreign based employment agencies.

As from 2001 the Dutch individual income taxation is based on three types of income (boxes of income). Each box has its own tax rate:

Box 1: taxable income from work and home (progressive rate, see under Dutch tax rates for individuals - 2017)

Box 2: taxable income from substantial shareholdings (fixed rate of 25%)

Box 3: taxable income from savings and portfolio investments (fixed rate of 30% over fictitious income of 4%)

Each form of income is taxed in one box only (all "emoluments" of employment - for example, salary, bonus, company car and benefits in kind - are subject to income tax in Box 1). There can never be double taxation. If the income in one box is negative, this can in most cases not be offset against positive income in another box. However, it is in principle possible to offset the negative amount against a positive income in the same box in past or future years.

The personal income tax year is the calendar year.

Wage tax and national social insurance contributions

Wage tax or wages withholding tax ('Loonbelasting') is an advance payment for the individual income tax. Wage tax and national social insurance contributions ('volksverzekeringen') are levied jointly on income from employment.

All Dutch employers, including non-resident employers with a permanent establishment in the Netherlands, are obliged to withhold wage tax and national social insurance contributions from salary payments and, in this respect, act as a withholding agent for the Dutch tax authorities.

The rates are progressive and depending on the bracket of income. For the rates we kindly refer to the page Tax rates for individuals - 2018. Wage tax rates are basically equal to individual income tax rates, although through the much broader taxable basis of the income tax the ultimate effective rates may deviate. For many individuals the wage tax is however a final tax.

Depending on the level of income from employment and other criteria, individuals may have the legal obligation to file an income tax return. The filing of a tax return is followed by the issuance of a tax assessment in which the wage tax already paid is offset against the final income tax liability.

Employee social insurance contributions

In addition to the national social insurance contributions that form part of the lowest two income tax rates, social security contributions ('werknemersverzekeringen') on employment income are payable by employees. The contributions are calculated on gross salaries (with a maximum amount), less pensions premiums withheld and adjusted for some technical differences with the income for tax purposes.

Employees furthermore pay a social insurance contribution (including medical insurance) and an unemployment insurance contribution.

The rates are dependent on your lines of business. For more information please contact us.

Income tax rates

For an overview of the rates for the Dutch personal income tax and the national social insurance contributions we refer to the page Dutch tax rates for individuals.

5.3.10 Step 10: Patents and Brands

The Netherlands Patent Office (Octrooiencentrum Nederland) is the official Dutch government body that grants Dutch patents, implements national and international patent regulations in the Netherlands, and promotes patents as a source of information and inspiration. The Netherlands Patent Office is a department of the Netherlands Enterprise Agency (RVO).

The Netherlands Patent Office provides support and guidance to business owners (SME's, start-ups), the services sector, scientists, researchers, teachers and students. You can consult with the Netherlands Patent Office free of charge about any patent-related queries or other ways to protect your intellectual property (IP).

Sources: www.ikgastarten.nl en kvk: <https://ondernemersplein.kvk.nl/>

5.4. Step by Step Italy

[5.4.1. Step 1: Choose legal form](#)

[5.4.2. Step 2: Officially Register your Company with the Chamber of Commerce](#)

[5.4.3. Step 3: Fiscal regulation and Accountancy](#)

[5.4.4. Step 4: Write a business plan](#)

[5.4.5. Step 5: Opening a Business Account](#)

[5.4.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits](#)

[5.4.7. Step 7: Privacy / Personal Data Protection \(Making a business website\)](#)

[5.4.8. Step 8: Insurance](#)

[5.4.9. Step 9: Management of human resources](#)

[5.4.10. Step 10: Patents and Brands](#)

5.4.1. Step 1: Choose legal form

While there are various forms of legal entity for companies in Italy, the country's corporate law differentiates principally between limited liability companies and partnerships. We have listed the most common types of organizational entity.

Companies

There are two main types of limited liability company:

Società per azioni (S.p.A. or SpA) A joint-stock company - the approximate equivalent of a public limited company by shares - this form of entity is usually used for larger corporations, and is not always a limited liability entity. An SpA requires a minimum investment of 120,000 EUR and at least one director. Audited accounts must be filed with the local Register of Companies. There are three management options: a traditional board with one single director; a board of directors; or a management board assigned by a shareholder-elected supervisory committee.

Società a responsabilità limitata (S.r.L.) The most common format for small and medium-sized businesses, an S.r.L. is a limited liability corporation (although there are some differences between an Italian S.r.L. and the UK/US definition of a limited liability enterprise), which requires at least one shareholder and a minimum investment of 10,000 EUR. Shareholders have limited liability to the extent of their contribution.

Partnerships

There are two key forms of partnership:

Società in nome collettivo (S.n.c.) - general commercial partnership An S.n.c. requires a minimum of two partners (individuals or legal entities); all partners are general members of the partnership and hold full liability and management responsibility. No minimum set-up capital is stipulated.

Società in accomandita semplice (S.a.s.) - limited liability partnership The main conditions are the same as for a general partnership. However, at least one partner must be limited and hold limited liability to the extent of their contribution to the company. The other must be general and own full liability for the partnership's obligations.

5.4.2. Step 2: Officially Register your Company with the Chamber of Commerce

Company Registration Italy

To start economic activity, a new company must have a code that identifies that company, providing it legal and juridical existence: the “Partita IVA (the Italian equivalent of VAT number)”. The Partita IVA is provided by the “Agenzia delle Entrate (Inland revenue)” the Italian institution which controls the fiscal regulations and taxes. The Partita IVA is composed of 11 numbers, specifically, the first 7 numbers identify the name of the owner, the following 3 numbers identify the company to the “Agenzia delle Entrate” and the last number is provided for control.

For more information [click here](#)

Specific economic sector

When opening a new company, the most important information to give and to be aware of is the type of company. In Italy each company is identified by the ATECO code, a code provided by the Company Registrar of the local Chamber of Commerce where the company is registered. This code also contains information on the status of the company which can be active and inactive. The Italian government has created a website on which companies (who cannot find their code anymore, or start-ups that are willing to research the different official economic activities) can research the [ATECO code](#). [This website](#) is useful also to have more technical information on the code.

5.4.3. Step 3: Fiscal regulation and Accountancy

The accountancy of a company is crucial to assure its healthy development. Taking into consideration the assets, costs and taxes is important but is not always an easy task, this is why the majority of companies, rely on professional accountants. One of the keys to good accountancy is to adhere to the right fiscal regulations. In Italy we have 3 different types of fiscal regulation:

* Regime forfettario (flat regime): up to Euro 65.000,00 of income. The main characteristic of this regimen is the absence of IVA which therefore is not included in the invoices produced and neither in the invoices for purchases. It is the most suitable for Sole Traders / Freelance.

* Regime semplificato (simplified regime): inferior to Euro 400,000.00 of income. This fiscal regime is for Individual companies which have surpassed the amount of 65.000,00 Euros.

* Regime ordinario (ordinary regime): superior to Euro 400.000,00 of income. It is the most adequate for the Srl (the Italian equivalent of Ltd).

For more information [Click here: https://www.partitaiva24.it/tipologie-di-regime-fiscale/](https://www.partitaiva24.it/tipologie-di-regime-fiscale/)

5.4.4. Step 4: Write a business plan

See [Chapter 4](#) and [Chapter 6](#)

5.4.5. Step 5: Opening a Business Account

How to open a bank account in Italy online

Moving countries comes with challenges, but as an expat, your finances shouldn't be one of them. Opening a bank account in Italy can be simple, if you know how (hint: go online).

What are the different types of bank accounts in Italy?

Your first Italian banking decision is whether you want a resident account or a non-resident account. If you're only going to be living in Italy for part of the year –if you're only buying property you intend to rent there, for example – a non-resident account might be enough. But if you're going to be spending serious time in Italy, you should consider a resident account. You don't have to be an Italian citizen to get one – you just have to live there.

There are different types of resident accounts. Expect to encounter the following:

- Conto corrente (current account) – as in other countries, this is the standard type of account for day-to-day transactions.
- Conto corrente cointestato (joint account) – this is a current account that you share with someone else.
- Conto di risparmio (savings account) – this is for your savings, on which you can earn a little bit more interest.

- Conto di deposito (deposit account) – this is a less flexible type of savings account that might offer a higher rate of interest.

How to choose a bank account in Italy

There's a wide range of banking institutions in Italy. There are major national and international banks based in the big cities, but further out of town you'll find smaller local ones. What's more, these days there are newer, digital banks to consider as well. Here are a few things to think about while you make your decision:

- How easy is it to open the account? Can you do it online?
- Will you need to visit your branch often, and is there one close to you?
- Does your bank offer services in English (or your other first language)?
- Are there any fees and what are they?

How to open a bank account in Italy

So, you know what sort of account you want and have chosen a bank. Here are our tips for opening a resident account with ease:

- Wait until you're in Italy. It can be tempting to try to start the process from abroad, but unless you're getting a non-resident account, this might prove difficult. Even if you don't need to go into a branch to open the account, you will still need to provide details such as a valid Italian address. So you might just need to bide your time.
- Have your documents ready. Banks always need to be able to verify your identity, so you'll need to show them some documents. There's more information on what you'll need below.
- Go to your new bank, or its website. Once you're ready, you can begin the signup process. For traditional institutions you may well need to go into a branch, but digital banking options like N26 mean you can apply online.
- Wait for the mail to arrive. You'll need to wait a few days to get your bank card and other information in the post – another reason it makes sense to already be in Italy!

How to open an online bank account in Italy

Traditional Italian banks can hold some surprises for foreigners. The opening hours, for example, can seem really strange: they're usually open from early in the morning until around 1 pm, and then for just an hour or so later in the afternoon – but that's it.

That's just one reason why you might want a bank where you can do pretty much everything online. Another is the language barrier: some online banks provide their services in a variety of languages, so you won't have to try to find a bank teller who happens to speak your language.

With N26, you can use it in five languages and do everything online. You can [set up a full Italian bank account](#) from your phone in minutes, without any paperwork, from the comfort of your sofa.

However is important to consider that N26 can be useful only at the start of a new business since payments in Italy may delay (despite the fact that by contract payments are due within 30 to 60 days often these can delay even more). In these cases business need the support of local physical banks which can provide Fidi Bancari (Bank Overdrafts).

How much does it cost to open a bank account in Italy?

Every bank has its own set of fees, and they can vary a lot. It's one of the most important factors to consider when choosing an account. Fees in Italy tend to be on the high side, by European standards.

There might be an account opening fee, but the fees that'll cost you more in the long term are the ones that you pay every month or even every transaction.

Types of bank account fees in Italy

You might face the following fees with a standard Italian account:

- Maintenance fee – this service fee could be charged regularly, for instance every month.
- Transaction fee – you might find that the bank charges you a small amount for each individual transaction that shows up on your statement. You might get a certain number free each year.
- Cash withdrawal fee – if you use an ATM (bancomat in Italian) to withdraw cash, there could be a charge, especially if you don't use your own bank's ATM.
- International transfer fees – this can be a big deal for expats. If you're likely to need to send money abroad, check what your bank will charge you for this. These fees can vary hugely.

Not all banks will charge the same fees, and it's worth considering a variety of options. Try to find an account where the fee schedule works in your favor – for example, it could be in your interest to minimize international transfer fees, or to get an account that doesn't charge so much for withdrawing cash.

What do you need to open a bank account in Italy?

You'll need to show your new bank some documents to prove you are who you say you are. The details can vary, but the general requirements to open a bank account in Italy are:

- ID, such as a passport.
- A valid Italian address. Most banks require proof of address, such as a utility bill, although N26 is an exception – you just need to legally be resident there.
- Your codice fiscale (tax number).
- Proof of employment (or proof that you're studying, if you're a student).

This is only for a resident account – for a non-resident account, as you'd expect, it's all a little different.

At what age can you open a bank account in Italy?

You generally need to be 18 years old to open a full bank account in Italy. Anyone younger might need to get a parent or guardian involved. You can prove your age using your ID.

How much does it cost to cancel a bank account in Italy?

It sounds paranoid, but it's worth checking up on this before you open your account. If you think you might want to close the account at some point, you should find out how easy the bank makes it, and how much it could charge you. There could be extra fees and more paperwork – the last thing you need when you should be spending your last few days in Italy eating as much gelato as possible.

Relevant links [N26 Bank Account\(new tab\)](#) [N26 Business You account](#)

5.4.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits

Environmental protection

In Italy environmental protection is a very serious matter in fact the Italian legislation for environmental protection is the strictest in EU with fines and legal procedures strict and inflexible. Environmental protection is a responsibility of all companies, not only the ones active in particular fields (transportation, chemical industries, etc.) but also companies in the food industry, in agriculture, the ones that work in logistics and so on.

The regulations regarding environment take into consideration soil, water and air pollution. The actions to take of course are different depending on the type of economic activities the company carries out, and for each of this the company must obtain an Environmental Authorization, for example:

- Authorization for sewage
- Authorization for acoustic impact
- Authorization for gas emissions

It is important to consider that the companies have to take into consideration national and regional guidelines regarding environmental protection, in fact each region may have ulterior regulation regarding the protection of certain particular natural resource.

For more information [click here](#)

5.4.7. Step 7: Privacy / Personal Data Protection (Making a business website)

Privacy

All Italian, and European, companies have to take into consideration the new EU GDPR regulation. According to this regulation companies have to make their clients and/or visitors of their website aware of the new regulation on privacy, this must have certain characteristics:

- Be concise
- Transparent
- Clear
- Easy to access
- Simple language (even to minors)
- Consent to privacy must be given from 14 years of age

For more information , [click here](#).

5.4.8. Step 8: Insurance

In Italy all the companies with employees which are active in particularly dangerous activities must subscribe a national insurance through INAIL, the National Institute for Insurance against accidents on the job. This national institute provides protection to employees against physical and economic damages caused on the job. The dangerous activities are divided into two main groups:

- activities that include the use of machinery or activities that are carried out in laboratories;
- activities that for their nature are considered dangerous, for example: construction activities, transportation, private protection, etc...

The INAIL provides the company with civic liability against accidents but does not protect the company in case it is direct responsible of the accident because it has not fulfilled all the legal requirements regarding safety on the workplace.

The cost of the insurance depends for the type of activity the company carries on; according to the legislative decree 38/2000 the activities were divided into four main categories and for each one it has established the costs to face. These categories are:

- Industry
- Craftsmanship
- Service Industry
- other activities of different nature

All the documentation and actions needed for INAIL are complicated and require time this is why companies appoint an external expert called “Consulente del Lavoro” (Job Consultant) who will be in charge of all the relationship with the National Institute.

For more information [visit the official website of INAIL](#)

5.4.9. Step 9: Management of human resources

The management of human resources is key since it sets the basis for the development of the company. Businesses have to take into consideration different regulations to provide the employees with a healthy and legal working environment. The most important regulations are:

- Provision of a legal contract and respect of basic regulations in the working environment (i.e. minimum working hours, minimum wages, etc.): the employee has to be provided with a legal and valid contract which establishes the working hours, the wages and his status. The employer is responsible for it and he/she can rely on work consultants. For more information, [click here](#):

- Safety of the working environment: in a company the employer is responsible for assuring the safety of the working environment. Based on the type of activity and the connected risks the employer and other personnel have to undertake regularly safety courses to ensure that the employer and the employees know how to act in unsafe or medical situations.
- Each company needs to appoint a responsible for safety and a responsible for first aid.
- For more information [click here](#).

5.4.10. Step 10: Patents and Brands

The rights conferred by a patent for industrial inventions are territorially defined and consist of the exclusive right to work the invention and earn profit therefrom in the territory of the Italian State, within the limits of and on the conditions imposed by the law. This exclusive right is extended to the sale of the product to which the invention refers, but expires once the product is put on sale by the proprietor of the patent or with his consent, inside a member State of the European Union or the European Economic Area. If the original product is put on sale outside the European Economic Area and is then imported into it, the owner of the right can oppose this because, in this case, the right has not expired inside the European Economic Area.

When a product is manufactured using a method patented in a country where the patent title does not exist, if that product is introduced into a country where a method patent does exist, said product can be used in said country only by the owner or his successor in title of the method patent. If third parties use the product for profit in countries where the patent is protected, the owner or successor in title of the method patent can prevent such use.

The patent right does not extend, whatever the object of the invention:

- to any actions performed on private premises provided they have no commercial purpose, or attaining to experimentation;
- to the extempore preparation, in units, of medicine in chemist's shops according to a prescription, and to the medicine thus prepared.

If a patent, in order to be executed, implies the use of inventions protected by other patent titles still in force, it cannot be executed or used without the consent of the owner or his successor in title of the previous patent title. In the same way, the owner or his successor in title of the previous patent title cannot use the subsequent patent title without the consent of the owner of the latter.

Every patent application, and consequently every patent, must have as its object only one invention, or a group of inventions connected to each other so as to form a single inventive teaching. The patent confers the following exclusive rights on the holder:

- the subject of the invention is a product the right to forbid third parties, except with the agreement of the patent holder, from producing, using, trading in, selling or importing

for such purposes the product in question into those countries where the patent is in force;

- If the object of the patent is a method, the right to forbid third parties, except with the agreement of the patent holder, from applying the method, or using, trading in, selling or importing for such purposes the product which is directly obtained by the method in question in those countries where the method patent is in force;
- In the case of a method patent, any product which is identical to the one produced by means of the patented method is presumed to have been obtained, unless proof to the contrary is provided by the third party, by means of the said patented method, according to one of the following cases:
 - if the product obtained by the method is new;
 - if there is a substantial probability that the identical product was made by means of the patented method and if the holder of the said patent is not able, by means of reasonable efforts, to determine the method actually followed.

