



# Payrolls Direct

Payroll & HR Management

## Getting Started in Business Manual

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CONFIDENTIAL INFORMATION

# Getting Into Business Manual

# Section 1 - Contents

## **Sections**

**Section 1 - Contents**

**Section 2 - Welcome and Introduction**

**Section 3 - Getting Started & Planning**

**Section 4 - Administrative Set-up**

**Section 5 - Equipment, Supplies & Software**

**Section 6 - Personnel (if applicable)**

**Section 7 - Launch Preparation**

## Detailed Contents

<b>Section 1 - Contents</b> .....	<b>2</b>
<b>Section 2 - Welcome and Introduction</b> .....	<b>2-1</b>
Section 2.1 - Welcome and Introduction to This Manual .....	2-2
Section 2.2 - Copyright, Confidentiality of Manual, Reliance.....	2-3
Section 2.3 - Confidentiality.....	2-4
Section 2.4 - Payrolls Direct Network and Ethos .....	2-5
Section 2.5 - Corporate Social Responsibility Policy .....	2-6
Section 2.6 - Manual Updates Checklist.....	2-8
Section 2.7 - Support Contact Details .....	2-9
Section 2.8 - Useful Websites .....	2-10
<b>Section 3 - Getting Started &amp; Planning</b> .....	<b>3-1</b>
Section 3.1 - The Payrolls Direct Admin Panel .....	3-2
Section 3.2 - The Process of Getting into Business .....	3-3
Section 3.3 - Setting Prices.....	3-4
Section 3.4 - Business Plan and Financial Forecasts.....	3-5
Section 3.5 - Initial Package.....	3-7
<b>Section 4 - Administrative Set-up</b> .....	<b>4-1</b>
Section 4.1 - Your Company or Trading Entity.....	4-2
Section 4.2 - Councils, Assistance and Grants .....	4-3
Section 4.3 - Bank Accounts, Working Capital & Funding.....	4-4
Section 4.4 - Set-up for Client Payments .....	4-6
Section 4.5 - Appointing Your Accountant .....	4-7
Section 4.6 - Tax Registration .....	4-8
Section 4.7 - VAT Registration .....	4-9
Section 4.8 - Information Commissioner Registration.....	4-11
Section 4.9 - Insurance .....	4-13
Section 4.10 - Notifying Your Licensee Status .....	4-14
<b>Section 5 - Equipment, Supplies &amp; Software</b> .....	<b>5-1</b>
Section 5.1 - Selecting Suppliers .....	5-2
Section 5.2 - Equipment.....	5-3
Section 5.3 - General Guidance on Use of Software.....	5-4
Section 5.4 - Software for Your Payrolls Direct Business.....	5-6
<b>Section 6 - Personnel (if applicable)</b> .....	<b>6-1</b>
Section 6.1 - Initial Recruitment & Employer Set-up .....	6-2
Section 6.2 - Employer Legal Documents / Ongoing Duties .....	6-4

---

Section 6.3 - Salaries, Payroll and Reporting.....	6-5
Section 6.4 - Contractors / Self-Employed Personnel .....	6-7
Section 6.5 - Non-Poaching Within Network .....	6-8
Section 6.6 - Non-Disclosure Undertakings.....	6-9
<b>Section 7 - Launch Preparation .....</b>	<b>7-1</b>
Section 7.1 - Initial Training.....	7-2
Section 7.2 - Payrolls Direct Support.....	7-3
Section 7.3 - Preparation of Documents and Templates.....	7-4
Section 7.4 - Stationery and Launch Preparation .....	7-6
Section 7.5 - Separate Sales and Marketing Manual.....	7-7
Section 7.6 - Consistent Presentation of Brand .....	7-8
Section 7.7 - Email, Domain and Internet Policy .....	7-9
Section 7.8 - Launch Marketing and Advertising .....	7-11



# Payrolls Direct

Payroll & HR Management

Section

2

Payrolls Direct

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## Section 2 - Welcome and Introduction

## Section 2.1 - Welcome and Introduction to This Manual

*This chapter is an introduction to the manual and welcome to Payrolls Direct.*

**W**elcome to Payrolls Direct. We are delighted that you are part of our network and that we will be working together to achieve our vision of becoming one of the leading UK providers of payroll services for businesses.

Our network is made up of entrepreneurs providing payroll services to businesses, operating under the brand name of “Payrolls Direct”, including each of you as licensees. In order to be successful you will need to work hard to develop your business. Success will not be achieved overnight and you must be prepared to work long and hard to succeed. However, by following our systems and guidelines and putting in the effort, you should gain the rewards you deserve and establish a successful and profitable business. The use of our knowledge and systems and following our guidelines and policies is essential. This is because our systems and methods have been tested and because (if you use the Payrolls Direct brand) we must all present the brand consistently.

