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Article

Governance for Business Success: A Guide for Solo Entrepreneurs

January 09, 2025

Please note this content was curated for SME businesses in the UK

ESG Small Businesses

Environmental

Limit your carbon footprint, reduce waste and become the sustainable business your customers want to engage with.

Social

Engage with your local community and enhance colleagues' wellbeing to become a valued and responsible business in your sector.

Governance

Work transparently and ensure legal compliance to improve decision-making, reduce risk, and attract customers, suppliers and investors.

Governance may not be top of mind for many solo entrepreneurs. But with the right approach, good governance adds value to your day-to-day business.. A robust governance structure can support your decision-making, financial management, legal compliance and more – adding real benefit to your company and to you, as a sole entrepreneur.

In this article, we'll explore:

- The importance of good governance for solo entrepreneurs
- Five practical steps towards better governance

Do I Really Need Governance if it's Only Me?

Governance is all about putting in place systems and processes to secure the direction, effectiveness, supervision and accountability of an organisation. However, if you're a solo entrepreneur already wearing lots of different hats, governance might feel too complicated, time-consuming or irrelevant to be at top of your agenda. But by making some informed choices, you could find that governance can safeguard and improve your business and free up more time to focus on the things you do best.

Business benefits of good governance include:

- **Legal Protection**

Establishing key governance measures, such as registering your business, complying with tax laws, meeting data protection standards, and formalising third-party contracts, helps to protect your business from fines and legal issues. With these and other processes in place, you can enjoy greater peace of mind when developing your core business. **(1)**

- **Enhancing your Trust and Reputation**

Whatever your business, your clients, customers and partners will likely value transparency, consistency and accountability. Clearly communicated strong governance practices could help build open and trusted relationships with everyone you do business with. They may even help you stand out from the crowd.**(2)**

- **Improving your financial management**

Managing your business’s finances can be time-consuming. But improving your financial management through strategies such as creating separate business and personal accounts and outsourcing accounting services can help avoid costly errors and free up more time to focus on your customers.**(3)**

- **Preparing for growth**

You might be a company of one now, but at some point you might want build out your team, work with more partners or even seek investment. As you grow, strong governance could save you unnecessary stress and make your business look attractive to more partners and future colleagues. Governance practices like documenting workflow, time-tracking and client management systems could help make future growth more seamless and efficient.**(4)**

- **Mitigating Risk**

Companies of all sizes can be impacted by a myriad of risks – including solo entrepreneurs. Market shifts, technology failures, supply chain problems or personal health issues (especially important when your business is just you) can all derail your company. But with a risk management plan in place, you can make sure you have contingency plans in place, whatever the challenge.**(5)**

Five Practical Steps Towards Better Governance

One of the biggest barriers to governance for solo entrepreneurs can be knowing where to start. Here, we provide five straightforward steps you can take towards embedding processes and systems to meet your business needs.

1. Create Boundaries Between you and your Business

Separating your personal and business life can be critically important for legal protection and financial and tax planning reasons. It could also help your business appear more credible and professional. Practical steps you could take include having a separate email address and bank account, and paying yourself a regular salary to help manage your finances. You could also explore working with accounting software or finding a mentor or virtual assistant to support you.**(6)**

2. Document Processes and Procedures

Most businesses follow certain processes and procedures. When you're a company of one, before you know it, you could find you're carrying all of them around in your head – leaving less space for developing, providing and enhancing your product or service. The good news is that there are plenty of low-cost tools available to help your processes become more consistent and efficient. When choosing, you can consider the most relevant concerns for your business – such as budget, scalability, integration and customisation.**(7)**

3. Outsource Governance Tasks

Increasingly, many governance tasks can either be outsourced or automated, leaving you more time to focus on your customers. For example, you might get much more value from a legal or accountancy expert than from learning how to write contracts or prepare tax returns yourself.

4. Track your Impact

By regularly asking for feedback on topics such as transparency,

communication, trust and reliability, you can begin to monitor the effectiveness of your new governance strategies. Equally, with robust financial management tools in place, you can track key financial metrics such as profit margins, cost efficiency and cash flow. The results could help you learn more about your business and better plan for the future.

5. Balance Flexibility with Structure

Having good governance strategies in place should mean more time for the creative, strategic and practical aspects of your business. So, when applying or improving systems and processes, it's important to strike a balance between structure and flexibility. If the process becomes cumbersome or time-consuming, it's probably not working in your best interests. But you can adjust and adapt your approach as you go.

Good governance is a crucial component of any successful company, and solo entrepreneurial businesses are no exception. Making proactive governance decisions could help your business run more smoothly, strengthen your brand, provide critical protection and free up time. And all of that sounds like a great recipe for success.

1 Unbiased: https://www.unbiased.co.uk/discover/tax-business/running-a-business/small-business-compliance-uk-what-you-need-to-know
2 Linkedin: https://www.linkedin.com/pulse/essential-guide-the-importance-governance-sme-melissa-cobham/
3 Business insider: https://www.businessinsider.com/financial-planning-tips-solopreneurs-small-business-owners-2024-3/
4 British International Investment: https://www.bii.co.uk/en/news-insight/insight/articles/a-startup-governance-journey-how-to-develop-a-phased-governance-framework-for-venture-capital-startups/
5 BBH Risk Management: https://www.beazley.com/en-GB/esg-centre/articles/the-rewards-of-risk-management-for-small-businesses/
6 Time Doctor: https://www.timedoctor.com/blog/why-hire-a-virtual-assistant/
7 The Digital Project Manager: https://thedigitalprojectmanager.com/tools/free-workflow-software/

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