In the effort to show proof to the contrary, the legitimate interest of those accused of infringement in protecting their manufacturing and commercial secrets must be respected. In other words, it must be avoided that the improper use of a method patent allows the owner, or his successor in title, to come into possession of the secrets of a competitor.

In Italy a patent for industrial inventions lasts 20 years from its filing date and is subject to the payment of annual maintenance fees, starting from the fifth year. If the deadline for payment of the annual fees is allowed to expire, a period of six months grace is given, during which it is possible to pay the annual fee due subject to a surtax.

The exclusive rights of a patent are conferred with the concession of the patent certificate. The effects of the patent come into force on the date on which the description and drawings attached to the patent application are made available to the public, or, from the moment when the content of the patent application is notified to a third party infringer. It should be clarified that the notification must include the whole content of the patent application, not only part of it.

Unless there is a specific request for advance publication, which must be presented with the patent application, the application is in any event available 18 months after the filing date. If the application has been filed first in a foreign country and then extended to Italy under international priority, namely within the convention period of 12 months from the first filing date, the application is made available upon expiry of 18 months from the first filing date.

Italian Patent Law includes the concept of prior use. This concept indicates that anyone who, during the twelve months before the date of filing of a patent application, or before the priority date, has made use in his own Company of an invention which then becomes the subject of a patent application by another party, may continue to use such invention within the limits of such prior use.

Use in one's own Company should not be intended to mean experimentation, nor any design activity, but the real and effective use of the invention for the purposes of profit. If pre-use is invoked, it must be remembered that the filing of the subsequent patent application by the third

party freezes the extension of the pre-use on the date of said filing. Any further extension is subject to the right of the patent and must be authorized by the owner of said right or by his successor in title. This entitlement may be transferred only together with the Company, or branch of the Company, in which the invention has been used. The person claiming prior use is responsible for proving such prior use and its extent.

Types of rights

The rights arising from an invention are rights of a personal nature (the moral right of the inventor, a personal and inalienable right) and of a patrimonial nature (rights which are disposable or transferable). Patrimonial rights arising from inventions can be ceded either by deeds drawn up by living persons or through death; they are also subject to forfeit, confiscation and expropriation (for debts, or in the public interest). The right to the patent belongs to the author of the invention and to his successors in title.

Requirements of patentability

In order to be patented, an invention:

- must be lawful;
- must be suitable for application in the industrial field;
- must be new;
- must not be obvious, that is, it must not be a natural evolution of the state of the art.

Lawful means that inventions which, if worked, would be against public order or morality, cannot be the object of a patent. However, the working of an invention is not considered against public order or morality simply because it is forbidden by a law or administrative regulation. Public order means the protection of public interests such as safety, security, physical integrity, tranquility and health. Morality covers the principles of moral ethics. Breeds of animal, and the essentially biological procedures followed in order to obtain them, cannot be patented either. However it should be noted that it is possible to patent microbiological procedures and also the products obtained by such procedures.

An invention is considered able to have an industrial application when the object thereof can be manufactured or used in any type of industry, including agriculture.

An invention is considered new if it is not included in the state of the art. State of the art means everything which has been made available to the public in the territory of the State or abroad, before the filing date of the patent application, by means of a written or oral description, by use, or by any other means. The state of the art is also considered to include the contents of Italian patent applications, or the contents of applications for a European or international patent which designates Italy, as they have been filed, which have a filing date earlier than that of the invention, even if they have been published or made available to the public later; this is on condition that their content is identical to that of the later patent document.

An invention is considered not obvious, and hence implying an inventive activity if, for a person of skill in the art, it is not obvious from the state of the art. The person of skill is a virtual figure

who knows the state of the art at the priority date which generated the invention, who reads the prior art documents keeping in mind his scholastic knowledge and his acquired knowledge. The person of skill does not have any intuitive capacity but has a combinatory logic and the aim of his activity is to find a solution to the problem he is given. In deciding whether an activity is inventive or not, the documents comprising national applications, European applications or international applications designating Italy are not taken into consideration, when they have a filing date prior to that of the invention and have been published, or made available to the public, at a later date.

An invention, if it is to satisfy the requirement of inventive activity and be considered not obvious, must be intrinsically new. It must solve a technical problem and entail an improvement, that is, the solution of a new problem, even if it is only small, as compared to the state of the prior art in that field at that given time. The content of the invention must not be such as can be inferred from what existed beforehand, and it must entail the solution of technical and/or technological problems; therefore it must not be a mere combination of things or facts already known.

Types of inventions

Inventions can refer to a product, a device to obtain a product, or a method or a system.

Programs for processors, which are used to manage machines, plants, equipment or physical functions, such as for example road junctions, can be protected by means of a patent of invention, provided that the functions performed by the program are protected, and not for the way they are written. The protection of a program for a processor is protected for the way it is written by means of copyright. In a patent application, and therefore in a patent, several inventions can be present connected to each other, which generate autonomous and independent claims. Therefore a patent can have product claims, method claims, device claims and use claims.

They may be main inventions, if they have been conceived independently of any other invention, or derived if they employ elements of one or more earlier inventions. When an invention is dependent on a patent which is still valid and belongs to a third party, the dependent invention cannot be embodied without the authorization of the owner of the previously patented invention, and that owner cannot embody the dependent invention without the authorization of the owner of the same. There may also be:

- inventions of improvement of what is already known, whether patented or not, and such inventions are subject to the regulations for derived inventions as regards their embodiment;
- inventions of transfer when they entail a new use of something which is already known, or a previous inventive idea, by means of an original application of the same in a different field of the art and for purposes other than the original purpose;
- inventions of combination, which are those inventions realized by an intimate union or amalgamation of elements taken from something known or from earlier inventions.

Procedure

In Italy a patent application must be filed through the portal set up for the purpose by the Ministry of Economic Development.

Without authorization from the Ministry of Productive Activities, residents in Italy cannot file their applications for a patent of invention, utility model or topography exclusively at the offices of foreign states or the European Patent Office or the World Intellectual Property Office as receiving office, nor can they file them at said offices before ninety days have passed from the date of filing in Italy, or the date on which the request for authorization was presented.

Once it has been filed, a patent application is first examined to see if it affects national defence, then it is examined to see if it is formally correct, and if it meets the characteristics required by the law relating to the search report transmitted by UIBM.

In some countries third Parties are allowed to oppose the definitive grant, by filing a reasoned request within a defined period, starting from the date the patent is granted by the Patent Office of said country. With regard to specific rules, an opposition procedure can involve a dialogue between the Parties, or it may be managed autonomously by the examiner with the owner of the right. It is possible to send the claims, translated into English, to the Italian Patent and Trademark Office (UIBM), or to pay a search fee. Sending the translated claims or paying the search fee must be done at most within two months from the filing date, otherwise the application is rejected. When it receives the patent application, UIBM assigns the class and carries out a pre-filtering to eliminate those applications which are obviously unpatentable.

If the patent application is not of interest for reasons of national defence, and if it is formally correct, it is sent to the European Patent Office (EPO) which carries out a prior art search and sends to UIBM, within nine months of the filing date, a report and a preliminary opinion. In an urgent case it is possible to ask UIBM (which may reserve the right to refuse) to carry out an accelerated procedure. EPO carries out the search on the basis of the claims translated with the support of the description translated using software, if not supplied at the moment of filing. In the event of doubts regarding the search, it is possible to ask for a copy of the translation done using software. EPO may object to a lack of inventive unity and carry out the search only on a part of the patent. After receiving the search report and the preliminary opinion (which normally occurs around nine months after filing and are forwarded by UIBM), it is possible to make voluntary comments or amendments to the text within eighteen months after the filing date of the application, when all the documentation is made accessible to the public and the application is examined by the Italian examiners, who must base their examination on the search report and can use the preliminary opinion issued by EPO only for consultation. A patent subject to the new Italian procedure, which is extended as a European patent or PCT, can have the right to have part of the search fee repaid, if the claims are the same as those of the first Italian filing.

It should be noted that the PCT search report drawn up by EPO, in some foreign countries, in particular the US, is often completely reformulated.

In the case of a request for early issue, if the search is still in progress, the patent is granted without a search, and in the public file it is noted that no search has been carried out. In Italy, a fee must be paid for every claim after the tenth.

There are also countries where third parties are allowed to present an opposition to the definitive grant by presenting a proper, reasoned request within a certain period from the date of grant by the Patent Office of that country. With regard to the specific rules, an opposition procedure can involve a dialogue between the parties, or it can be managed autonomously by the examiner with the owner of the right.

The field of protection of a patent

Both in Italian and in European law, it is a fundamental principle that the field of protection of a patent is determined by the content of the claims; the description and the drawings are considered only for the purposes of interpreting the claims, and not, therefore, in terms of integration. However, it should be noted that the description and drawings support and justify the claims juridically, and the claims cannot contain features that are not present in the description and the drawings.

Since the claims define the subject matter of the protection requested, they must be clear and concise, and they must be founded in the description and in the possible diagrams or drawings; they must also be comprehensible in themselves. If there are features in the description and/or in the drawings that are not present in the claims, said features are not protected. In the same way, if there are features in the claims that are not supported by the description and/or drawings, these features cannot be used in opposition against third parties.

Claims are independent or dependent, the dependent claims are justified and supported juridically by the respective independent claim. An independent claim is a claim which reproduces the essential characteristics (the so-called "bottleneck") of the invention for which protection is requested, and which serves to identify the subject matter of the invention. A dependent claim contains all the characteristics of the independent claims to which it is connected, and indicates other characteristics or variants for which protection is requested. It matters nothing that the dependent claim is in itself patentable with respect to the state of the art or even with respect to the independent claim to which it is connected. This is important only when the main claim which supports it is not patentable itself. In some systems, a dependent claim which is patentable in itself can be the object of a divisional application to be filed by the grant date of the main application.

In the case of infringement, protection is defined by the so-called subject matter of the invention as identified in the independent claims by the so-called person of skill in the art. It is important to note the substantive difference between inventive idea, found in the patent description, and the field protected by a granted patent found in the claims. A dependent claim is considered infringed only if the independent claim which supports and justifies the dependent claim is infringed. If, during an examination or administrative opposition, an independent claim were to

be found invalid, it is possible to integrate it with one or more of the dependent claims, or by acquiring features contained in the description, thus achieving a new, valid, independent claim.

An independent claim must be read in its entirety and compared with what is considered to be interfering. During the life of a granted patent right, the claims can be voluntarily amended on condition that they remain within the limits of the content of the patent application as initially filed, and do not extend the protection conferred by the granted patent. Any amendment of the claims must entail a reduction of the field protected by the claims as granted. The amendments can be made either at UIBM, or at EPO, or in the course of a case. At UIBM the amendments must be requested before starting an active legal action and are requested when relevant prior art documents, previously unknown, become known. At EPO, or during a case, the amendments can be requested in order to overcome a possible case for annulment, due to the presence of relevant prior art documents. The amendments at EPO must be requested according to certain European legislations. In Italy, during a case, the limitations can be requested at every stage and degree of the judicial system, when the annulment of the right is requested. In some European systems, it is also possible to request amendments of the claims in the event of active actions for infringement. In Italy, the source where the material to be introduced or reformulated for the claims must be found is the description, drawings and dependent claims.

An independent claim must be read in its entirety and compared with what is deemed to interfere. The interference can be literal, when what is considered interfering can be read completely in the claim, or through equivalence. By equivalents we mean those technical means, instead of the means described in the patent at the moment of the priority date and claimed, the alternative use of which was obvious for the person of skill without having to apply a particular mental effort. Furthermore, the concept of equivalent means is also important in the examination procedure, that is, in the procedure which precedes the grant of a patent in the systems which have a prior examination to assess the relevance or irrelevance of a prior art document, or in a court of law as happens for example in Italy, to define the subject matter of the invention or its protected field. The formulation of claims for medicines provides that, when the medicine is a new product, it can also be protected as a medicine according to the protection granted to the substance.

When the product used as a medicine is in itself known, but without therapeutic characteristics, the substance or mixture of substances can be protected for specific use in a therapeutic treatment.

The protection of a patents

The protection of the exclusivity of patented inventions is both a civil and a penal matter. It concerns both patrimonial rights and the moral right of the inventor.

Judicial proceedings to protect the exclusivity right may be proceedings of ascertainment (to verify whether infringement has or has not occurred), prohibition (to prevent the continuance of the detrimental act), recovery of the damages (to obtain a fair compensation for the damage suffered as a result of the detrimental act), and also of claiming (when the ownership of a patent

is in dispute). Judicial proceedings can be both active and passive. It should be remembered that it is not possible to make actions of negative ascertainment, which decide whether the product of a Company infringes a patent title of a foreigner who has no registered office or domicile in Italy.

Legal actions regarding patents for industrial inventions are characterized as movable commercial actions.

For any disputes on intellectual property beginning from 22.02.2014 and to which a foreign Company is a party, that is, "a Company, in whatever form it is incorporated, with its legal headquarters abroad, even having secondary headquarters stably representing it within Italian territory", only nine Specialized Sections are competent, which are: Bari (for judicial offices situated in the districts of Bari, Lecce, Taranto and Potenza, Cagliari (for judicial offices situated in the districts of Cagliari and Sassari), Catania (for judicial offices situated in the districts of Caltanissetta, Catania, Catanzaro, Messina, Palermo, Reggio Calabria), Genoa (for judicial offices situated in the districts of Bologna and Genoa), Milan (for judicial offices situated in the districts of Brescia and Milan), Naples (for judicial offices situated in the districts of Campobasso, Naples and Salerno), Rome (for judicial offices situated in the districts of Ancona, Florence, L'Aquila, Perugia and Rome), Turin (for judicial offices situated in the districts of Turin) and Venice (for judicial offices situated in the districts of Trento, Bolzano, Trieste and Venice).

According to the various cases, the actions are brought before the Specialized Section where the defendant is resident or domiciled, or before the one competent for the place where the plaintiff is resident or domiciled, or before the one competent for the place where the fact occurred, or before the Specialized Section in Rome. It should be remembered that the address noted in the register of patents is taken to be the elected domicile, in order to determine the competent Court and for all notifications, both administrative and judicial. Consequently, before proceeding with any action whatsoever, it is always advisable to verify in the register of patents not only if there are registrations or notes, but also if there have been amendments to the addresses or the domicile, or again in the content of the patent. When an action is based on facts which are assumed to damage the plaintiff's rights, this action can also be brought before the Specialized Section of the place in the district where the facts have been committed.

The burden of proving the invalidity or lapse of a patent in any case falls to whoever challenges the patent, while the burden of proving infringement falls to the holder of the patent. The owner of the rights of a patent may ask for a description or confiscation of whatever is alleged to infringe said rights. He may also request that the documents attesting or documenting the extension of the damage suffered shall be taken. The description and confiscation are carried out by a Judicial Officer, assisted when necessary by one or more experts and also by using any technical means or photographic means or any other means. The measure authorizing description and confiscation also defines the limits and the rules.

The owner of the patent rights can request temporary measures and can then ask for the manufacturing, trading and use of whatever is in infringement of the patent to be prohibited. Such a request is subject to the regulations of the Code of Civil Procedure concerning interim

measures and also to the special norms of the Industrial Property Code. A request for prohibition can be made before or during the main lawsuit. When the judge decides for prohibition, he can establish a sum owed for every violation or non-observance occurring later, or for every delay in carrying out the measure.

Actions for ascertainment and negative ascertainment of validity are requested when a third party wishes to ascertain that one of his products does not infringe the specific rights of others, and where another party desires to verify the validity of the rights of others. Actions for negative ascertainment cannot be brought against third parties which do not have registered offices in Italy, unless said third parties have the patent available in Italy.

The penalties which a person who has been found to commit an infringement may incur consist of publication of the ruling, apportionment of the infringed articles to the owner of the patent as his property, the removal, deprivation or destruction of such articles, and the payment of a sum to compensate for the damage caused.

Judicial proceedings to defend one's patent rights have a certain cost and require a certain time to reach the final judgement. The cost must be assessed taking into account the value of the infringement. The time must be assessed in the context of the extent of the infringement and the damage caused by it. There are countries where a case for infringement lasts a reasonable time, but there are also countries where a case may last 6-7 years. In the same way, there are countries where the cost of a case is reasonable, but there are countries where costs are enormous.

Protection of a patents abroad

An application for a patent can be extended abroad, under the priority procedure, within 12 months of the first filing. If the extended text substantially corresponds to the original text as filed in Italy, it has the right of priority. If new features are introduced into the text, not connected to the original ones, such new features do not enjoy the right of priority.

A patent application can also be extended outside the priority procedure, that is, within 18 months from the first filing, provided that the content of the patent application has not been made available to the public (for example by putting the object containing the inventive idea onto the market, if by examining the object it is possible to understand the inventive idea), and provided that the subject matter of the invention has not been otherwise disclosed, or on condition that third parties have not in the meantime filed an identical application. Extension abroad can be done country by country, that is, taking advantage of one of the unified procedures such as that under the European Patent Convention or the international application Convention (PCT). The PCT provides a procedure which allows to delay the moment when one has to decide in which countries to confirm a patent title. The PCT procedure must be considered a delaying procedure not a granting procedure, whereas the European Patent procedure is a granting procedure. The unified procedures should be used taking into account the times required by such procedures to reach the grant, and also the problems that can arise

after the grant. Indeed it should be noted that there are few countries (e.g. Italy) which allow a case for infringement to be started before the patent title has been granted.