This manual is designed to be your detailed guide to setting up your Payrolls Direct business. There is a full table of contents to chapters for your guidance, and each page is numbered by section.

This guide should be read in conjunction with the related policies, templates, resources and precedents, all of which can be read and downloaded from the Payrolls Direct Members Resource Area. Please contact us if you think that you are missing any templates. More information on the Payrolls Direct Admin Panel and how to access it can be found in this Manual. We suggest that you read this entire Getting into Business manual in detail prior to starting set-up, and then use it for reference as you go through the process.

This Getting into Business Manual has been prepared for your benefit and should answer most of your questions that relate to set-up. Although we will make the decisions for the content of the manual, if there are any topics that you would like to see covered that you feel are missing, or if you have any suggestions on the manual, please contact us as feedback is always welcome.

In these early stages it is important to **get your initial training booked and arranged**. Please call us to book your place.

We wish you every success in your new business venture!

Naz Daud  
Manager  
Payrolls Direct

## Section 2.2 - Copyright, Confidentiality of Manual, Reliance

*This chapter sets out copyright ownership, gives you guidance on reliance and reminds you of confidentiality.*

**T**his manual and all its contents belong to Naz Daud trading as Payrolls Direct. All copyright and all other rights in all parts of this manual and its contents, all precedents, templates, and the business and system described in it belong to us or our licensor. You are only permitted to use this manual for as long as you are a licensee of ours and only for use in your licensee business. All copies of this manual must be returned to us immediately on termination or expiry of your licence.

This manual is highly confidential and may not be copied, distributed or given to anyone else (in part or in whole) or used in any other business without our prior written consent. This document may not be used, in part or in whole, as the basis for similar or derivative documents, businesses or systems. Your network member agreement places an obligation upon you, the licensee, to keep information (including this manual) confidential. This is very important in order to protect the Payrolls Direct brand and trade secrets.

You are not permitted to make a copy of this manual for anyone and you must ensure that you keep this manual in a safe place at all times (for example a locked cabinet at your home). No-one except you (including personnel) may be given access to this manual without our written permission (which will usually be given where needed only after the person has given us a signed confidentiality undertaking).

Our systems and precedents are for your guidance and assistance. However, your success relies on you and in the way that you operate your business and how you interact with personnel and clients. Self-motivation and hard work are necessary to build any successful business. Although we offer our support and systems, you are self-employed and run your own business and you cannot rely on predicted revenue, expenses, profits, cashflow or finances. You need to be prepared for difficult times in business as well as successful ones.

The network member agreement which you have signed sets out the entire agreement legally between us and you as the licensee. The legal agreement requires you to comply with our manuals and policies in your Licensee Admin Panel, so compliance should not be viewed as optional. It is important that you understand the contents of this manual as it provides a lot of the information needed to set up your business. If anything is unclear, please ask for clarification at any time.

This manual may be changed and updated by us in order to keep the business and our systems up to date with what we consider to be best practice. **Any updates will be notified by us or loaded on to the Admin Panel and you should check for changes** if you have not yet set up and launched your Payrolls Direct business.

## Section 2.3 - Confidentiality

*This chapter sets out requirements in relation to confidentiality and non-disclosure*

**C**onfidentiality is an essential part of our business. This means protecting the confidentiality of us and the network and of all our documents and systems, but also maintaining confidentiality and discretion in relation to all clients. It is a serious breach of your legal agreement to fail in your confidentiality obligations.

You are responsible for your employees, consultants, service providers and contractors and their actions in relation to confidential information. This includes all our manuals, all instructions, policies, correspondence, all financial information, all client information and anything that is marked as being confidential or would ordinarily be viewed as confidential in a business context. Your full obligations are set out in the network member agreement and confidentiality deed and this chapter is for guidance only and does not replace those obligations in any way.

You should be aware at all times of the need to guard confidential information and this includes not revealing any of that information (about your own business or us or anyone in our network) to anyone who does not need it within your business. You must keep all information securely stored, and may not even discuss or reveal any of it even to friends or family. You must never allow any of the information (**in particular the manuals and resources**), to be copied or used for any purpose outside your business. We (and our licensors where applicable) **take our trade secrets, confidential information and copyright in documents very seriously**. We make take legal action against any licensee for any breach of confidentiality obligations by them or any of their employees, consultants, agents, service providers or sub-contractors.