A grant occurring when infringement has already started can even frustrate any interest in starting a defensive action.

An extension must be considered in the same way as any other production investment. The expenses for patent protection abroad must therefore find a correspondence in a reasonable turnover, and the relative margin of contribution or in the advantage over competitors which the owner hopes to acquire. Furthermore, the protection must take into account the possibility that only in certain countries is it worthwhile starting judicial proceedings, since actions in such countries are concluded in a reasonable time and give reasonable and expected judgements. In those countries where there is no security under the law, patents should be filed only after long meditation and evaluating the commercial reasons or effective technical collaboration.

Likewise, a patent title must be abandoned as soon as it is seen that there is no real interest in terms of competitive barrier or of turnover.

5.5. Step by Step Romania

[5.5.1. Step 1: Choose legal form](#)

[5.5.2. Step 2: Officially Register your Company with the Chamber of Commerce](#)

[5.5.3. Step 3: Fiscal regulation and Accountancy](#)

[5.5.4. Step 4: Write a business plan](#)

[5.5.5. Step 5: Opening a Business Account](#)

[5.5.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits](#)

[5.5.7. Step 7: Privacy / Personal Data Protection \(Making a business website\)](#)

[5.5.8. Step 8: Insurance](#)

[5.5.9. Step 9: Management of human resources](#)

[5.5.10. Step 10: Patents and Brands](#)

Introduction

At the level of 2017, Romania registered a total of 525,660 companies. A large share of the businesses operating in Romania were registered in the services sector, as stated by the official data provided by the National Statistics Institute (INS). The services sector is also the largest employer of the country. Foreign investors should consider the following:

the services sectors has the largest share of the Romanian active companies, accounting for 46.7% of the total enterprises registered here;

it also stands for 35.4% of the total workforce employed in Romania;

the total number of Romanian companies - 525,660 - marked an increase of 5% compared to the previous year;

the Romanian trade sector accounted for a total of 172,000 companies;

79% of the employees in Bucharest, the country's capital city, work in the services sector;

Bucharest had, at the level of August 2018, a total of more than 1 million employees (the city has a population of more than 2 million citizens).

Foreign businessmen who want to set up one of the legal entities should also know that the country has a total of 73,000 multinational groups of companies operating on the local market. Out of these, only a small percentage are represented by companies founded by Romanian businessmen; more exactly, only 5,300.

5.5.1. Step 1: Choose legal form

The following legal forms are:

- Societăți comerciale, abbreviated SC (Companies)
- Societăți de persoane (Unincorporated companies, also called Partnerships)
- Societatea în nume colectiv, abbreviated SNC (General Partnership, abbreviated GP)
- Societatea în comandită simplă, abbreviated SCS (Limited Partnership, abbreviated LP)
- Societăți de capitaluri (Incorporated companies, also called Corporations)
- Societatea în comandită pe acțiuni, abbreviated SCA (Company Limited by Shares)
- Societatea pe acțiuni, abbreviated SA (Joint-Stock Company)
- Societăți hibride (Hybrid companies)
- Societatea cu răspundere limitată cu proprietar unic, abbreviated SRL cu proprietar unic
- S.A. (Societate pe Acțiuni): ≈ plc (UK)
- S.C.A. (societate în comandită pe acțiuni): limited partnership with shares
- S.C.S. (societate în comandită simplă): ≈ limited partnership
- S.N.C. (societate în nume colectiv): ≈ general partnership
- S.R.L. (societate cu răspundere limitată): ≈ Ltd. (UK)
- PFA (persoana fizică autorizată): ≈ self-employed (UK) Sole Proprietorship (US)
- O.N.G. (Organizație Non-Guvernamentală): ≈ Non-state pension fund (literally: Non-Governmental Organization)

- Limited liability company "societate cu raspundere limitata" (SRL); joint stock company "societate pe actiuni" (SA).

The most common legal forms are the SRL (BV, BVBA) and the SA (NV). You choose a legal form:

1. Societate cu răspundere limitată (SRL) - Limited liability company

Societate cu răspundere limitată, abbreviated SRL (Limited Liability Company) represents the most common way to start a business in Romania and it is also the preferred legal entity of foreign investors registering a Romanian company. It is incorporated with a capital of RON 200. It can be founded by a single shareholder. The main feature of a limited company is obviously that the liabilities of social debts is limited to contributions to subscribed and paid shares. As we presented above, the minimum share capital for a Romanian limited liability company is of RON 200, which has to be divided into shares that have a value of minimum RON 10. The maximum number of partners that can associate in a limited liability company is 50.

These shareholders or associates can be legal entities or natural persons. A Romanian LLC can have one or more directors, who may have full or limited powers; they can be Romanian or foreign citizens. The term of a Romanian director may be limited or unlimited. In case the LLC has a sole shareholder, then this shareholder can also be an employee of the respective company (in this case a Labor Agreement must be drafted and filed with the Labor Chamber in Romania).

2. Societate pe acțiuni (SA) - Public Limited Company

The SRL can be 100 percent foreign-owned. The directors may also be of foreign origin. The number of participants in an SRL is at least one and at most fifty. A sole shareholder may not be a sole shareholder in more than one SRL. The one-man business also occurs frequently as an SRL in Romania (asociat unic).

The capital contribution can be made both in cash and in kind and amounts to at least 200 lei (1 Ron = 4.75 euros on 8 April 2019).

The Romanian "Partnership Limited by Shares" Company – Societatea in Comandita pe Actiuni

It is not a very common type of Romanian entity. This business form is similar with the "Sleeping Partnership Company" because it needs to be incorporated by at least two shareholders, and just like in the case of the "Sleeping Partnership Company", the company's shareholders have different types of liability, and this can be presented by our team of lawyers in Romania.

The main difference between the two types of companies is that the Partnership Limited by Shares Company has a shared capital formed of stocks. The liability for the company's obligations is different for the shareholders, thus, there are shareholders that are personally liable for the obligations of the company and they are called "comanditati". Our law firm in

Romania can provide further details regarding the rights and the obligations of the company's founders.

The other types of shareholders, "comanditari", are liable for the company's debts only to the amount with which they have participated at the company's share capital. This business form must be incorporated with a minimum share capital of RON 90,000 (or its equivalent in EUR, which is EUR 19,042). The company can be administrated only by the shareholders that are personally liable for the company's obligations.

What are the advantages of a Romanian SRL?

Besides the low value concerning the company's capital, the Romanian SRL provides further advantages to its founders. Our Romanian law firm can provide an extensive presentation on the characteristics of a local SRL, which can be formed with 100% foreign ownership. Other characteristics of the Romanian SRL are the following:

- it can benefit from a fast registration procedure (the company can be formed in a period of three days);
- it can be incorporated by a single shareholder, who can be a foreigner;
- the company's shares can't be divided, nor can be sold to the general public;
- it can't be registered by another company, if the Romanian SRL is incorporated by a single shareholder;
- the company must establish an official business address, where it can receive its official correspondence.

What are the main documents for starting a Romanian SRL?

The registration procedure for each of the company types available in Romania is rather similar. Differences can appear, however, in the types of documents the investors have to prepare upon the registration of the chosen legal structure. In the case of a Romanian limited liability company, investors must submit the following documents:

- the articles of association and the certificate of incorporation, that must be deposited with the National Trade Register Office;
- in the case in which the company has as shareholders corporate investors, it is necessary to deposit the articles of association of the respective companies;
- excepts issued by the Trade Register Office operating in the country where the corporate shareholders are registered;
- the file must also contain a letter of creditworthiness, issued by a financial institution;
- the standard application form and copies of the company's representatives' identification documents.

5.5.2. Step 2: Officially Register your Company with the Chamber of Commerce

The registration process for a new legal commercial entity is the primary function of National Trade Register Office (NTR) [Oficiul National al Registrului Comertului (ONRC)], a national authority subordinate to the Ministry of Justice.

The legal framework pertaining to the establishment of new companies is primarily defined by the 31/1990 Law which outlines the necessary documents, procedures and capital requirements. An exhaustive list of documents and procedures is made available by the NTR, both in Romanian and English.

Any new private limited company founded by persons who have not been an associate or shareholder in another company within the European Economic Area can benefit from a waiver on all set-up taxes and tariffs required by the NTR as well as certain other benefits outlined in the 6/2011 Government Emergency Ordinance if they choose to register as an SRL-D (debutant private limited company) microenterprise.

→ [31/1990 Law](#)

→ [6/2011 GEO](#)

→ [ONRC](#)

Specific Economic Sector of Start-up

The activity of any company must fall within a registered and regulated economic sector, as classified by the CAEN (Classification of Activities in the National Economy) nomenclature (code).

Specific authorization procedures and permits may be necessary for a variety of specialized economic activities ranging from food processing, natural resources extraction to telecommunications and medical services.

→ [CAEN](#)

5.5.3. Step 3: Fiscal regulation and Accountancy

Accountancy

Taxes and contributions owed by companies and individuals are codified into the Fiscal Code, the 227/2015 Law, updated and modified.

The Romanian fiscal regime for companies is defined by four primary taxes that apply either directly to companies, their owners or consumers as well as two taxes paid by employees (and the self-employed).

Corporate Tax

The corporate tax (16%) payable by all companies on their taxable profit

Dividend Tax

The dividend tax (5%) which covers dividend payments made by the company to associates or share-holders.

The microenterprise income tax (1-3%) paid by all microenterprises (private limited companies with a gross income of under 1 million Euro per annum which register as a microenterprise) on their gross income in lieu of the corporate tax.

The value added tax (19% or reduced for certain categories) payable by all final consumers, with the option for new companies to be exempt if their gross income is under 65.000 Euro.

Additionally, employees will also pay two taxes on their salary, as follows.

The income tax (10%) payable on taxable income (differs from gross income primarily by being calculated as the income after paying the mandatory social and medical insurance contributions)

The contributions to social (and medical) insurance (25%+10%+2.25% - the last one being paid by the employer)

Certain criteria and conditions apply to all tax regimes with specific information being provided by Ministry of Finance.

→ [Romanian Ministry of Finance](#)

→ [227/2015 Law](#)

5.5.4. Step 4: Write a business plan

See [Chapter 4](#) and [Chapter 6](#).

5.5.5. Step 5: Opening a Business Account

If you wish to have a business account with a Romanian bank you must go in person. The deposit of the share capital in an account opened at the time of incorporation can also be done fiduciary.

5.5.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits

Depending on their economic sector, companies may need to adhere to more stringent or specific rules and regulations regarding environmental protections, especially in the agricultural, energy and industrial areas of activity. As such, a special environmental authorization process may be required with a comprehensive list of economic activities that require such an authorization being made available by the National Environmental Protection Agency through the 1798/2007 Ministerial Order, updated and modified.

Most Romanian environmental protection laws derive directly from European Union directives and environmental protections and are enforced by the National Environmental Protection Agency which is also charged with publishing any and all legislation pertaining to the environment.

→ [National Environmental Protection Agency](#)

→ [1798/2007 MO](#)

→ [European Union Environment Portal](#)

5.5.7. Step 7: Privacy / Personal Data Protection (Making a business website)

Personal Data Protection

Data protection regulations in Romania are outlined by the 363/2018 Law, which in turn was developed and adopted in order to comply with European Union regulations, specifically the General Data Protection Regulation.

Data protection rules and regulations are enforced by the National Supervisory Authority for Personal Data Processing, which is also the body that is authorized to investigate GDPR complaints.

→ [National Supervisory Authority for Personal Data Processing](#)

→ [363/2018 Law](#)

→ [European Union data protection rules](#)

→ [GDPR](#)

5.5.8. Step 8: Insurance

In Romania all self-employed (authorized persons) and employees are required by law to participate in and be covered by the national insurance systems for retirement and health, and in certain circumstances, unemployment.

Subsequently, while the insurance contribution liability may slightly vary depending on temporary schemes for business start-ups, generally the liability is similar for an authorized person and an employee, the primary difference consisting in the fact that employees have their contributions retained at the source (by the employer) and paid directly, while the self-employed are personally responsible for handling the payments.

5.5.9. Step 9: Management of human resources

In addition to the fiscal provisions pertaining to employees which have already been specified, the general rules and regulations governing the labour market are outlined by the Labour Code, 53/2003 Law, republished with updates and modifications.

The law outlines normal/usual employee protections and rights in line with European continental norms, such as the right to unionize, the right for collective bargaining, the right for paid leave etc. The standard work week is 40 hours, at a maximum of 8 hours per day, while the minimum paid leave (excluding national holidays) amounts to 20 work days per year.

As with all other areas, European Directives apply and are translated into law per the requirements of the TFEU.

→ [European Commission Employment, Social Affairs & Inclusion Portal](#)

→ [53/2003 Law](#)

5.5.10. Step 10: Patents and Brands

The State Office for Inventions and Trademarks (SOIT) [Oficiul de Statpentru Inventii si Marci (OSIM)] is the Romanian national authority charged with the registration and authorization of patents, brands and other intellectual property items.

The primary laws governing intellectual property are the 129/1992 Law, 350/2007 Law, 16/1995 Law, 84/1998 Law and the 64/1991 Law, republished with updates and modifications.

A comprehensive list of tariffs and applicable taxes for trademark registration and similar activities is provided by the SOIT.

→ [State Office for Inventions and Trademarks](#)

→ [129/1992 Law](#)

→ [64/1991 Law](#)

→ [350/2007 Law](#)

→ [16/1995 Law](#)

→ [84/1998 Law](#)

→ [Tariffs](#)



5.6. Step by Step Turkey

[5.6.1. Step 1: Choose legal form](#)

[5.6.2. Step 2: Officially Register your Company with the Chamber of Commerce](#)

[5.6.3. Step 3: Fiscal regulation and Accountancy](#)

[5.6.4. Step 4: Write a business plan](#)

[5.6.5. Step 5: Opening a Business Account](#)

[5.6.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits](#)

[5.6.7. Step 7: Privacy / Personal Data Protection \(Making a business website\)](#)

[5.6.8. Step 8: Insurance](#)

[5.6.9. Step 9: Management of human resources](#)

[5.6.10. Step 10: Patents and Brands](#)

Introduction Turkey

There is a provision in the clause (1) of Article 5 of the Regulation on Opening a Business and Working Licenses published in the Official Gazette dated 10.08.2005 and numbered 25902, which includes the provision "Complying with the provisions of the legislation on foreigners regarding opening and employing businesses by foreign nationals". In accordance with [Law No. 6735](#) foreigners who will open a business must obtain a work permit from the Ministry of Labour, Family and Social Services before starting to work.

If foreigners want to open a business and work under their own names and accounts, they must apply to MoLFSS to obtain a work permit following the completion of the establishment procedures of the said workplaces before the relevant authorities (such as the publication of the workplace in the trade registry or the trade registry office and obtaining a tax number). As a result of the evaluation to be made by MoLFSS, foreigners whose request is approved and who have been granted work permits must apply to the relevant municipalities with these permits and request a business license and work license.

The procedures and principles for Syrians under temporary protection to work in our country are regulated by the "Regulation on Work Permits of Foreigners under Temporary Protection", which was published in the [Official Gazette dated 15.01.2015 and numbered 29594](#), and a work permit from for foreigners MoLFSS under this scope to work in Turkey.

Foreigners working independently on their own behalf and account within the scope of temporary protection, after the completion of the establishment procedures of the workplace on the condition that they have tax numbers, by scanning the documents showing the activity of the workplace such as the trade registry gazette for companies, the relevant chamber registration document for real person merchants, tradesmen and craftsmen, to the automation system during the application. He has to get a work permit before starting to work. The

foreigner will be required to have a work permit while granting a business and working license by the competent authorities.

Syrians in Turkey are almost 4 million

Despite their success, young migrant (Syrian) entrepreneurs in all countries are working in an unfamiliar economy and regulatory environment, limited customer base and inconsistent access to incentives and business support. In Turkey, Partnerships with Turkish businesses can help ease some of these challenges. Syrian businesses bring unique competencies, including familiarity with Turkey's Arabic-speaking consumers and existing links with businesses across Syria, the greater Middle East, and North Africa. Leveraging these competencies can mean new growth opportunities for Turkish businesses. Essentially, while Syrian businesses can offer access to new markets abroad, Turkish businesses can help Syrians crack the market within.

The Turkish Ministry of National Education (MoNE) recommends the following to cultivate greater interaction and eventually partnerships between Turkish and Syrian businesses for mutual benefits:

- Provide Syrian businesses with resources to navigate the Turkish market and regulatory environment.
- Invest in training and capacity development opportunities for Syrian and Turkish businesses, as well as public agencies serving businesses and foreign investors.
- Offer networking opportunities and platforms for Syrians businesses to demonstrate their products and services.
- Reduce policy uncertainties and regulatory burdens to encourage long-term Syrian investment in Turkey and facilitate formalization.
- Increase outreach and equitable access to incentives for Syrian businesses, especially to realize their export potential and brand development.
- Collect and provide access to detailed data on Syrian businesses for further analysis.