### **Your Personnel's Confidentiality Undertakings**

If you have anyone working for you (that is, working in your business or providing services or consultancy whether or not technically employed) then it is a requirement of your legal agreement that you get a confidentiality undertaking from that person before they start work, unless we agree otherwise. We may exempt, for example, external professionals, but would require an undertaking from everyone working in your business and especially managers or those with access to the Admin Panel. See Section 6.6 - Non-Disclosure Undertakings for instructions.

### **Client Confidentiality**

Confidentiality of your client's business or financial or personal details, contact details and any notes or records on them is vital. No such information may be stored anywhere that it can be accessed by outsiders. If you use our trading name, you may not disclose client's details or records to anyone outside of us and your senior personnel (and may never for example sell or offer client contact details to others for marketing purposes). You and your staff may also not disclose confidential details or even discuss clients with other clients or anyone outside your personnel, us and your professional advisers.



## Section 2.4 - Payrolls Direct Network and Ethos

*This chapter refers you to the contact details for other members of the Payrolls Direct network and to the ethos behind the network.*

**W**e are proud of the ethos behind the Payrolls Direct network and want to ensure that all licensees and members of the network also value and adhere to that ethos. It goes without saying that the standards and professionalism with which you relate to clients and potential clients should be of the highest level. This chapter relates to interaction between licensees / members of the Payrolls Direct network themselves and we require you to follow this policy.

We want to foster and encourage the network and its ethos of mutual support and communication. In return, we require you and each member of the Payrolls Direct network to adhere to the following guidelines and policy:

- All communication between members of the network (including between you and us at head office) will be courteous and professional.
- To avoid distraction, all contact must be directly related to the business, and the business contact details must not be used for other purposes, jokes, or irrelevant requests or material (see also Section 7.7 - Email, Domain and Internet Policy).
- We will each adhere to a spirit of mutual assistance and support within the network.
- No negative statements may be made about other members of the network.
- All comments, suggestions and criticisms must be made in open forum so that they can be discussed and addressed.
- We will each contribute to the network by attending meetings and conferences if required.
- We will respect each others' personnel and clients.
- We will each comply with the policies, systems and standards required under the network member agreement and the Payrolls Direct manuals and materials and for the protection and use of the brand name (if you use the trading name Payrolls Direct).

## Section 2.5 - Corporate Social Responsibility Policy

*This chapter sets out our corporate social responsibility policy.*

**C**orporate social responsibility is something that we take seriously. This chapter sets out the Corporate Social Responsibility Policy used by Payrolls Direct and that we expect everyone in the network to adhere to. It can also be adapted by you if clients or suppliers request a copy of your Corporate Social Responsibility Policy (sometimes called a CSR policy). Contact us at head office for a printed or electronic copy in those circumstances.

Payrolls Direct recognises that it has a responsibility to the communities within which it operates. In addition, our business and our network are part of a wider community and we carry the responsibility to act in a way that respects the social, economic and environmental well-being of the wider world. Our reputation also depends on us all acting with integrity and respect in our dealings with staff, owners, clients, suppliers and all other stakeholders.

Payrolls Direct is committed to continuing a responsible and sustainable business that takes account of the social and environmental context in which it operates. Corporate social responsibility underpins our business operations at every level and this policy acts as a guide to all members of the network and all personnel requiring that they act responsibly and with integrity in their dealings with all stakeholders.

### **Environmental Policy**

We accept responsibility for the environmental impacts of our activities and business and we must endeavour to manage and reduce those impacts. We will comply with all environmental laws and regulations in every area in which we operate. We will regularly review potential environmental issues and where appropriate we will establish policies and programs to deal with specific issues. We will implement our policies, and monitor the implementation and compliance. Environmental considerations will be integrated into our business decision making and internal reporting systems.

### **Community**

We aim to minimise any negative impact on local communities and environments and we will inform local communities of activities which might have an impact on them. We strive to maximise the opportunities which make positive contributions financially, economically and socially in the communities where we operate. We respect the different cultures and rights of individuals in all communities in which we operate.

### **Employment and Equal Opportunities Policy**

We are committed to respecting internationally recognised labour rights and to providing a safe and healthy working environment for our employees. We will comply with all employment laws and regulations. We commit to our equal opportunities policy (which is set out separately and available on the intranet) that aims to prevent harassment, discrimination or denial of equal opportunities. We will operate and ensure compliance with a formal disciplinary and grievance procedure for personnel.

**Human Rights Policy**

We will take all reasonable steps to ensure that the impact of our operations is positive and does not violate internationally recognised standards on human rights. We will take particularly proactive steps when operating or sourcing goods from countries with a record of human rights abuse to check that we do not violate human rights standards and that we do not benefit from nor use the products of others that do so.

We will not tolerate human rights abuse and we will not engage or be complicit in any activity that solicits or encourages human rights abuse. We will treat people with dignity and respect and we will always strive to build trust, deliver mutual advantage and demonstrate respect for human dignity and rights in all relationships we enter into, including respect for cultures, customs and values of individuals and groups.

**Ethics and Compliance with Legislation**

We commit to honesty and integrity in all our activities and relationships with others. We are aware of the importance of protecting all of our human, financial, physical, informational, social, environmental and reputational assets.

We are committed to best practice standards of corporate citizenship and business ethics. We will endeavour to ensure that we conform in every area in which we operate with internationally recognised standards of corporate ethics on matters such as bribery and corruption. We prohibit the practice of bribery.

We will comply with all competition laws and regulations in force in all countries in which we operate. We will comply with all data protection legislation in all countries in which we operate. In the UK we are registered, in accordance with the Data Protection Act 1998, with the Information Commissioner.

We will endeavour to advise our supply chain of our Corporate Social Responsibility Policy where appropriate and will work with them to achieve consistency with this policy.

## Section 2.6 - Manual Updates Checklist

*This chapter sets out the date of the latest version of each section*

It is your responsibility to ensure that this manual is kept updated with all updates notified, uploaded on to the Admin Panel or sent by Payrolls Direct head office. The definitive copy is kept at our office. Contact us if you are unsure as to whether you have the correct sections at any time. All sections replaced must be shredded or disposed of securely, or returned to us if instructed to do so. Each time a section is replaced; this page will be replaced to show the latest date of each section.

The date for each section is the date it becomes or became effective, which may not be the same as the date you receive it if we circulate the change in advance.

<b>Section</b>	<b>Latest Version</b>
<b>Section 1 - Contents</b>	1 September 2014
<b>Section 2 - Welcome and Introduction</b>	1 September 2014
<b>Section 3 - Getting Started &amp; Planning</b>	1 September 2014
<b>Section 4 - Administrative Set-up</b>	1 September 2014
<b>Section 5 - Equipment, Supplies &amp; Software</b>	1 September 2014
<b>Section 6 - Personnel (if applicable)</b>	1 September 2014
<b>Section 7 - Launch Preparation</b>	1 September 2014

## Section 2.7 - Support Contact Details


*This chapter gives you contact details for Payrolls Direct*

**A**ssistance in operating your business is available from our Payrolls Direct support team between 9am and 5pm Monday to Friday other than public holidays. You will be given an out-of-hours contact number for emergency use. See also the details of the nominated suppliers on the Payrolls Direct Admin Panel (see Section 3.1 - The PayrollsDirect for how to access). Our company details and support contact details are set out below:

### Licensor Business Details

<b>Company Name</b>	Naz Daud T/A Payrolls Direct
<b>Address</b>	24 Woodfield Road, Oadby, Leicester, LE2 4HP
<b>Telephone</b>	0116 210 9485
<b>Email</b>	info@payrollsdirect.com
<b>Your Admin Panel</b>	payrollsdirect.com (click on Licensee Login)

### Your Contacts

You may find it useful to use the space below to write down your own essential business contacts such as your bank manager, accountant and so on: 

Contact	Address	Telephone	Email
Bank Manager			
Accountant			
Solicitor			

## Section 2.8 - Useful Websites

*This chapter gives you some examples of useful websites.*

We set out below some useful websites but let us know of any others you suggest for this section (aimed at starting up in business), or any updates. Please only suggest websites you feel would be useful for the whole Payrolls Direct network. There are many overlapping websites on starting businesses, so we only set out below the main ones.