Chambers of commerce and industry across all provinces can:

- Prepare Arabic language guides to help Syrian entrepreneurs navigate the process of establishing and operating a business in Turkey. The Gaziantep Chamber of Commerce has experience doing [this](#).
- Staff dedicated help desks for Syrian entrepreneurs interested in establishing a business. Provide training and support on Turkish laws and regulations, banking regulations, and available investment and export incentives.
- Organize business network meetings. Bring Syrian and Turkish businesses together under the umbrella of an impartial chamber.
- Provide Syrian businesses with a platform and venue to introduce their commercial activities to Turkish businesses. Holding these meetings in English may offer a common working language for some potential partners

5.6.1. Step 1: Choose legal form

Company Types under TCC and Alternative Forms

There are corporate and non-corporate forms for companies under the TCC, which states that companies may be established under the following types:

a. Corporate forms

Joint Stock Company (JSC)

Limited Liability Company (LLC)

Cooperative Company

Although some financial thresholds (i.e., minimum capital) and organs differ from each other, the procedures to be followed for establishing a JSC or an LLC are the same.

b. Non-corporate forms

Collective Company

Commandite Company

Although companies may be established according to these five different types, JSC and LLC are the most common types chosen both in the global economy and Turkey.

5.6.2. Step 2: Officially Register your Company with the Chamber of Commerce

Turkey has introduced reforms with a view to making it easier to do business in order to enhance the investment environment, eliminating red tape in setting up a business and minimizing costs and procedures. To this end, establishing a company is now only carried out at Trade Registry Offices located in Chambers of Commerce and designed to be a 'one-stop shop'. The process is completed within the same day. The process of establishing a joint stock or limited liability company is fairly simple and straightforward, especially once the notarization and apostille certification or ratification formalities are completed in respect of the documents to be submitted with the application. In order to begin the process of establishing a company in Turkey, certain information must be entered on MERSIS. This step requires, among others, a tax identification number to be obtained for non-Turkish individuals and/or legal entities who will be shareholders and/or directors of the company. Once the tax identification numbers have been obtained from the relevant tax authority and provided to MERSIS, a MERSIS number will be generated for such foreign nationals.

Upon submission of the articles of association through MERSIS, such articles of association shall be certified by a public notary or the relevant trade registry in Turkey. Upon the certification of the articles of association, the certified articles of association and all other supporting establishment documents (e.g. declarations of signatures by the members of the board of directors and other signatories, letter of blockage from a bank in Turkey certifying that at least 25% of the share capital of the entity has been deposited and blocked in a bank account, etc.), as requested by the relevant trade registry, must be physically submitted for registration. Once the relevant trade registry certifies all documentation as complete and suitable, a registration certificate is provided which evidences the incorporation of the new company. Trade registry will also provide the mandatory legal and financial books of the newly incorporated company together with the registration certificate.

Further reading, [click here](#).

5.6.3. Step 3: Fiscal regulation and Accountancy

TURKISH TAXATION SYSTEM

Turkish direct taxation system consists of two main taxes; income tax and corporate tax. An individual is subject to the income tax on his income and earnings, in contrast to a company which is subject to corporate tax on its income and earnings. The rules of taxation for individual income and earnings are provided in the Income Tax Law 1960 (ITL). Likewise, the rules concerning the taxation of corporations are contained in the Corporation Tax Law 1949 (CTL). Despite the fact that each is governed by a different legislation, many rules and provisions of the Income Tax Law also apply to corporations, especially, in terms of income elements and determination of net income.

INCOME TAX:

Taxable Income:

The income tax is levied on the income of individuals. The term individuals mean natural persons. In the application of income tax, partnerships are not deemed to be separate entities and each partner is taxed individually on their share of profit. An individual's income may consist of one or more income elements listed below:

- Business profits,
- Agricultural profits,
- Salaries and wages,
- Income from independent personal services
- Income from immovable property and rights (rental income)
- Income from movable property (income from capital investment)
- Other income and earnings without considering the source of income

Tax Liability:

In general residency criterion is employed in determining tax liability for individuals. This criterion requires that an individual who has his place of residence in Turkey is liable to pay tax for his worldwide income (unlimited liability). Any person who remains in Turkey more than six months in a calendar year is assumed as a resident of Turkey. However, foreigners who stay in Turkey for six months or more for a specific job or business or particular purposes which are specified in the ITL are not treated as resident and therefore, unlimited tax liability does not apply to them.

In addition to residency criterion, within a limited scope, nationality criterion also applies regardless of their residency status, Turkish citizens who live abroad and work for government or a governmental institution or a company whose headquarter is in Turkey, are considered as unlimited liable taxpayers. Accordingly, they are subject to the income tax on their worldwide income.

Non-residents are only liable to pay tax on their income derived from the sources in Turkey (limited liability). For tax purposes, it is especially important to determine in what circumstances income is deemed to be derived in Turkey. The provisions of Article 7 of the Income Tax Law deal with this issue. In the following circumstances, the income is assumed to be derived in Turkey.

Business profit: A person must have a permanent establishment or permanent representative in Turkey and income must result from business carried out in this permanent establishment or through such representatives.

Agricultural income: Agricultural activities generating income must take place in Turkey.

Wages and Salaries:

- Services must be rendered or accounted for in Turkey.
- Fees, allocations, dividends and the like paid to the chairmen, directors, auditors and liquidators of the establishment situated in Turkey must be accounted for in Turkey.

Income from Independent Personal Services: Independent personal services must be performed or accounted for in Turkey.

Income from Immovable Property:

- Immovable must be in Turkey;
- Rights considered as immovable must be used or accounted for in Turkey.

Income from Movable Capital investment: Investment of the capital must be in Turkey.

Other Income and Earnings: The activities or transactions generating for other income, specified in the Income Tax Act, must be performed or accounted for in Turkey. The term accounted for used above to clarify tax liability of the non-residents means that a payment is to be made in Turkey, or if the payment is made abroad, it is to be recorded in the books in Turkey.

Determination of Net Income:

Business Profit:

Business profit is defined as profit arising from commercial or industrial activities. Although this definition is very comprehensive and includes all types of commercial and industrial activities, the ITL excludes some activities from the contents of business profits. Generally, activities performed by tradesmen and artisans who do not have permanent establishments are not assumed as commercial and industrial activities and are exempt from income tax.

Furthermore, in order to tax income resulting from commercial and industrial activities there has to be continuity in performing these activities. In other words, incidental activities in that nature are not treated as commercial or industrial activities and therefore, the Income Tax Law deals with these activities as the other income and earnings.

The ITL does not list each commercial and industrial activity and only refers to the Turkish Commercial Law for the scope of these terms. Yet several activities are listed namely for clarification in Article 37. These are as follows:

- The operation mines, stone and lime quarries, extraction of sand and pebbles operations of brick and tile kilns;
- Stock brokerage;
- Operating of private schools, hospitals and similar places;
- Regular operations of sale purchase and construction of real estate;
- Purchase and sale of securities on someone's behalf and on a continued basis;
- Fully or partly sale of land which has been obtained by purchase or barter and subdivided within five years of its date of purchase and sold during this period or in subsequent years;
- Earnings from dental prosthesis.

Basically, the taxable income of a business enterprise is the difference between its net assets at the beginning and at the end of a calendar year.

Two methods are used to compute business profits: Lump-sum basis and actual basis. In the former method, the Income Tax Law specifies estimated business profits for taxpayers who are qualified for such treatment according to the relevant provisions of the Law. The main assumption is that those taxpayers specified by the Law have difficulty to keep accounting books and to determine their income on the actual basis. Therefore, their income taxes are assessed on their estimated profits determined by the Law.

In the latter method business profits are determined on the actual basis: Taxpayers are required to keep accounting books to record their actual revenues and expenses which occur within the calendar year. In general, business related expenses paid or accrued related to business are deducted from revenues:

Expenses to be deducted:

In order to determine net amount of business profits on the actual basis, the following expenses may be deducted from revenues:

- general expenses made for earning and maintaining business profit;
- food and boarding expenses provided for employees at the place of business or in its annexes;
- expenses for medical treatment and medicine;
- insurance and pension premiums;
- clothing expenses paid for employees;
- losses, damages, and indemnities paid based upon written agreements, juridical decrees, or by order of law;
- expenses for travel and lodging relevant to the business;
- expenses for vehicles which are part of the enterprise and used in the business;

- taxes in kind such as building, and consumption, stamp and municipal taxes and fees and charges, related to the business;
- depreciations set aside according to the provisions of the Tax Procedure Law;
- payments to the unions;

Payments, which are not accepted as expenses:

Those payments listed below are not considered as deductible expenses;

- funds withdrawn from the enterprise by the owner or by his spouse or children, or other assets in kind taken by them;
- monthly salaries, wages, bonuses, commissions and compensation paid to the owner of the enterprise, to his spouse, or his minor children;
- interest on the capital invested by the owner of the enterprise;
- interest based on the current account of the owner of the enterprise, his spouse, his minor children including interests on all form of receivables;
- all fines and tax penalties as well as indemnities arising from unlawful actions. Indemnities incurred as penalty clauses of contracts shall not be considered indemnities of a punitive nature;
- % 0 per cent of the advertising expenses for all kind of alcohol and alcoholic beverages, tobacco and tobacco products (current rate has been reduced to 0 percent by a Governmental Decree).

5.6.4. Step 4: Write a business plan

See [Chapter 4](#) and [Chapter 6](#).

5.6.5. Step 5: Opening a Business Account

The company must obtain potential tax identity numbers for non-Turkish shareholders, and non-Turkish board members of the company from the relevant tax office. This potential tax identity number is necessary for opening a bank account in order to deposit the capital of the company to be incorporated.

The documents required by the tax office are as follows:

Petition requesting registration

Articles of association (one original)

Copy of the tenancy contract showing the registered address for the company

If the process is going to be followed by proxy, a power of attorney must be issued specifically showing the authority to act on behalf of the company before the tax authority in order to obtain a tax identity number or potential tax identity number.

Bank Accounts

In the recent years the Turkish Republic has alleviated the processes to open a bank account in Turkey for foreigners with the means of some regulations in order to increase investment and make it more convenient to foreigners. These regulations will enable a foreigner who has come to Turkey for working to send easily money to his family abroad, they will enable that the daily life of a foreigner will get easier by being able to take advantage of banking processes and they will enable that the investment and company financial activities of foreigners will be realized considerably faster and many more advantages. However the opening procedures of a bank account for foreigners varies from bank to bank. While taking not long in some banks, it can be the opposite in another. Some major Turkish banks are İş Bankası (Isbank), Yapı Kredi Bankası, TEB, QNB Finansbank, Halkbank, Vakıfbank, ING Bank, Akbank, Ziraat Bankası and Garanti Bankası.

How is the Procedure ?

There are two types of opening a bank account for foreign citizens in Turkey; the first one is the procedure to open a bank account for persons and the second one is for accounts in the name of a company.

The legal procedures and principles in order to be able for a foreign citizen to open a bank account in Turkey are listed below:

First of all, the person wanting to open a bank account has to determine a correspondence address.

Foreign citizens have to own a tax number to be able to open a bank account in Turkey. The foreign citizen can get a potential tax number by visiting a state tax office with his/her within a time that depends on the density of the office.

With the tax number received from the tax office, the foreigner will be able to open a bank account and realize banking processes.

Some banks may ask for a mobile phone number of its customers. The foreign citizen needs therefore to procure a telephone number from a Turkish operator company.

The legal procedures and principles in order to be able for a foreign company to open a bank corporate account in Turkey are listed below:

Contrary to personal bank accounts, corporate accounts can only be opened by the director owning a signing authority.

A tax number needs to be procured from the tax office for the company. The company for which a bank account is to be opened, does not need to be located in Turkey or have financial activities in Turkey. It is sufficient to have a correspondence address.

In order to open an account, the competent company director applies to the bank together with the tax number and all documents of the company translated and approved by the notary or

consulate. These company documents are the main company agreement, trade chamber registries, commercial register, establishment and activity documents and if available licences.

İşbank: Opening a bank account at İşbank is quick and easily. It is necessary to gather the documents below and apply to the nearest İşbank branch.

A valid passport not older than 10 years or a valid residence permit (if both are not available, and official document approved by the Turkish Ministry of Finance validating the national ID document will be accepted)

Your Foreigner's Identification Number or Tax Identification Number

Proof (copy of electric, water, natural gas or phone bill addressed to your name and of the last three months) of your valid residence address in Turkey or the printed address on your passport

Garantibank: Visit the branch in order to get a Mobile/Online Banking password to be able to open an account.

Akbank: Visit branch in order to open a bank account or get an online banking password or call the Akbank expat banking service.

Ziraat Bankası: In order to open a Foreign Currency Current Account or a Turkish Lira Current Account you can apply to our branches or our internet branch.

5.6.6. Step 6: Environmental Protection Laws and Rules and Applying for Permits

The Environmental Law and its secondary legislation regulate the protection of the environment and sanction any action which violates the rules in the legislation and may cause pollution to the environment. The Ministry of Environment and Urbanization acts as the regulatory authority through its provincial directorates. Depending on the nature and type of the activity, investors may be obliged to obtain environmental impact assessment reports and environmental licenses. Non-compliance with the Turkish environmental legislation may result in the imposition of administrative fines and civil and criminal liability

ENVIRONMENTAL PERMITS AND ASSESSMENTS

Pursuant to the Environmental Law, environmental permits and assessments are governed by the Regulation on Environmental Permit and License and the Environmental Impact Assessment Regulation. These regulations introduce an extensive system of licenses and permits required to be obtained pursuant to the environmental legislation. 7.1.2 Environmental Impact Assessment Depending on the risk profile that the activity of an entity possesses vis-à-vis the environment, such entity may be required to obtain an environmental impact assessment report. For large-scale industrial investment, it is almost always mandatory to obtain a report analyzing whether the investment would have significant adverse effects on the environment. The report itself is not sufficient to obtain the clearance of the Ministry of the Environment and Urbanization for the implementation of the project. The applicable legislation also requires public consultation meetings and review by a special independent committee before the Ministry of Environment and Urbanization may issue an "Environment Impact Assessment Affirmative" or "Environment Impact Assessment Negative" decision.

In the former case, the investor can proceed with the investment, subject to other necessary clearances being obtained (if any), whereas the latter restricts any future activity in connection with the investment. Moreover, for the activities subject to environmental impact assessment without getting the EIA Affirmative decision, no other public procedure such as tenders, incentives, and plan approvals could be conducted. EIA behaves like a prerequisite for whole other procedures

Environmental Permits

Investors are obliged to obtain either a “Environmental Permit” or “Environmental Permit and License” depending on the impact of their activities on the environment. The Ministry of Environment and Urbanization issues an “Environmental Permit” in connection with air emission, environmental noise, deep sea discharge, or hazardous waste discharge from a facility. Investors have to obtain an “Environmental Permit and License” in relation to the technical sufficiency of the relevant facility. Each permit and license issued under the Environmental Law is valid for 5 years from the date of issuance and is renewable for additional 5-year periods thereafter. As a general rule, entities active in the energy, mining, construction and building materials, metal, chemical, surface coating, forest products, food, agriculture and stockbreeding, and waste management sectors and industries are required to obtain either an “Environmental Permit” or an “Environmental Permit and License”, depending on their production capacity and their discharge requirements. Even if an entity is not subject to licensing under the environmental legislation, it must still comply with the same whilst engaging in activities.

Other Environmental Obligations

Although most of the environmental obligations are covered by (i) Environmental Law, (ii) Environmental Permits and Licenses Regulation and (iii) Environmental Impact Assessment Regulation, other (in particular sector-specific) environmental obligations are included in other regulations. Entities should also comply with other environmental obligations with respect to the area of activities, specified in the Industrial Air Pollution Control Regulation, Regulation on Assessment and Management of Environmental Noise, Regulation on Protection of Wetlands, Waste Management Regulation, Oil Waste Control Regulation, Packaging Waste Control Regulation, the Regulation on Mitigating the Impacts and Preventing the Severe Industrial Accidents, Radiation Safety Regulation.

SANCTIONS

The Environmental Law introduces a strict no-fault liability regime for non-compliance with the law and polluting the environment. Polluters are liable for the loss occurred due to their actions, regardless of the degree of fault. In case of a violation, the accused company may be given a reasonable time (not exceeding 1 year) to remedy the breach failing which it may face sanctions. Although most sanctions exist in the form of an administrative fine, violating the Environmental Law and its secondary legislation may also lead to criminal liability for the polluter. For 2019, the administrative fines due to non-compliance with the Environmental Law and its secondary legislation may reach up to TRY 6,017,320 depending on the severity of the breach. Each year, applicable administrative fine is increased pursuant to a rate announced by the President

5.6.7. Step 7: Privacy / Personal Data Protection (Making a business website)

The General Data Protection Regulation (“GDPR”) came into force in May – as every business in Europe knows. Turkey has similar legislation, although some differences exist. Companies doing business in Turkey need to know how these laws work in practice.

Enacted in 2016, [Turkish Data Protection Law \(“DPL”\)](#) is accompanied by other regulations and communiqués, while draft versions of secondary legislation have been published by Turkey’s supervisory authority, the Personal Data Protection Board (“DPB”). Under these changes, data controllers have to comply with multiple obligations when dealing with personal data, while the legislation also affects every employee, making it important for companies operating in Turkey to understand the consequences of compliance failure.

In examining the differences between DPL and GDPR, the key point is how they affect businesses operating in Turkey. Originating from EU Directive 95/46/EC, DPL features various additions and revisions. Although it contains nearly all the same fair information practice principles, DPL does not allow for a “compatible purpose” interpretation while any further processing is strictly prohibited. If data is compiled for a purpose where the subject has given consent, the controller can use it for another purpose, provided that additional specific consent is given, or if further processing is needed for what are deemed to be legitimate interests.