Website	Brief description
<a href="http://www.payrolldirect.com">www.payrolldirect.com</a>	Main (client facing) website for Payrolls Direct
<a href="http://www.payrolldirect.com/opportunity">www.payrolldirect.com/opportunity</a>	Information about our business opportunity
<a href="http://www.ico.gov.uk">www.ico.gov.uk</a>	Data protection registration, guidance and legislation (Information Commissioner website)
<a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a>	HM Revenue & Customs – tax, VAT and employer guidance, booklets & online reporting and payments. Register online.
<a href="http://www.bis.gov.uk">www.bis.gov.uk</a>	Department for Business Innovation and Skills (used to be the DTI – Department of Trade and Industry) – very useful guidance and free publications for business on a large range of topics including health and safety, employment, specific guides by industry
<a href="http://www.offt.gov.uk">www.offt.gov.uk</a>	Office of Fair Trading – useful information and rules about pricing, fair trading, regulations and so on plus downloadable booklets
<a href="http://www.hse.gov.uk">www.hse.gov.uk</a>	Health and Safety Executive (government website)
<a href="http://www.businesslink.gov.uk">www.businesslink.gov.uk</a>	Guidance for small businesses
<a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a>	Companies House - to file required documents and get guidance on many aspects of company legislation
<a href="http://www.gateway.gov.uk">www.gateway.gov.uk</a>	Government Services gateway – register to file and notify online
<a href="http://www.kashflow.com">www.kashflow.com</a>	Cloud based accounting software for small businesses
<a href="http://www.gocardless.com">www.gocardless.com</a>	Direct Debit payment collection service
<a href="http://www.capsulecrm.com">www.capsulecrm.com</a>	Online business crm.



# Payrolls Direct

Payroll & HR Management

3

Payrolls Direct

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## Section 3 - Getting Started & Planning

## Section 3.1 - The PayrollsDirect Admin Panel

*This chapter refers you to the Payrolls Direct Admin Panel and the resources there.*

**T**he Payrolls Direct Admin Panel is our central resource, accessible via the internet, that provides a complete online resource of templates, documents and manuals for your new Payrolls Direct business. You will be given your username and password by a member of the Payrolls Direct team. Once you have accessed the Admin Panel and logged in, you will be able to access all the central templates, manuals, resources and templates.

At this Getting into Business stage it is important to familiarize yourself with our Admin Panel and the resources there as many of them will be useful or necessary for your business. At an early stage you should start the task of downloading and tailoring them for your own Payrolls Direct business. See Section 7.3 - Preparation of Documents and Templates.

Your username and password or log-in details for the Payrolls Direct Admin Panel are confidential and must not be given to anyone else or stored where they could be seen. Everyone (including any personnel of yours) who will have access to the Admin Panel will need to be notified to us and give us a signed confidentiality and non-compete undertaking. Otherwise, they or anyone you allow to see access details could use all the bespoke resources, manuals and materials that are a trade secret of Payrolls Direct.

This could mean that a potential or future competitor has access to our materials, and would be a fundamental breach of your network member agreement that can even lead to its termination (see your network member agreement for the consequences of this, including loss for you of your Payrolls Direct business and damages payable to us). For these reasons, **we emphasise strongly the importance of keeping information on how to access the Admin Panel confidential.**



## Section 3.2 - The Process of Getting into Business

*This chapter sets out an outline of the process for starting your business*

**T**his chapter will give you a brief outline of the process of getting into business with your Payrolls Direct business. This chapter is just a brief outline and the various stages of getting into business are covered in more detail in other chapters. Please also bear in mind that depending on circumstances, you may not strictly follow the order of events detailed below.

See the Admin Panel for a checklist for Getting into Business.

**Administrative Set-up:** See Section 4 - Administrative Set-up and ensure that all chapters have had action taken, including bank accounts, VAT and data protection registrations, and so on.

**Business Plan:** You will need to begin work on your business plan. See Section 3.4 - Business Plan and Financial Forecasts.

**Equipment, Supplies and Software:** See Section 5 - Equipment, Supplies & Software and note the lead times so that you order all equipment sufficiently in advance before opening.

**Personnel:** You may not need personnel at the outset if you decide to start alone, but if you do hire personnel at the outset, then you will need to register as an employer and recruit your initial personnel in time for the personnel to be trained with you or as part of your initial Payrolls Direct training. See Section 6.1 - Initial Recruitment & Employer Set-up.

**Training:** In the earlier stages of getting into business you will follow our Payrolls Direct initial Training. See Section 7.1 - Initial Training.

**Launch preparation:** See Section 7 - Launch Preparation for other matters to cover, including initial marketing, preparation of documents and templates and so on.

**Pre-sales:** Carry out initial marketing and sales at the early stages of your Payrolls Direct business.

**Opening:** Open your Payrolls Direct business to clients.

## Section 3.3 - Setting Prices

*This chapter gives guidance and requirements on pricing for clients*

**T**he recommended prices for your Payrolls Direct business will be set out on the Admin Panel or notified to you on request. Under competition law requirements, we cannot and do not set your prices, and you should not agree or fix your prices with us or with anyone else (including in the network or with any competitor). The prices you charge are your decision but within the parameters set out below and focusing on the core concept behind the brand.