Grounds for processing under DPL are comparable to those which apply for GDPR, save that explicit consent is required when sensitive and non-sensitive personal data is processed – a much more time-consuming exercise. At first blush, such a burdensome obligation should give DPL a higher level of data protection than GDPR. However, DPL’s definition of explicit consent needs to be set against GDPR’s regular consent. Both require “freely given, specific and informed consent” but GDPR also provides that there has to be “unambiguous indication of the data subject’s wishes by which he or she, by a statement or by a clear affirmative action, signifies agreement to the processing of personal data relating to him or her.”

Under DPL, the cross-border transfer of personal data to a third country is similarly troublesome: the country of destination has to have sufficient protection, according to criteria decided by the DPB. Alternatively, parties must commit to provide sufficient protection that meets DPB approval. But DPL also includes the following: “In cases where interests of Turkey or the data subject will be seriously harmed, personal data shall only be transferred abroad upon the approval of the Board by obtaining the opinion of relevant public institutions and organizations.” This obliges data controllers to evaluate whether a transfer might possibly cause serious harm, and if it does, they need to obtain the DPB’s approval. However, it is unclear how such interests are to be determined. GDPR requires controllers to maintain internal records, although there is no general requirement to register with the data protection authorities, whereas DPL provides a hybrid solution, combining registration and record-keeping requirements: a registration mechanism mandating data controllers to register with a data controllers’ registry. The draft DPB regulation requires them to hand over their Personal Data Processing Inventory and Personal Data Retention and Destruction Policy to the DPB before completing their registration. For any business that is subject to both DPL and GDPR, the best way to avoid duplication of compliance effort is to formulate a flexible compliance model that satisfies the demands of regulatory authorities in multiple jurisdictions.

Further Information: [click here](#)

5.6.8. Step 8: Insurance

The [social security system in Turkey](#) is predominantly similar to Bismarck model, one of four basic insurance systems which are Continental Model (Bismarck), Liberalistic Model (Beveridge), Northern European Model and Mediterranean Model. Bismarck Model refers to a system where the premiums paid over the wages of employees according to their insurance status are collected in a joint pool and the benefits are provided based on the paid premiums only when old-age pension is entitled. The amount of the benefits to be granted to the insurance holders in cases of retirement, accident and sickness varies by the income they previously had. The main actors in this system are employees, employers and representatives in public sector. This system has more regulatory measures in labor market than liberalistic system, which hinders labor market flexibility. Concordantly, strict rules and collective bargaining mechanisms have come to the fore.

Turkish Social Security System has also some elements of the Mediterranean Model as well as Bismarck Model. The Mediterranean Model is derived from the Continental Model and bears a resemblance to this model in the sense that the paid social insurance premiums provide a basis for future social security benefits. Another aspect of the Mediterranean Model similar to Turkish Model is the wideness of informal economy. For this reason, the system does not cover many people; however social risks are tried to be eliminated through family ties. This model has brought into prominence the concepts of traditional family and agricultural society; thus people are supported by their families without considering whether the state provides benefits or not in case of revenue loss or social risks.

By this reform, a number of structural changes have been made on Turkish social security system. A transition has been realized from the system which entitles various rights to different professional groups to the system which ensures the unity of standards and norms in terms of retirement insurance. Having the aim to ensure the sustainability of the system, these structural changes have not led to deviation from the Mediterranean Model-Continental Model.

Social Security Reform

Since 1990s, a number of financial problems have been experienced in Turkish social security system due to various reasons such as early retirement implementations, high rates of unregistered employment and income replacement and low rates of premium collection and earning subject to contribution. This system does not include the entire population and not have adequate safeguards against poverty. The provision of services by different social security institutions in nonsystematic way hinders the unity of norms regarding rights and obligations of employees. It became compulsory to make reforms in social security system as a result of all these problems and ageing tendency of the population which is one of the major factors affecting the financial sustainability of the system.

For the purpose of restructuring the social security system, a reform was realized in 2008 when the Law No. 5510 entered into force for seeking solutions to the prominent problems such as the existence of increasing deficit of the system and different implementations that the institutions had in the provision of health and insurance services.

The primary aim of the social security reform is to create an equitable, easily-accessible and financially sustainable social security system that provides more effective protection from poverty.

The social security reform consists of 4 complementary components:

Universal Health Insurance providing an equitable, protective and quality healthcare services for the entire population,

An aid system which enables all needers to access the services with the combination of non-contributory payments and social benefits provided disorganized,

A single retirement regime including short and long term insurance branches apart from health insurance,

A new institutional structure facilitating daily life of our citizens through modern and efficient services.

The social security reform particularly includes the regulations regarding the enhancement of the retirement system and expenses. From this point of view, a set of changes have been made on pension replacement rate, updating coefficient, number of paid premium days and age parameters and a transition period has been envisaged. As the previous rules continue to be followed until the completion of transition period, the effect of these parametric changes on social security deficit cannot be seen exactly in the short term until the 2040s.

The reforms made up to now aim at increasing the services for insurance holders as well as removing defects in the social security system. In this context, various regulations have been made in the field of both health and retirement so that insurance holders can receive services at the shortest time. A number of implementations have been put into practice to facilitate insurance holders' access to hospital services and the relevant procedure requiring a long wait has started to be made on internet.

The primary objective in a people-oriented system is to provide services at local levels. For this reason, the system where services are provided from center has been left and Social Security Centers have been built in many districts with a view to enable insurance holders at local levels to receive services easily.

Financing of Social Security

Social security is generally financed through premiums or contributions collected from workers, employers and state around the world.

There are two ways to follow in financing social security system:

Capitalization or saving method (fund management)

Pay as you go (allocation) method

The pay-as-you-go method is used for financing social security system in Turkey. Under Turkish social security system, premiums are collected for long and short term insurance; unemployment insurance and universal health insurance. In order to lessen the effects of early retirement on national economy, social security premium is collected from pensioners who continue to work after retirement.

The following table indicates insurance branches and rate of premiums paid under these branches:

Individuals to Pay Premiums

Individuals to pay premiums vary according to the status of insurance holders:

The long and short-term insurance, universal health insurance and unemployment insurance premiums of the individuals working on service contract (workers) shall be paid to the Social Security Institution by their employers by deducting the amount equal to the rate of premium collected over total earnings from workers' wages and adding the amount of premium to be paid by the employers.

The long and short-term insurance and universal health insurance premiums of the individuals working on own names and accounts (employers) shall be paid to the Social Security Institution by themselves.

The long-term insurance and universal health insurance premiums of civil servants shall be paid to the Social Security Institution by the Public Institution where they work by deducting the amount equal to the rate of premium collected over total earnings from civil servant's salary and adding the amount of premium to be paid by the institution.

The long-term insurance and universal health insurance premiums of optional insurance holders shall be paid to the Social Security Institution by themselves.

5.6.9. Step 9: Management of human resources

Under Turkish law, labour legislation is applicable to almost all employees, regardless of the size of the employer for which they work. The most significant piece of labour legislation in Turkey is the Labour Law. Other significant pieces of legislation relating to employment matters are as follows: (i) the provisions of Article 14 of the Law No. 1475 which govern severance payments, (ii) the Labour Health and Safety Law, and (iii) Trade Union and Collective Bargaining Agreements. Moreover, the Turkish Code of Obligation includes a chapter on employment agreements, which will be applicable in cases where the above-mentioned legislation does not address the matter in question.

EMPLOYMENT AGREEMENT

Employment agreements are treated differently than other private agreements under Turkish law. The main objective of employment agreements is to protect the employee and maintain a social balance between the employee and the employer. In order to ensure that these objectives are met, the legal rights and benefits granted to employees under the Labour Law are mandatory and cannot be excluded or altered contractually to the detriment of the employee. However, contractual arrangements which enhance the legal rights and benefits granted to employees under the Labour Law are permitted. It is mandatory to execute a written agreement should the term of the employment relationship be for one or more years. Except where a contract has not been executed, the employer shall, no later than two months after employment begins, provide a written document containing general and special terms relating to working conditions, daily or weekly working hours, remuneration and supplementary salaries, payment terms, and provisions that both the employer and the employee are required to fulfil upon termination of the agreement. Otherwise, a monetary fine may be imposed on the employer for each employee working without a written agreement. If employment agreements are not in writing, they are still valid; however, the employee may demand from the employer a document

bearing his signature and stating the general and, if any, special terms of employment at any time

Definite – Indefinite Term Employment Agreements

Under Turkish law, employment agreements can be made for a fixed or indefinite term. An employment agreement between an employer and employee will be deemed to be for a fixed term if it is concluded in writing and any one of the following conditions exists: (i) if it is concluded for a definite term work, (ii) if its term depends on an objective condition such as completion of a certain task, or (iii) if its term is subject to the completion of a certain aim. A fixed-term employment agreement cannot be renewed more than once, save where there is a material reason which justifies renewal. If an employment agreement does not meet the above conditions, it will be considered an indefinite term employment agreement.

4.2.2 Part-time – Full-time Employment Agreements

Employment agreements can stipulate whether an employee works on a part-time or full-time basis. If the weekly working hours of the employee are considerably lower than those of a full-time employee, the employment agreement is deemed to be a part-time employment agreement. Part-time employment can be for an indefinite term or fixed-term if the fixed term employment conditions referred to in the section above are met.

For more information:

<https://www.invest.gov.tr/en/library/publications/lists/investpublications/legal-guide-to-investing-in-turkey.pdf>

5.6.10. Step 10: Patents and Brands

The [Turkish Patent Institute](#) provides effective protection and widespread usage of industrial property rights ensuring that Turkish industry and technology plays a leading role in global competition. It strives to be a leading institution in the world of industrial property.

Mission

- * To provide effective protection of patents, trademarks, industrial designs and other industrial property rights.
- * To contribute to the development of Turkish economy and technology by encouraging creativity and innovation.
- * To disseminate the awareness and knowledge of industrial property rights throughout the country and to cooperate with the related sectors.
- * Providing a customer orientated, timely and high quality service to constitute an effective industrial property system by strengthening legal, technical and human infrastructure.
- * To represent Turkey on international platforms and strengthen co-operation for the protection of the interests and development of the Turkish economy.

Normally, national patent applications should be filed in Turkish and a translation thereof (English, German, or French) depending on the searching authority must be supplied upon requesting the search. However, a national patent application may also be filed in English,

German or French provided that an additional fee is paid for supplying the translation in Turkish within one month.

Requirements of a national patent application in Turkey

Applicants must supply the following items in order to meet the basic requirements prescribed by the law:

- Petition of filing requesting grant of a national application,
- a description of the invention,
- one or more claims,
- any drawings referred to in the description or claims,
- an abstract,
- payment of the official fees.

Examination stage

Official fees: Official Fee of the competent Examination Authority.

If applicant selects an examination authority who acted for the same application also as the searching authority, special discounts apply. However, searching and examination authorities are not needed to be necessarily the same.

Turkish Patent Institute applies “examination cycles” if the first examination report contains a negative opinion. Applicant is then invited to respond to the first examination report and pay again the examination fee (second cycle). If the second examination report still contains a negative opinion as to patentability, a third chance, which is actually the last chance, is given to overcome the objections in the negative report where applicant needs to pay again the examination fee (third cycle). If the third examination report does not allow any claim in the claims set, application is eventually refused. If the examination reports reference at least one claim as being patentable, application may proceed to grant based on the allowed claim(s).

Once the application is found to be allowable by the TPI, applicant is invited to pay the grant fee mentioned above in order to proceed to grant and publish the same in the official bulletin. Turkish patent applications are subject to renewal fees from the second and each subsequent year calculated from the filing date of the application. A renewal fee is due on the same day of the month containing the anniversary of the date of filing of the national patent application. If the applicant fails to do so, such renewal may still be paid within an additional term of six months with surcharge.

Failure to pay the renewal fees within the additional 6 months results in loss of rights which can only be remedied with a request for re-establishment of rights. TPI strictly applies the “all due care” criterion such that the reason for failure was caused by unforeseeable reasons and applicant has duly spent every effort for not to cause any loss of rights.

Appeal

Normally decisions of the TPI can be brought into the attention of Board of Re-examination and Evaluation acting as a kind of Board of Appeal. However, decisions pertaining to substantive issues such as patentability, generally do not deviate from the findings of the Examination Reports. Therefore, this Board mostly reviews procedural matters such as whether a procedural violation ever had occurred in the grant procedure. Decisions of this board can be appealed before the Specialized IP Courts in Ankara.

Oppositions / Third Party Observations

The current patent law does not allow post-grant oppositions to the granted patents in Turkey. As a post-grant action, third parties may only proceed with filing a lawsuit requesting nullity of the concerned patent before the competent courts.

Third party observations, however are allowed only in certain points of the grant procedure. Therefore, observations filed in other time points of the procedure have no effect at all.

First time point is that, observations can be filed within six months after publication of the search report in the official bulletin. This would have no substantial effect if the observations are not filed in two languages (i.e. Turkish and the language of the competent Examination Authority) simply because the foreign Examination Authority should be able to interpret the observations. Observations may be considered by the applicant and can be regarded as a warning pushing the said applicant to restrict the claims' scope or even withdraw the application depending on pertinence of the cited prior art.

However, the applicant has also the chance to ignore the observations and request an unexamined patent. This request is published in the official bulletin giving a chance to third parties to request examination of the application, and along with this request, file their observations in two languages (i.e. Turkish and the language of the competent Examination Authority). As noted, examination request is made by the third parties and therefore the relevant fees must be paid by them. It should be borne in mind that there is no other chance to file observations in subsequent stages, such as in the examination procedure.

Chapter 6. Tips and Tricks

'Establishing a successful business is not just about carrying an idea through to the point of it being a Start-up'

'If it was easy, everyone would do it'



As Henry Ford famously said, “Whether you think you can, or think you can’t, you’re right.” Believe that you can succeed, and you’ll find ways through different obstacles. If you don’t, you’ll just find excuses. Ryan Allis, co-founder of iContact, pointed out that having the end in mind every day ensures you’re working toward it. Set goals and remind yourself of them each day.

Being successful often means learning from those who have already achieved their goals. Having a mentor is an amazing blessing to an entrepreneur, but not everyone can find one in person. If you haven’t yet found your personal business coach, here are tips and tricks for young entrepreneurs to help get you started. The YME Project partners have worked with a lot of young migrant entrepreneurs and also we have asked them to produce Tips & Tricks through animation. This product is produced by young migrant entrepreneurs with young migrant entrepreneurs for young migrant entrepreneurs. The YouTube video [Top 10 Tips and Tricks for Entrepreneurs](#) explains 10 tips and tricks in 1 short minute! Below in text as well.

6.1. Ten Tips and Tricks for Young Entrepreneurs

6.1.1. Challenge yourself

You have to push yourself every day and learn new things. Living in your comfort zone won't help you in being innovative. Richard Branson says his biggest motivation is to keep challenging himself. He treats life like one long university education, where he can learn more every day. You can too!

6.1.2. Stay true to yourself

Don't start a business just because it will bring a lot of profit. In order to be satisfied in life you have to do things that you are passionate about. There's no doubt that running a business take a lot of time. Steve Jobs noted that the only way to be satisfied in your life is to do work that you truly believe in. Turning your hobby into a business doesn't sound that bad, right?

6.1.3. Take risks

Just like challenging yourself, you have to take considerate risks. In order to be successful, you will have to calculate and take risky decisions. We never know the outcome of our efforts unless we actually do it. Jeff Bezos said it helped to know that he wouldn't regret failure, but he would regret not trying.

6.1.4. Have a vision of what you want

Have a clear vision of what you want to achieve so you can follow it. But be prepared to make sudden changes along the journey because things never go exactly as they were planned. The founder and CEO of Tumblr, David Karp, notes that an entrepreneur is someone who has a vision for something and a desire to create it. Keep your vision clear at all times.

6.1.5. Find the right people

You have to find people that inspire you, people who share similar but not necessarily the same vision as you. That will keep you motivated and will also help you in your creative process. Who you're with is who you become. Reid Hoffman, co-founder of LinkedIn, noted that the fastest way to change yourself is to hang out with people who are already the way you want to be.

6.1.6. Take action

You might have the best idea but if you don't put work into it, it will never come true. And a not so good idea that has become a reality is better than a brilliant idea that will just stay in your mind. The world is full of great ideas, but success only comes through action. Walt Disney once said that the easiest way to get started is to quit talking and start doing. That's true for your success as well.

6.1.7. Be persistent

Things will never go smooth, but you have to stay motivated and push forward. If you don't succeed the first time, learn from your mistakes and try a different approach. No one succeeds immediately, and everyone was once a beginner. As Steve Jobs wisely noted, "if you look closely, most overnight successes took a long time." Don't be afraid to invest time in your company.

6.1.8. Do research

Before starting your own business, you have to do thorough research of the market branch and most importantly of the legal and ethical matters that you will have to follow. Tony Hsieh, the founder of Zappos, once said, "Don't play games you don't understand, even if you see lots of other people making money from them." Truly understanding your industry is key to having success.

6.1.9. Spend your money wisely

As a start-up company, profit most likely won't just come straight away. You have to learn how to manage your finances and be aware of what you spend your money on. Remember, renting a fancy office doesn't mean you are going to do a better job. Be careful to spend it wisely. It's easy to spend too much on foolish things and run out of capital too soon.

6.1.10. Listen to your customers

Take into consideration the feedback you receive from clients and improve your services accordingly. We live in a fast-paced world, so changes are a necessity in order to be up to date with the market. Dave Thomas, the founder of Wendy's, cited knowing your customer as one of his three keys to success. Know those you serve better than anyone else, and you'll be able to deliver the solutions they need.

6.2. Successful Young Migrant Entrepreneurs

A 2016 study by the Global Entrepreneurship Monitor (GEM) found that immigrants are far more likely to be entrepreneurial than people born and brought up in the UK... three times as much in fact. What's more, new analysis from Zirra reports that, of the UK's top 10 unicorn (valued at \$1bn or more) businesses such as Shazam and Funding Circle, in nine out of the 10 businesses there is at least one immigrant or a child born to first-generation immigrants in the founding team.

Studies and analysis aside, Startups.co.uk's own coverage shows that there are a vast number of incredibly inspiring immigrants who have moved to the UK to set up and build businesses which have driven economic growth and supported job creation.

In previous years, we've tracked the success of business moguls like London's deputy mayor Rajesh Agrawal, the Indian immigrant who founded £1.3bn foreign exchange company RationalFX back in 2005, alongside Australian-born Alicia Navarro and her international multi-million pound affiliate marketing agency Skimlinks.

But what about start-up founders?

Last month we profiled London Junk founder Harsha Rathnayake and shared his rousing story of coming to the UK when he was 18 and not being able to speak any English. He would go on to learn English fluently – self-taught – and, with just £160 from his life savings, start a business that now employs 10 people and is on target to hit £1m turnover.

The share of entrepreneurs who were not born in the Netherlands rose last year by a percentage point to 16 percent, ie one in six. Almost a quarter of the starters were not born in the Netherlands. Most have a business in the hospitality, logistics and construction industries. Many starting migrant entrepreneurs are located in the provinces of North and South Holland and Flevoland.

Figures from the Dutch Chamber of Commerce for 2015 show that one in five starters was not born in the Netherlands. Notable risers: entrepreneurs from Syria and Iraq. Immigrant entrepreneurship does not do the Netherlands any harm. The report *The Economic Value of Ethnic Entrepreneurship* shows that more than 600,000 people work in the companies of these alleged entrepreneurs. The gross added value of these companies amounts to more than 37 billion euros.

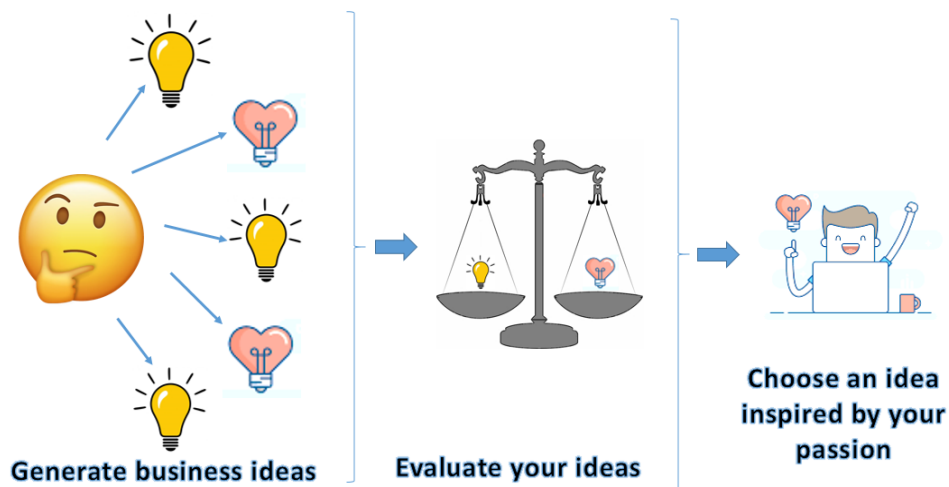
[Watch this great example of successful young Dutch entrepreneur](#): Watch this iFly Magazine video about Omar Munie who fled from Somalia to the Netherlands with his brothers when he was just nine years old. Now, 18 years on, he is one of Holland's most popular bag designers, and his hand-made products are sold throughout the world. One of Omar's latest projects involves a partnership with KLM, designing a limited edition series of bags made from former KLM uniforms.

Another successful Entrepreneur is Hien Kieu. The director of Kieu Engineering from Sprang-Capelle tells how he left Vietnam in a boat with his parents' savings as a fourteen-year-old boy. How he was one of the few immigrants to end up in a village in Brabant. Lts went without even speaking a word of Dutch. And how one teacher at that school believed in him. "I will never forget it. He asked the class: Do you know which one of your engineers will be? He is. That little Hien. "The teacher was right. And after lts, mts and hts 'that little Hien' started in 1998 with Kieu Engineering for himself. This has now grown into a large company with seventy employees in the Netherlands and Vietnam, specialized in product development for machine construction. With clients such as Nedtrain, Tata Steel and Philips. When he opened his branch in Vietnam more than ten years ago, it was pioneering. "This was something completely new. We do not outsource production, but the labor-intensive CAD drawing work. Not only for ourselves, but also for our customers. "It was a leap of faith, but now it is starting to pay off, says Kieu. "The knowledge remains in the Netherlands. This gives our customers more time for innovation, which is good for the Netherlands, for example. "

6.3. Ten Tips and Tricks How to become an Entrepreneur?

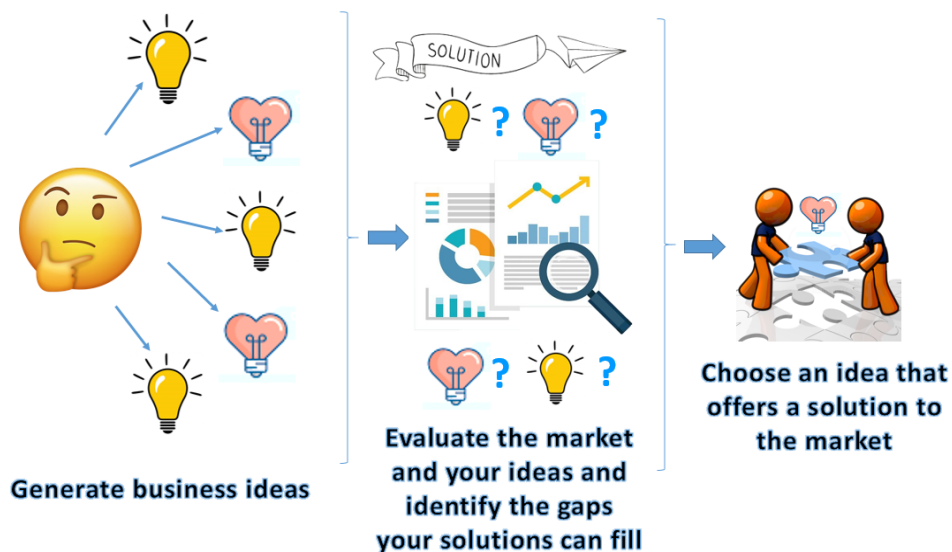
6.3.1. Your business idea should be fueled by passion

Your passion toward your start-up should be on the top of the list. You should evaluate your idea and see if your interest on this business is strong enough that you will be able to stick with it. Why is this important? Because there will be ups and downs and your passion will be the only factor that will grant you the determination to keep going on.



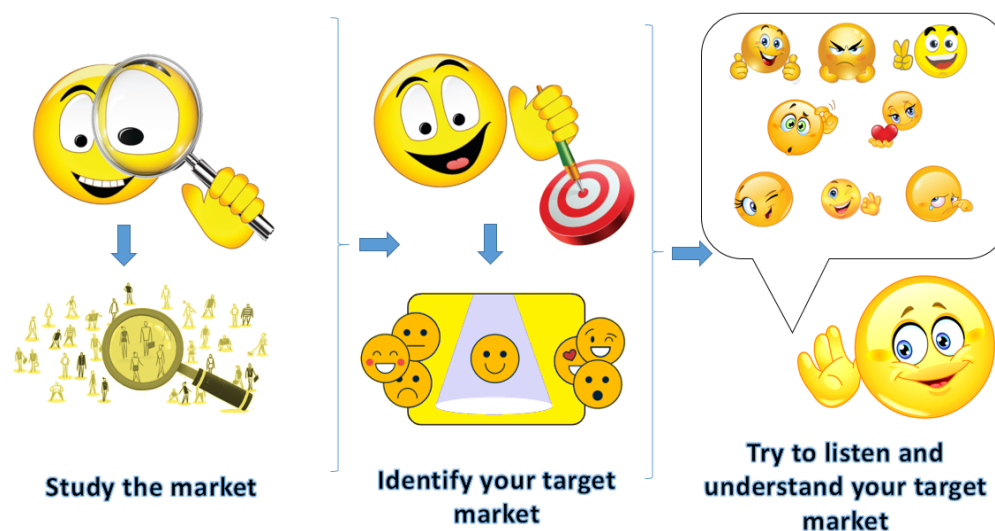
6.3.2. Your business idea should be a solution.

Create a business that solves a problem. Do not start your idea thinking at benefits, you should think what your business will solve. It is easier to gain customers when your business is solving a problem. Your business should fill a gap in a certain market or niche. Think at what makes you unhappy or what product/ service you still think is missing in order to accomplish a certain need you have and start a business that gives a solution to one of your problems/ needs.



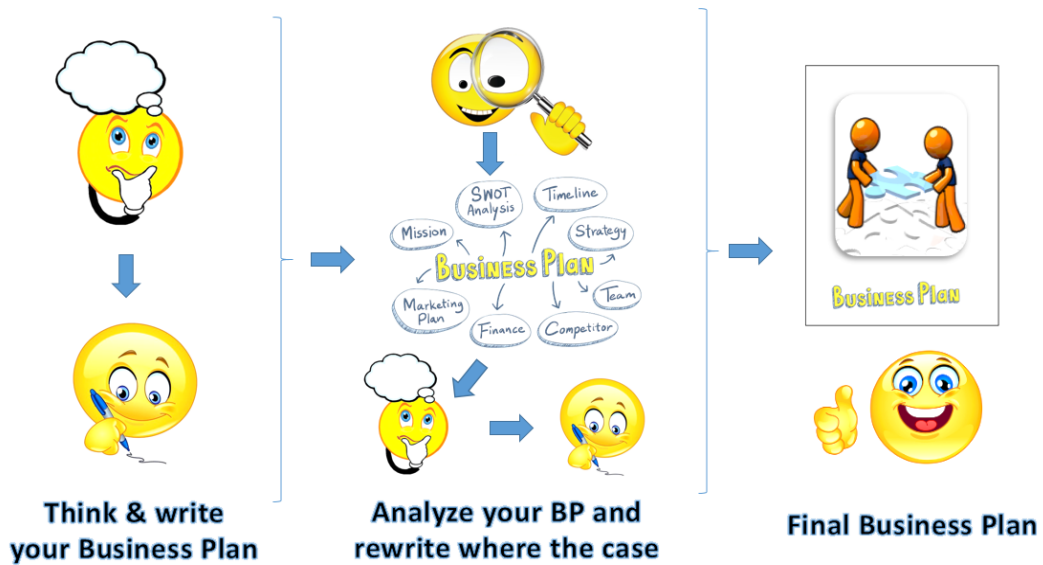
6.3.3. You should identify and understand your target market.

The essential factor when starting a business, the key to success, is having something that differentiates you from your competition, from what is already present in the market. Your success or failure will be defined, largely, by your ability to offer something unique. Comprehensive market research studies collaborated with a deliberate policy to take into account customer feedback is essential in forming business decisions based on actionable insights. A good market research has the potential to offer significant competitive advantages. A key part of market research is knowing your customer demographics, their interests, earning power, spending habits, etc. Customer's feedback is also very important, you need to listen what customers have to say about your products / services because they can provide you essential information for your internal product/service research and development processes.



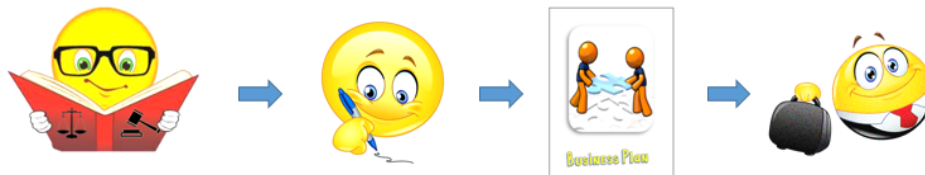
6.3.4. You should prepare a well-structured business plan.

Your business plan ([see also Chapter 4](#)) must be concise, specific, and should describe your business project accurately. It is recommended to write it yourself, as it is your vision. If you need assistance, try to reach a consultant. You must keep in mind that a business plan is more than an accounting document, this document it must sell your idea to a potential financial institution. Be prepared to change your plan as you progress and learn more about your customers and competition, but having such a plan it will help you to stay focused and headed in the right directions.



6.3.5. You should know the legal requirements for starting a business.

It is very important to understand the rules that come with opening a business. Following government regulations is important as the penalties can impose significant operational costs on your business ([see also Chapter 5](#)). The laws that regulate commercial activities range from setting up an accounting system to incorporating or registering your company. Certain taxes can vary depending on the type of business you are running and as such your tax liabilities will most likely be different from one business activity to another. Every country regulates employer-employee relations to various degrees, usually the laws being particularly rigorous in this domain, with certain variability, usually pertaining to more stringent requirements, existing in certain areas of activities such as industrial production or food processing. Taking into account all the relevant aspects, it is recommended to obtain expert advice in this domain.

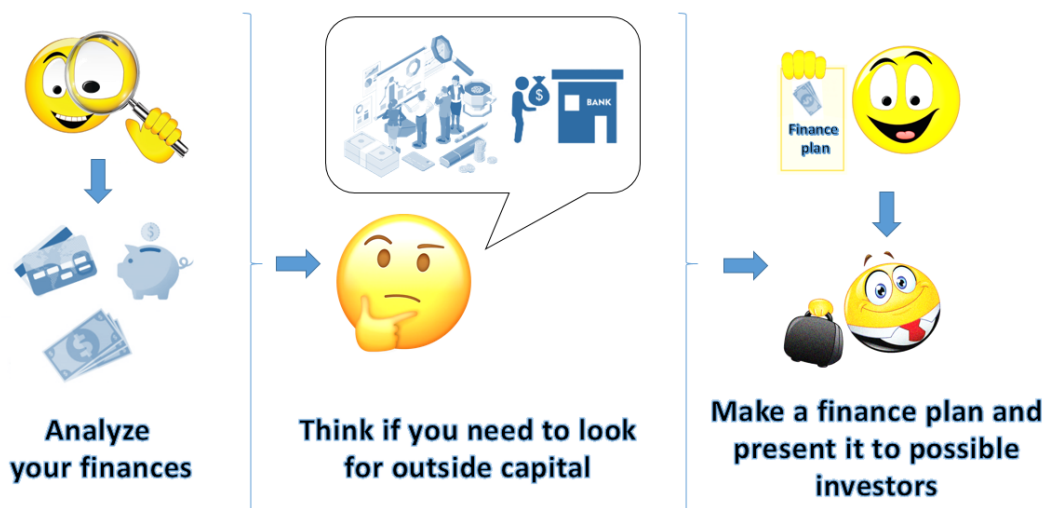


Study and follow the legal requirements when writing your business plan and when starting your business

6.3.6. You should secure financing for your business idea

Most startups are financed by the savings of their founders, as well as the savings of family and friends. In many cases, it is necessary to look for outside capital investment such as: private investors, assistance funds, venture capital funds, or social economy funding agencies. It is highly advisable to undertake preliminary research and documentation before attempting to secure outside investment, including, but not limited to, venture capital or small investment loans.

In particular, banks will require extensive data as well as a comprehensive business and development plan in order to be able to assess your financing request.



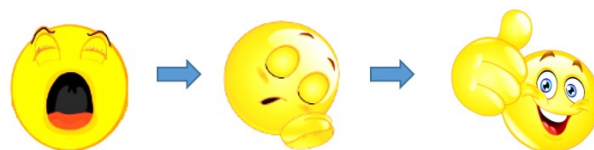
6.3.7. You should start on a small scale and work to grow your business.

Even if becoming an entrepreneur is defined by taking risks in starting a business, it is recommended to try to start this business on a small scale and try to build and grow your business step by step. You should build on what works well, tweak what shows promise and discard failed projects. When your business becomes successful on a small scale, you can grow it, extend it to another town or to the entire country and do not stop working and planning every step you take.



6.3.8. You should take breaks

It is very important to know when to stop working and start resting. Everybody needs a good amount of rest and a decent amount of time away from work in order to reset and refresh. Success does not happen overnight so you have to pace yourself. Taking breaks is beneficial for many reasons besides keeping you from burning out. It allows you to breathe, let the information set in. It gives you time to reflect from a certain distance on what has been done already. Do not wait until you are tired to use a day off or go on a vacation. Schedule breaks ahead of time. People who are exhausted make poorer decisions, so you are more likely to give up when the difficulties arise if you are already overworked. Therefore, you should recharge your batteries from time to time.