### **Recommended Prices**

Our recommended prices have been set to achieve a good profit margin, but still reflect the value and appeal of Payrolls Direct. The prices that you set should of course always allow you a reasonable profit after paying the fees due to us (which are not dependent on or related to the prices that you charge to your own clients). Your monthly fees will be based on our suggested prices, so please bear this in mind when you offer a lower price, as we will still charge you 25% of the suggested price.

### **Competition**

It is essential that you that you make it your business to know your local competitors and their prices and that you update your information on this regularly (at least once a year in time for your business plan). See Section 3.4 - Business Plan and Financial Forecasts.

Although you are not permitted to fix your prices with any competitor, you do need to ensure that your services remain competitively priced. However, that does not mean that you need to be the cheapest available, because the emphasis and key message for your business is quality, not price.

### **Reviewing and changing your prices**

You should not leave your prices unchanged without review. If you do, they may become too high (because of price reductions by competitors) or, more likely, they will become less viable for you as time goes on and inflation / rising costs mean that your prices need to rise at the same level. Therefore you should review your prices regularly (at least once a year in time for your business plan).

When you change your prices, you need to notify clients well in advance. You cannot change prices retrospectively (in other words, you cannot afterwards say that periods in the past or already paid for should have been higher) and nor can you legally change them without notifying clients. Therefore any new prices should be posted on your terms and communicated to existing clients by letter and / or email, together with the date that they become effective. You should explain why the prices are rising (for example, in line with inflation). The date for clients to start paying the new prices will depend on their contracts (for example if they have signed up a client at a certain price for a year, then you cannot change until renewal).

## Section 3.4 - Business Plan and Financial Forecasts

*This chapter refers to the business plan and financial forecasts that you should prepare and update for your own Payrolls Direct business.*

**P**lanning and preparation are essential for a successful business. You will need to spend time prior to trading on planning and preparing for your launch and for the operation of your Payrolls Direct business. Our support, systems and templates will greatly reduce the time needed and will assist you in the process, but you are responsible for your own planning and preparation.

You need to prepare a business plan for your licensee business. This may be a requirement of your business bankers, but we require you to spend time on the plan even if it is only for your own benefit. The plan will help you to identify action needed and will enable you to check your progress going forwards against the forecasts that you made. Once prepared, it is important to update your business plan regularly. The following starting point templates may be available from us:

- Narrative business plan (not yet available at the date of this chapter – please use a standard one from templates freely available including on the internet or from your bank)
- Competitor Analysis Sheet (not yet available at the date of this chapter)
- Financial forecast modelling tool (not yet available at the date of this chapter)

These are available electronically so that you can adapt and tailor them for your own business. For more in-depth details about compiling the business plan please refer to head office. We emphasise that the templates are confidential information and subject to copyright and must not be given to anyone outside the business nor used for any other business.

### **Finalising the Plan and Forecasts Based on Your Own Payrolls Direct Business**

To finalise the business plan you will need to complete information regarding your local competition, type of business and economic local market and so on. The figures that you use in the financial forecasts will depend on your predicted number of clients, your prices, and your ongoing operational costs.

You need to research national online competition but also importantly, local competition (since many businesses will want to physically meet with you). To do this, you need to find out and summarise each main competitor in terms of what they are offering and their pricing. The simplest way to do this is to find out what you can from their websites or people who are familiar with them. If you cannot find out any other way, you could contact them as a potential client to find out (only as a last resort, because you would not appreciate it in reverse from a competitor!). You should include your competitor analysis in your business plan narrative (or as a Schedule at the back).

## Pricing for clients

You need to work out your prices for clients in advance, and use them in your financial forecasts. The prices you charge are your decision but see Section 3.3 - Setting Prices.

## Use of the Financial Forecasts Modelling Tool

The financial forecasts modelling tool has been created for ease of use so that you only have to fill in the front worksheet with your own inputs and assumptions in the highlighted cells. All the other worksheets, charts and summaries (see tabs along the bottom) will automatically calculate for you.

If you have any questions on assumptions made in the template financial spreadsheet, or on how to fill it in or what the different entries refer to, contact us for guidance. If the formulae used to calculate the remainder of the spreadsheet do not work how you wish, or you need to see detail, contact us and we can guide you. You can save as many copies of the model as you wish for use in the business, and test different assumptions for example to create best, worst and middle scenarios.