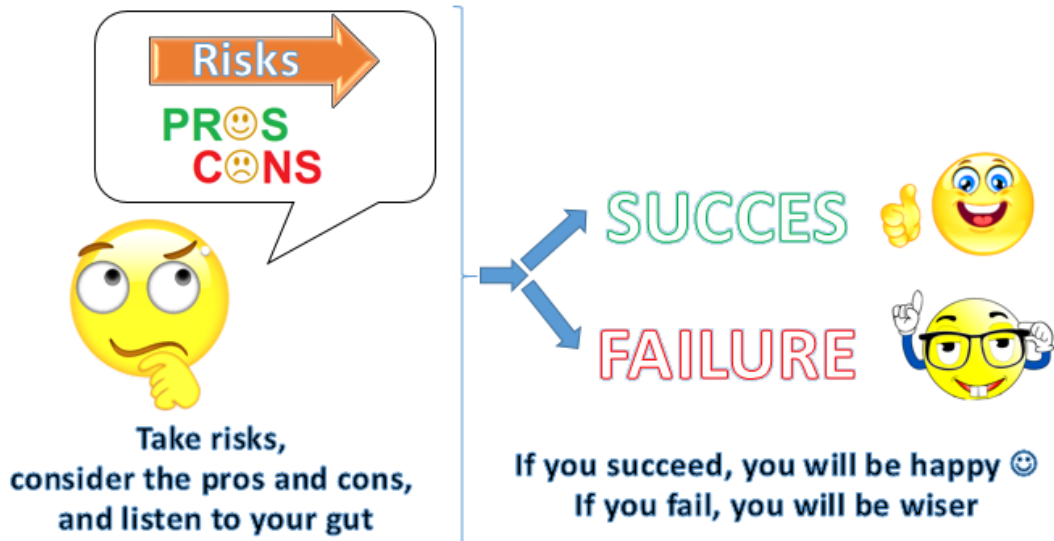


If you feel tired, rest in order to reset and refresh

6.3.9. You should take risks

Risk taking is part of the job. Any successful entrepreneur knows that success is born out of taking risks, cold, calculated risks and sometimes “careless” risks. Even leaving your job and becoming an entrepreneur is a risk. Therefore, during your business activity you should take some risks, you should try out new approaches, and be creative. Though, you should pay attention that the risks you take are not too big. Think them through, consider the pros and cons, and listen to your gut. For the ones that succeed the reward usually compensates for the

taken risks. At worst, you will fail and good enough failure has been described as success in disguise. Do not give up!



6.3.10. You should learn from your mistakes.

You should see failure as an opportunity to learn and grow in your business. The biggest failure or mistake in business is failing to learn from your entrepreneurship failures. The more you fail or study entrepreneurs like you who failed, the more you will learn about success. Pick yourself up, and do it all over again, but try to do it better. Do not let your mistakes get to you. Sometimes this kind of setback may be the best thing that ever happened to you, and you become an even more successful entrepreneur.



6.4. Tips and Tricks around Business Planning

Writing a business plan can seem daunting if you've never done it before. However, it's something you can't afford to put off or ignore. Having a sound business plan is crucial to the survival and development of your business ([see also Chapter 4](#)).

6.4.1. Tailor your business plan to your audience

The starting point for any business plan is audience. Who is going to read it? What is the purpose of the plan - is it to secure funding? Maybe you need to attract a business partner. Although key facts and figures will remain the same, tailor different versions of your plan to specific audiences' needs. For example, a potential investor will be looking for a clear explanation of how they will get a good return on their investment. A bank manager will seek proof you can afford to pay back a loan before they provide funding.

6.4.2. Research your market thoroughly

As viewers of the BBC's Dragons' Den series will know, prospective investors place great emphasis on market knowledge, which is why your research must be thorough. Information about your market must be detailed in your business plan, and you must show great awareness of your opportunities and threats, which requires considering your strengths and weaknesses.

6.4.3. Identify your competitors

To understand your market, you must recognize all competitors - who they are, their strengths and weaknesses and the likely implications for your business. All businesses face competition - your plan should show you have a clear strategy for dealing with all your competitors.

6.4.4. Pay attention to detail

Your business plan should get to the point, but it must include enough detail to ensure the reader has the information they need to understand your business. Your plan should make people believe in your ability and professionalism, which means there shouldn't be any spelling mistakes, errors, unrealistic assumptions or fantasy figures.

6.4.5. Focus on the opportunity your start-up offers investors

If you're seeking investment, clearly describe the opportunity. Why would somebody invest in your start-up as opposed to another? What is your unique selling proposition - what makes you special? Why will people buy from you? Your plan should answer all these key questions.

6.4.6. Don't leave out important facts

Basically, your plan must describe your products/services, customers, competitors, management team, operations, financials, development goals and strategy. If you miss out key facts, it will not reflect well on you when you present your plan to others.

6.4.7. Get your financial information right

Your business plan's financial information will face particular scrutiny. Cash flow should be documented in full, and your sales predictions need to be well founded. While costs are easier to predict than sales, both must be included. If figures really aren't your thing, seek assistance when producing your business plan, perhaps from an accountant or other trusted adviser.

6.4.8. Make your executive summary convincing

Arguably, your executive summary is the most important part of your business plan. More experienced readers will read it first, so they can quickly find out key facts and figures. If your executive summary doesn't engage them and encourage them to read on, the battle is lost. An executive summary provides headline figures and condenses your strategy into key points. Although it appears at the front of the document, leave writing it until last. By all means, make it engaging and impressive - but keep it realistic.

6.4.9. Seek a second opinion from a business Coach

Once you've completed a draft of your plan, have it independently reviewed. Choose someone who can offer independent, constructive criticism - perhaps an accountant or business adviser. Your local Chamber of Commerce or Enterprise Agency might be able to help. Their review might prompt questions you need to address in a revised draft.

6.4.10. Implement your business plan properly

A business plan should be a tool you use to judge performance and guide your strategy and the development of your business. It should contain specific goals, deadlines and responsibilities. It must be reviewed and updated regularly. A winning business plan will help ensure your business stays focused on what it needs to do to achieve its key goals.

6.5. Success Factors

It's very important to choose the right indicators in the evaluation of the startup: actionable indicators and not vanity indicators. For example, a supermarket can set a vanity indicator – number of customers, but an actionable indicator is the volume of revenue per day. The number of customers may increase, but they can buy considerably less in time.

6.6. Ten Tips and Tricks to be successful as an Entrepreneur

Here are our best 10 tips and tricks to help you make it as a successful entrepreneur. We used this [blog source: https://www.santam.co.za/blog/business-advice/10-tips-for-becoming-a-successful-entrepreneur/](https://www.santam.co.za/blog/business-advice/10-tips-for-becoming-a-successful-entrepreneur/)

6.6.1. Do Solid business planning

Planning plays a crucial role in any business success. A business plan (see also previous paragraph and [chapter 4](#)) is a good place to start – defining your skills and weaknesses, what you offer, how it's unique and how you plan on growing your offering. What's more, try to prepare yourself mentally and practically for anything that could go wrong and how you would deal with it. For example, what happens if you get injured? What if clients pay you a month late? What if a weather disaster affects you? Or a trusted supplier goes bankrupt?

6.6.2. Prepare for Financial Challenges

Cash flow was by far their biggest challenge when starting up a business (source: [survey Santam](#)). Deal with cash flow blows by saving for a month's worth of expenses or by getting creative with how you lower your overheads. You could offer clients a discount if they pay a deposit or the full amount upfront, or even an incentive – e.g. pay 10% less if you deliver your product or service a week earlier. Whatever you do, be extremely careful of debt – this is one of the biggest killers of small business success.

6.6.3. Be Cautious - Remember you're starting up a business

Resist the temptation to splash out on fancy offices, expensive equipment and over-the-top marketing. Your company's livelihood depends on what's in your wallet so every rand and cent must be triple-checked. Maintain a low overhead and manage your cash flow effectively. For one of our 1001 days survivors Jamie Pike, this meant foregoing a physical shop at first and selling his wares at a market; for design duo JesseJames it meant sharing their premises with other small businesses.

6.6.4. Ask for help!

There are loads of resources out there for networking, knowledge sharing and advice. Networking is not just for new business opportunities; it can be a wonderful source of support and fresh ideas. Attend events of your industry and regional business networks. Ask for advice from those around you (such as your intermediary, bank manager, landlord or neighbouring businesses), or online forums and Facebook community groups in your area.

6.6.5. Put your faith in a trusted mentor

It can be a family member, former boss or colleague or even a trusted online source or blog. A mentor is an invaluable sounding board – someone who’s been where you are; someone with whom you can have regular, non-judgmental check-ins. 61.9% of respondents in our survey didn’t have mentors – however those that did said that they found mentors to have a significantly positive impact on their businesses.

“My mentor pushed me beyond my biggest fears”, said one female entrepreneur who took part in our survey. “It’s not somebody who will take over”, agrees Cooked Inc’s Mariam Jakoet Harris. “It’s someone who’s going to nurture and help you.”

6.6.6. Marketing on a small budget

Marketing your new business is extremely important but doesn’t have to cost too much. Social media is your friend – creating your business page on Facebook or LinkedIn is free and will help your online search ranking. So is submitting your website URL to search engines like Google and Bing – it’s completely free.

Also keep an eye out for community Facebook groups – some will require a small advertising fee while others allow you to advertise your business on certain days of the week. The bottom line with marketing is to try anything and everything. You won’t know what will work for you until you try it.

6.6.7. Look after number one

Entrepreneurship is a lifestyle – the days of 9-to-5 are over. That’s not to say that you must work yourself into the ground. Exercise regularly, eat healthily and find the time to relax or you’ll end up being less productive. Of Entrepreneurial respondents, 64% said that they had to give up precious time with their family and friends due to work responsibilities ([source Santam](#)). Working on your time management skills will help you clear enough time in your day to spend with loved ones.

6.6.8. Build a team that shares your vision

It’s simple: great people make a great company. As your business grows, you might need to hire staff. Firstly, take the time to interview people thoroughly to ensure that they fit your culture and share your values. Secondly, it can be hard to let go but it’s important to learn how to delegate tasks. Finally, don’t expect people to be your clones. Be open to new opinions and suggestions. It’s always good to get fresh perspectives on old ways of working.

6.6.9. Life Long Learning

Starting your own business is a constant process of growth and learning. It's important to enrich yourself with both practical and emotional skills. Take a look at free or low-cost e-learning resources such as the Hubspot Academy, Udemy and Inc.edu.

Sharpen your project or time management skills, learn a new software programme or teach yourself how to run your own social media campaigns. You can also work on your management, presentation and motivational skills. If you travel a lot, podcasts and things like TED talks are great ways to inspire and educate yourself.

6.6.10. Safeguard your venture

The best entrepreneurs don't seek risk, they seek to mitigate risk. Small business insurance is one of the best ways to look after your livelihood, and it's more affordable than you think. Make sure that your precious stock and premises are covered in an emergency such as a fire or theft.

Chapter 7. F.A.I.L. (FIRST ATTEMPT IN LEARNING)

You should see failure as an opportunity to learn and grow in your business: F.A.I.L.: First Attempt in Learning.

The biggest failure or mistake in business is failing to learn from your entrepreneurship failures. The best entrepreneurs are not defined by failures, but rather by how they deal with them. Navigating difficult situations, both externally and internally, is crucial to being a successful entrepreneur.

7.1. Top 10 of F.A.I.L.

7.1.1. Failure to establish a goal

Always have a goal in mind; don't jump into the world of business without a clear goal in mind. Fail in preparation is usually due to organizational shortcomings generated by carelessness of the entrepreneur.

7.1.2. In the end enthusiasm is not enough to succeed

It's important to be enthusiastic about your ideas and achievements; however, you need more than that such as resources, clear goals and ideas, etc. Fail can also be due to incapacity to convince investors that the idea is worthy. Also, this kind of fail can be determined by the lack of material or human resources in the area.

7.1.3. Inability to Learn

To succeed, you need to be able to learn new things and have the drive for it. Without that, it may be near impossible to create a steady-going business. Some entrepreneurs venture into fields outside their expertise and believe that only their intelligence will compensate this significant gap. They should take advice (friendly or contractual) from specialised experts.

7.1.4. Poor Money/Budget Management

Don't throw your money around without a purpose. Always think about how money could be managed and spent in terms of improving your business. Fail in startup is due to incapacity to convince investors that the idea is worthy. Also, this kind of fail can be determined by the lack of material or human resources in the area.

7.1.5. Failure to advertise/brand the Product

Never underestimate the power of advertising and marketing. With the right strategy for that, you can get quite far with your business and your own image. Fail branding can be the result of the incapacity to identify the proper market segment; to understand the needs, expectations and culture of the market segment; to use the proper channels to address this segment; to cultivate the proper brand; to legally protect the brand, etc. Today the customers are more sophisticated than they were decades ago. The products that possess only high functional features are not

successful by themselves. They should possess also high ergonomic features and be supported by meaningful brands.

7.1.6. Underestimating the Competition

Underestimating the competition can be fatal for your business and you. Always take into account what the competition does to improve themselves and try to one-up them. Entrepreneurs should be careful regarding competition, because competition has already conquered a large segment of the market, has a deeply understanding of the customers and, in most cases, has a large amount of funds for “battle” that the entrepreneur hasn’t.

7.1.7. Starting for the Wrong Reasons

Starting a business should be meaningful to you. You should never start anything because you feel like you’re forced to or because it’s expected of you. The typical entrepreneur distinguish himself/herself from other people by vision and commitment to his/her idea.

7.1.8. Poor Management

When it comes to management, consider both parties. You can’t be a dictator and you can’t let people push you around. You need to be a leader to keep the morale of the people high and to let the business expand accordingly. Negligent entrepreneurs rely only on their “feeling” and believe they understand the market, when they actually don’t. Classic examples: Sinclair C5 and Webvan.

7.1.9. No Business Plan/Terrible Planning

Without a solid business plan, this task will be near impossible or at least much more difficult. Always prepare beforehand and give it much thought to avoid failure.

7.1.10. Surrounding yourself with the Wrong People

Don’t surround yourself with unmotivated, unreliable and lazy people. Ensure that the people you hire and surround yourself with share the same or similar energy and ideologies as you.

Many thanks to [Slavena Boycheva and Mikolaj Bylinka](#) with helping to make this list ([Source: https://controversycast.wixsite.com/entrepreneurjourney/top-10-fails](https://controversycast.wixsite.com/entrepreneurjourney/top-10-fails))

There are different types of failure that may occurs during your roadmap from dream to business, some of them are listed below.

7.2. More F.A.I.L.:

7.2.1. Fail in preparation.

Fail in preparation is usually due to organisational shortcomings generated by carelessness of the entrepreneur.

7.2.2. Fail in start-up.

This may happen due to incapacity to convince investors that the idea is worthy. Also, this kind of fail can be determined by the lack of material or human resources in the area.

7.2.3. Fail branding.

It can be the result of the incapacity to identify the proper market segment; to understand the needs, expectations and culture of the market segment; to use the proper channels to address this segment; to cultivate the proper brand; to legally protect the brand, etc.

7.2.4. Fail generated by the lack of domain specific business knowledge.

Some entrepreneurs venture into fields outside their expertise and believe that only their intelligence will compensate this significant gap. They should take advice (friendly or contractual) from specialised experts. It is preferable to start a business where you have expertise and you are passionate about.

7.2.5. Fail generated by the overestimation of the market need.

Negligent entrepreneurs rely only on their “feeling” and believe they understand the market, when they actually don’t. Classic examples:

[Sinclair C5](#); and [Webvan](#)

7.2.6. Fail generated by the underestimation of the competitors.

Entrepreneurs should be careful regarding competition, because competition has already conquered a large segment of the market, has a deeply understanding of the customers and, in most cases, has a large amount of funds for “battle” that the entrepreneur hasn’t.

7.2.7. Fail generated by poor knowledge of the target group, resulting in poor marketing.

Today the customers are more sophisticated than they were decades ago. The products that possess only high functional features are not successful by themselves. They should possess also high ergonomic features and be supported by meaningful brands.

7.2.8. Fail generated by lack of passion and commitment in the founding team.

The typical entrepreneur distinguishes himself/herself from other people by vision and commitment to his/her idea. The passion for his/her business and the communication inside the team that develops the business are two very important factors for a successful business.

Chapter 8. How to Network

8.1 What is the Best Way to Network?

When you learn how to network, it doesn't just improve your career — it improves your personal life too. The best networkers don't just have amazing businesses and careers, they have amazing friendships and are always at the front of the line for new opportunities.

The best way to network is to leverage your natural strengths. Don't make the mistake of forcing yourself to network. Don't pretend to be outgoing to make new connections.

8.2. Ten Network tips and tricks

8.2.1. Always leave the room smelling of roses

Greet everybody in a friendly way, be positive when you arrive and greet people, when you leave say good bye to everyone. Be present in the conversation, don't daydream or check your mobile phone. Assume you are always being observed

8.2.2. Stand out! But for the right things.

Be courageous, most people want to do what you are thinking, they are just finding the courage.

8.2.3. Do your homework.

If you are going to a conference, or a meeting, research beforehand about the topic. It will fill you with confidence, give you a different perspective and you will have something interesting to say.

8.2.4. Most people don't start conversations

Most people prefer to stare at their drink or check their phone rather than talk. Take the initiative and jump in.

8.2.5. Memorise some conversation starters that are not too intense!

"I thought that speech was fascinating!", "Are you from around here or did you travel far?", "What a beautiful building/ City!" , "These snacks are excellent! " , "How do you know the speaker?" , "How was the test for you?"

8.2.6. When describing your job, create a fun or different explanation to what you do - and be proud.

If you sell life insurance, say “I buy investments for my clients”, you’re an accountant “I’m in charge of making sure there is some money for the Christmas party!”, you’re a cleaner “when I finish work, people are queuing up at the toilet with their newspapers”, Barman “a great coffee can make or break your day, and that’s what I do!”

8.2.7. Don’t close yourself in the office

Meet people, get out of the office / house. Join some clubs, get hobbies. People like a bit of gossip, so, tell them what you do.

8.2.8. Put a photo on your business card

It works! People will remember you easier.

8.2.9. Don’t be too direct

Build the relationship first, then explain your job.

8.2.10. Try and think what the other person is interested in.

What is really cool or interesting about working with you or your company?

8.3 Ten Tips and Tricks to Network

8.3.1. Taking Lead

Before going to an event or a conference, figure out who is going to be there and do your research. This takes out that anxiety of feeling like you’re going to walk into the room and you have no idea what to talk about with people, instead you are going in armed and prepared for conversations and you know exactly what talking points to bring up and sometimes, you know what talking points NOT to bring up so you can avoid awkward conversations. What creates real relationships with people is those common interests and things that you wouldn’t even necessarily think about talking. Do your research!

8.3.2. Use social media

Use social media to get to know your future contacts better. When you meet them in person, it will be easier for you because you will be able to refer to common interest things or previous communication.

8.3.3. Dress professionally

Dress appropriately for that event. This does not mean that you need to wear expensive clothes, but do wear something a bit on the dressy side and leave the comfortable clothes at home.

8.3.4. Listen to others

Listen more than you talk! Be there, present to the conversation, with the connection with the people you are talking to, so you can offer valuable insights that keep the conversation on. Listening to someone allows you to find opportunities to connect with somebody, maybe offering value to their life, or their business

8.3.5. Look people in the eye

It is often missed and whether that's due to a lack of confidence or personal reasons. It might keep the one you are talking to out of interest of talking. This may look like you're disinterested in the conversation you're having with the person in front of you, or a group.

This may also make people think that they can't trust you. Not maintaining an eye contact might make the people you're in contact think that you hide something, or doesn't motivate you to talk with them.

8.3.6. Come with a goal!

When you are going to an event, go with a goal, connecting people, learning something, discovering hobbies, etc. Anything that you can retain from that event or meeting.

Try any event, meeting, workshop etc. that matters to you! Setting a goal for anything you do will make you discover things about you.

If you connect with people at an event you can develop in the future different solutions/ opportunities for you. Business, learning, ideas, anything that might be positive for you, for developing your success.

8.3.7. Take the first step!

A lot of people are SHY, maybe you are also one of them, who knows?

People who see that you are interested in them, will cooperate with you, with your ideas. So never be too shy to meet new people. New people = New opportunities.

8.3.8. DON'T BE NEGATIVE!

Being negative will always give you a bad mood! Try to find the best aspects in your behavior, in your inner self. If you spread negativity, persons near to you can feel your energy. People will try to avoid you, nobody likes negative people. You don't need that, you need people around you, you need connections, as always, people = opportunities.

Positive thinking doesn't mean that you keep your head in the sand and ignore life's less pleasant situations. Positive thinking just means that you approach unpleasantness in a more positive and productive way. You think the best is going to happen, not the worst.

8.3.9. Talk to people you don't know

During the event, talk to people you have met before in order to enhance your relationship, but also engage in conversation with people you do not know in order to widen your network and meet potential customers/ business partners.

8.3.10. Be able to accept rejection

You may encounter persons who cannot or do not want to talk to you. Persons too rude or too busy to have a conversation. You may talk to persons who do not like you or you do not like them. Maybe you will disagree on a subject important to you. Do not take it personally. It does not mean anything about you. You will not be a friend or a business partner with every person you meet, this is part of the process.

Resource: [11 Tips to Help You Network Better!](#), Kangan Institute

8.4 More tips and Tricks about Networking

8.4.1. Meet People Through Other People

The best and easiest way to meet people is through referrals. Stick around with the people you already know and who know the people you are looking to meet. Being introduced through them or joining in with their conversations you will very likely receive a warm welcome and introduction to the person you wanted an introduction to. This is a similar effect to LinkedIn through their online introduction tool, or even through joining the right circle at an event with somebody you know.

8.4.2. Leverage Social Media

Social media is an effective way to get to know important contacts better and without the pressure of a face to face meeting that you may not be prepared for. Seek out like-minded or key contacts you would like to know better within [your LinkedIn profile](#), Google Plus, Twitter and more. Try commenting on a link they post or responding to a comment they make, start a conversation with them and offer them value in return. When you have the opportunity to meet them in person it will be easier to reference previous communications with them. Ensure your online profile is always up-to-date. Recruiters often use social media platforms to probe potential candidates, and even to check out your skills and experience.

8.4.3. Don't Ask For A Job

Networking is not asking everyone you know for a job, in fact, when you network you should never ask someone for a job. You should ask people for information that will assist you in your job search. Your main networking goal should be to build a relationship and establish rapport so when a potential opportunity may arise in the future, your contact may be willing to refer you.

8.4.4. Use Your Resume as a Tool for Advice

Another easy yet highly effective way to network during a job search is to ask others who you have established a relationship with to [review your resume](#) and give you feedback on how to improve it. Using this technique is valuable for a number of reasons. When reviewing your resume they will discover your work history, your previous titles, your objectives and many things they may not yet know about you. They may remember a company or a connection that your background may be perfectly suited to.

8.4.5. Don't Take Up Too Much Time

Before you start networking, be sure to have an agenda and keep the meeting on track. Time is money and people are never happy with someone that takes up too much of their time. By planning out your meeting ahead of time, you establish your professionalism, you gain credibility and cover all the critical topics you wanted to cover. .

8.4.6. Let The Other Person Speak

When networking, be sure that you don't do all the talking. The key to being a good conversationalist is being a good listener. If you have asked another person for advice or their opinion, make sure they have the opportunity to offer it and tell you. Or perhaps they are looking for you to add value to their work. If you do all the talking, the person may feel you are uninterested in what they have to say and unsure what action to take with the information you have supplied. Ask some of the following questions:

- How long have you been with this company? Or how long have you been in this field?
- What do you like or dislike about your job?
- What type of training did you need for this position?
- What is the culture of this company?

8.4.7. Present A Success Story

Once you have found a topic the other person may be interested in and you can offer advice on, present a solution by telling a story about how you helped other in a similar situation. Tell them about your problem and how you solved it, but keep it short and sweet. Start by telling them about the problem and then your solution. Include lots of information on how disastrous things were before it came to a happy ending, where everything worked out for the better.

8.4.8. Ask For Suggestions on How to Expand Your Network

One of the main goals of networking is not only to meet one or two people, but also to tap into the network of the people you are meeting with. Each separate person you meet will know approximately another 200 people, and if you can gain introductions to some of these contacts, you will quickly increase your network and your chances of finding an extremely valuable connection. Ask your contacts if they can recommend a professional organisation or the names of some of the people you should be talking with.

8.4.9. Find a Reason to Follow Up

If you want to establish rapport with another person, create a reason to keep the relationship going. If you read an article that adds to a discussion you had during a networking meeting, save it and send it to them with a brief note on what you found interesting and how you think it could benefit them. Try and find at least two or three opportunities yearly to reconnect with the members of your network.

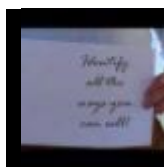
8.4.10. Always Remember to Say Thank You

Building a network is about creating a genuine, caring relationship. Thank your connection for the information they have given and see if you can help them in any way. Share any knowledge you feel would be useful for them. Keep notes on what you learn about your contacts so your future correspondence can have a personalised touch.

Chapter 9. Marketing and Communication

When you have an idea for a business, project, or investment, it is crucial to set out your objectives and your actions for reaching them: Communication and raising awareness for your products is key. Marketing for setting up a business is one of the fundamental tools to communicate your product. Marketing helps to scale the product, bring traction and sell more...

9.1. [What Is Marketing?](#)



What Is Marketing?

9.2: [Here 10 tips to share with you](#)

9.2.1. Know your customer !

It is useless to create strategies, actions, hire AdWords campaigns, Facebook ADS or Twitter if you do not know who your customer is and who will use your product. Although this seems simple to do, it's very common setting up a business, that while validating the business model, the customer changes. Know who s/he is, how s/he is, what interests s/he has, his/her day to day, what frustrates him/her, what s/he wants, the media and the blog /she reads. All this information will make life much easier when creating a marketing and communication strategy

9.2.2. Before creating a strategy, ask yourself what for

First of all, before making any strategy, ask yourself, for what? What do we want to achieve with it? Having it clear and to whom it is directed, makes you can create a specific plan with concrete actions.

9.2.3. Study your competition and copy

Investigate how your competition is doing in marketing and communication; what works and what does not work Also in what is good, what you could do better than them, and in what you differ. Remember: copying is not bad. Sometimes you do not need to innovate. If you see that your competition does something that works, copy it, make it tailor-made and measure if it gives good results for you

9.2.4. Set a specific goal

When setting up a business one of the questions regarding marketing is what you want to achieve and what your goal is. The answers that we find are very diverse. They range from creating customer engagement, winning customers, until people download my app, among others. Well, these are very general objectives. A goal must be SMART [Specific, Measurable, Achievable, Relevant, With a specific time]. It is what we call internally landing the objectives. A good example of a SMART objective is: "I want to gain 5,000 active users in my twitter application in the next 3 months".

When setting objectives, ask yourself how you are going to measure it and how you decide that it has been fulfilled or not. So you have measurable objectives and you can prioritize which one is more important for your business and follow up on whether you meet it or not

9.2.5. Sit with your team

Sit with your team (or ask people who can add value when you are alone to join a brainstorm) and involve them in the marketing plan. From experience, we know that freeing time, starting a business is difficult. But it is necessary. Investing time is investing money (and yes, time is money). Working as a team is what makes a product meaningful, avoids misunderstandings, saves time and money, aligns expectations.

9.2.6. Plan

It's the key to any marketing strategy. It is important to create a marketing plan and put it in a document, with dates, actions, channels, campaigns that are going to be done. The more specific, the better. This will make you not improvise in your strategy, do not deviate and the team takes better advantage of time and money.

In the event that you make a content plan for the blog, think about who will build the content? How often will it be published? Who will edit it? What is the publication process that will be followed? Create a monthly calendar to plan the contents that you will share and write the key messages.

9.2.7. Take care of the landing page

If what is involved is to sell, the web landing of setting up a business is the gateway. Choose quality, careful and attractive images that support our product or service we offer. Communicate in a human language and understandable by your customer.. Include the benefits of your product, explanatory videos, use testimonials of your product or service and the logos, clients and important prizes. All this makes a landing page, an attractive landing page. Beware of misspellings and misprints. They remain credible and tarnish the product.

9.2.8. Communicate what you do

Because communication is also part of a marketing strategy and helps sell what your business does. Communicate out what you are doing through your social media, blog, website; and communicate your team inside.

9.2.9. Bet on a media strategy

It's also important to communicate what a business does to the media. And it's about doing well and offering them what they need. Looking for the perfect approach each business has a very valuable information to communicate to the media. It is not about frying press releases and information that is not relevant to them. It's about understanding how the media works and how our startup can help them.

9.2.10. Measure the results

To see if the strategy and actions are working, you have to measure them. For this, what is used are the KPIs. The KPI (Key Performance Indicators) is part of the marketing strategy. Some basic KPIs is the conversion rate, the bounce rate, the duration of the visit on the web, the number of Retweets, number of likes, etc.

(Source: Jamerson, K., Top 10 Marketing Tips for 2020)

9.3. Six More Marketing Tips and Tricks

9.3.1. The King of Marketing Tips: Keep Up With the Trends !

Having a strong marketing strategy requires more than adjusting your priorities year after year. You have to be constantly on the lookout for technologies and opportunities to stand out from the crowd. Follow the latest tech and marketing tips to keep up on the important trends and changes you should be taking advantage of.

9.3.2. Embrace Paid Social

86% of social marketers already use Facebook ads, and the platform's advertising revenue continues to grow. Meanwhile paid advertising options have come up on Instagram, Pinterest, Twitter, and elsewhere. Social media platforms are tweaking their algorithms, making it clear to brands that paid promotion is a must if you want to get visibility. If you want your social strategy to maintain or gain momentum, then embracing paid social is a must.

9.3.3. Nurture Brand Advocates

People look for recommendations from their peers to make purchase decisions. Your own customers are a powerful resource to help you reach new audiences and drive conversions. To make the most of your brand advocates, create campaigns to incentivize them to spread your message. Create an online community or offer rewards for referrals, for example. You can also create a branded hashtag and encourage audiences to use it.

9.3.4. Prioritize Authenticity

This one is one of our most important marketing tips. Consumers today are well aware that the content businesses create is agenda-driven. They're not likely to respond positively to salesy content, so brands need to develop better strategies to build authentic relationships with their audiences. One of the best ways to prioritize authenticity with your marketing is by creating live content.

Host a live podcast, stream Facebook Live videos, etc. Make mistakes and go with the flow — you'd be surprised how positively your audience will respond to it all.

9.3.5. Create a Memorable Message

There are only so many ways to directly promote your products and services through marketing. Sometimes it's worthwhile to stray away from your main marketing agenda to tell stories that make your brand more memorable and likeable. The more creative you get with storytelling, the more likely you'll stand out and improve your brand image.

9.3.6. Build Partnerships

Advertising is a great way to broaden your reach on social media and the web. But it doesn't compare to the power of a strong recommendation from knowledgeable influencers. Collaborate with other major players in your industry to reach a new audience and gain some social proof for your business. You can also enlist the help of micro-influencers to serve as your brand advocates on social media and the blogosphere.

9.4. Six Marketing Tips and Tricks

9.4.1. Have a memorable LOGO

When you start a company, you need to make yourself known, memorable, and quick to be reminded when you see its logo!

Having a memorable logo, it's helping you getting in people's mind, let's check some examples.



For example - Nike's logo; as soon as you see this "swoosh" you'll know what brand it is, even without seeing the word "NIKE".

Or think reverse, when you think about a known brand, you'll have its logo in your head!

9.4.2. Actions for improvement the client fidelity

We all want loyal clients, who come to us when they need something that can be found in our product range, right?

So, there are some ways where we can make them be “ours”, let’s think about discounts, “buy 2 - get 3” offers, pre-sale offers or having any little advantage than any other normal client.

9.4.3. Try to make your original research

When you want to be a reseller, provider or dealer, better have your own original research accredited by a good, known company or certifier.

Having your own research may make your clients have more trust in your brand! Think about it!

9.4.4. Invest in social media

In 2020 this is the best way to lunch your brand.

We are millions of users of the internet, the social media platforms (Facebook, Instagram, YouTube, etc.). There is Google Ads, where you can directly pay to have some advertisements on different platforms. Or you can have some partnership with some influent people on the internet, this factor may impact your brand, but also may cost less/ more depending on the number of followers/ subscribers.

These years, this is the most favourable way to promote your goods. People tend to like what their idols like, making you, as a client, get impressed by their opinions and ideas.

9.4.5. Film some Ads

Make some advertisements in video format. When you see the products “working”, things may look more likeable. Video remained a popular digital marketing tactic in 2019, and it’s a must marketing strategy for this year, too. Try to include tutorials, testimonials or behind-the-scenes footage, anything that may connect you with the client.

9.4.6. Digitises UP!

Everything happens digitally now, your company has too. Make websites, phone apps, anything that can make your client get in contact with you easy and fast! Keep them in touch with you, make some online polls to see what your client needs!

9.5. What Is Communication O3yme



What Is Communication O3yme

9.6 Six tips how to do communications

(Source: [6 Tips for Improving Your Business Communication Skills](#))

9.6.1. Practice Your Listening Skills (and Your Paying Attention Skills Too):

When others are speaking, are you really listening ? We often confuse 'listening' with 'being quiet' but just because you aren't talking while others are talking doesn't mean you're really listening. Learn to turn off your own internal dialogue and truly tune into what others are saying. It often helps to repeat what you've heard so that you know you're paying attention and they know it too.

9.6.2. Collaborate, Don't Dictate:

Lectures, monologues, and ramblings don't belong in business communications. If you find you're speaking more than a few moments (except when giving a presentation or leading a demonstration), stop. Simplify what you're trying to say as much as possible. Allow others to offer their input on the issue. Communication is about give and take, not dictating how things are going to be or how you think they should be.

9.6.3. Pay Attention to How You Spend Your Leisure Time

You probably didn't expect this to be on the list. What do the TV shows you watch, the things you read, and your hobbies have to do with business communications? Well, the answer is twofold. First, they have the potential to expose you to new perspectives and important current events that help you grow your business intelligence. Odds are people who watch an hour of reality television daily aren't going to be as capable of carrying a business-oriented conversation as well as those who spend their free time reading business journals and networking with successful mentors. Second, you will glean tremendously useful ideas and insights from more intellectual pursuits than from watching or reading less helpful material during your off time.

9.6.4. Invest in the Right Communication and Collaboration Tools:

If you're depending on email and social media for your communications, you're probably receiving a lot of useless and redundant information and perhaps missing out on the most important conversations. A collaborative tool like Vmoso is the ideal way to streamline communications, collaborate on important projects, and build meaningful business relationships.

9.6.5. Don't Wait Too Long to Bring Up Sensitive Issues

Allowing a situation to build and fester is a recipe for a breakdown in communications. It's much easier, effective, and more professional to address an issue as soon as it pops up, while it's still in its infancy, than to wait until it grows into a big, ugly, angry monster. Most of the time, a quick, direct discussion can resolve any interpersonal or professional issues without negatively affecting the relationship.

9.6.6. Learn to Have and Use a Good People Memory

Is Sheila a morning person, or is it better to approach her with a problem later in the afternoon? Does Samuel prefer a bagel when you swing by to pick up breakfast, or is he more of a sausage biscuit kind of guy? Is it Tuesdays or Thursdays that Becky has to leave as soon as possible to get her child to his orthodontist appointment? Do these little details seem meaningless to you? People are important. When you can remember details about their personal lives, it shows that you care for them beyond their work. This fosters a deeper, more meaningful relationship that will spill easily into a better, more rewarding business relationship.