## Necessity For You to Adapt and No Liability For Us

The financial modelling tool is a precedent only and **must be adapted and tailored individually by you** to show your own prices for clients, your costs (such as rent, staff and so on if applicable), assumptions on numbers of clients, revenue forecasts and so on. The same applies to any precedents or templates for business plans. **We accept no liability or responsibility for your business plan or financial forecasts** and you can use your own business plan and financial forecasts. Your narrative business plan should incorporate your own financial forecasts once completed.

The financial forecasts model has only been provided as a helpful starting point for illustration purposes and relies on you altering and using your own inputs. Any starting examples of prices, client numbers or expenses or other inputs are only markers to make the formulae work and you must change each input to match your own figures. The starting examples are in **no way a guarantee of what you can earn and may not be relied on in any way**. It is entirely your responsibility to insert your own inputs and to achieve results based on your own effort and success.

## Section 3.5 - Initial Package

*This chapter refers to the initial training and package that you will receive*

**Y**ou will be provided with initial training and support and an initial package of items as set out in your network member agreement. Please refer to that agreement instead if not consistent. The following are included in your initial Package and initial Package Fee unless your network member agreement sets out differently (please contact us if you think you have not received any of the items listed in your network member agreement):

Initial Package (included in your Joining Fee)	
<b>Licence</b>	<ul style="list-style-type: none"> <li>• Licence of Intellectual Property, PD Materials and (optional use) Trade Name and Marks during the Term</li> </ul>
<b>Marketing and Stationery</b>	<ul style="list-style-type: none"> <li>• 500 business cards and 500 brochures</li> <li>• PowerPoint presentation, and stationery templates</li> <li>• Flyers personalised</li> <li>• Use of Payrolls Direct Brand and website</li> </ul>
<b>Admin Panel and Software</b>	<ul style="list-style-type: none"> <li>• Set up of Admin Panel for your use</li> <li>• Full access to our training video library</li> <li>• Guidance on marketing and payment collection</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• In house graphic design service</li> <li>• Templates and precedents for documents and materials</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>• 1 days initial training up to 1 person (at one time) of Your PD Business including:               <ul style="list-style-type: none"> <li>– Overview of business including Your PD Business</li> <li>– Use of Admin Panel and the software</li> <li>– Sales and marketing</li> </ul> </li> </ul>

### Further support

See Section 7.1 - Initial Training regarding initial training and contact head office or see the Admin Panel in relation to ongoing support and training.

If you need further assistance during set-up or at any time, please contact our head office and we will try to assist you or will point you in the direction of the appropriate assistance or advice.



# Payrolls Direct

Payroll & HR Management

Section

4

Payrolls Direct

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## Section 4 - Administrative Set-up

## Section 4.1 - Your Company or Trading Entity

*This chapter refers to your legal trading entity.*

**Y**ou should already have set up your legal trading entity before signing the network member agreement. This means that you will have chosen whether to trade as a company, sole trader, partnership or limited liability partnership. This chapter highlights some provisions in the network member agreement on this topic, but please refer to the network member agreement for more detail.

- You may not change your trading entity after signing the network member agreement without our prior written consent. This means for example that you cannot change from a sole trader or partnership to a limited company (or vice versa). You cannot change the partners, shareholders or directors and cannot create new agreements or arrangements relating to rights in your business.
- If you do want to make any changes to your legal trading entity, contact us and we will often be able to come to an arrangement. For example if you wish to change to use a limited company under sole ownership instead of being a sole trader, this can usually be done by signing a replacement network member agreement and reimbursing our legal costs.
- If your trading entity is a company or LLP, you must comply with all Companies' Act and other legal requirements, including in relation to accounts, annual returns and so on to be filed at Companies House (see Companies House website as set out in Section 2.8 - Useful Websites or your accountant, solicitor or company secretary can advise and assist you).
- You cannot change any company or LLP name without our prior written consent.
- You need to distinguish between your own business name (your own name if a sole trader, or the limited company or corporate name if a company or LLP) and your trading name. Your trading name is Payrolls Direct, which must be your only trading name (you must not promote any other name including any company or LLP name of your business).

If you are using the Payrolls Direct name, see related chapters (including Section 4.10 - Notifying Your Licensee Status) in relation to stationery and signage and the requirement to clarify on all communication (including letters and emails) that you are using a trading name and that you are a separate legal entity acting under licence from Payrolls Direct.

If you do need to make any of the changes referred to above (for example, changing shareholders or directors) please contact us. This will often not be an issue but you may need to arrange for execution of additional legal documents related to the change that we will specify and have prepared (but with you reimbursing any costs).

## Section 4.2 - Councils, Assistance and Grants

*This chapter refers to checking for assistance, grants and funding*

It is often worth checking with your local council (search for their website as a starting point) in case they have assistance for start-up businesses. Business Link ceased to provide advisers in 2010, but there is still a website that is worth checking, and if you go to the Department for Business Innovation and Skills (see Section 2.8 - Useful Websites) you will find information about the LEPs (Local Enterprise Partnerships) that replaced most of the previous Business Link offices and Regional Development Agencies.

At the council and the LEPs, you may find that there is free advice or assistance, or even grants, low cost loans or other assistance. In particular, if your Payrolls Direct business will be in a regeneration area, you may find that there are incentives for starting a business there.

It is also worth searching the internet or asking for other assistance schemes or grants that may apply, such as any aimed at start-up businesses, your local region, your personal background (for example where applicable any aimed at women, your ethnic background, your age group and so on).



## Section 4.3 - Bank Accounts, Working Capital & Funding

*This chapter refers to setting up your bank accounts and arranging for initial working capital and on-going funding*

**B**usiness banking is separate from personal banking so you need to set up one or more dedicated business bank accounts (and allow enough time for set-up prior to starting trading). You may need to ensure that the account has enough funds (from you or loans) to pay for all set-up expenses and working capital until the business is profitable.

### **Business Bank Account**

All business receipts and payments must go through the dedicated business bank account and nowhere else (we can require copies of statements). For the business bank account, you may choose any bank you wish but the following may assist:

- Your bank account should be opened in your company name if you use a company or your own name if you are a sole trader (if you trade as a limited company you may be asked to give personal guarantees to the bank or any lender)
- Ensure from the outset that all cheque books, cards and so on give your trading name (so the account should be in the name of “(your name or company name) (Ltd) trading as Payrolls Direct”) and that payments received can be paid in to the accounts if made out to “Payrolls Direct”
- Ensure that the bank has a location close to your Payrolls Direct business so that you can make deposits easily
- Check for easy-to-use online banking which can be used for all your accounts in one log-in
- It can be helpful to have a personal bank manager to answer queries with a direct line
- You should aim for free banking for an initial period (at least 12 to 18 months) – this can often be negotiable if you ask
- Check and compare the on-going fees once the free banking period has ended
- It is helpful if the same bank can arrange funding for working capital.

### **Funding or Business Loans**

By the time you read this manual, you should have paid your initial package fee under your network member agreement. However, you will also need funds for:

- Equipment
- Initial marketing
- Initial salaries (if you have personnel)

- Funds until the business is self-sufficient (including for your own personal costs)
- Working capital (funds available for general business use)

You should work out the amounts needed in your financial forecasts before starting to trade, and ensure that you have a contingency for unforeseen costs.

Once you have established the amount needed, we suggest that you take advice from your financial advisor or accountant on the best method of funding which may be from savings, remortgage, business bank loan, overdraft facilities and so on.

To obtain bank or other lending, you will need to have completed your business plan and financial forecasts for your specific Payrolls Direct business. See Section 3.4 - Business Plan and Financial Forecasts.

### **Petty Cash**

You should also set up your system for recording petty cash in and out at your Payrolls Direct business.

## Section 4.4 - Set-up for Client Payments

*This chapter refers to setting up your business to accept client payments*

**A**lthough some of your payments may be by cash or cheques if absolutely necessary, at the Getting Into Business stage, you need to set up for the following:

### **Payments & Direct Debit**

Where possible, you will aim to get as many clients as possible to set up standing orders or direct debits for monthly payments. A simple yet very effective solution we have used is [www.gocardless.com](http://www.gocardless.com). Go Cardless charge a direct debit collection fee of 1% and a maximum of £2.00 per transaction (last checked 1<sup>st</sup> September 2014). Please check their latest prices before you commit to using their services. You can also use Go Cardless to collect one off setup fees.

## Section 4.5 - Appointing Your Accountant

*This chapter refers to appointing your business accountant.*

**U**nder your network member agreement, you may be asked to send us copies of financial information on request. You also need to arrange regular (at least quarterly, but we recommend monthly) book-keeping because of compliance with legislation and HMRC including payroll, VAT returns, accounts and tax returns.

We definitely recommend that you outsource your payroll to us and outsource even the ongoing book-keeping, but at the very least you will need an accountant for your annual accounts. A good accountant can actually save you money in the long run by knowing where tax savings can be made and by helping you to set up the most efficient ways of operating.

We recommend that you use online accounting software like [www.kashflow.com](http://www.kashflow.com). Go Cardless integrates seamlessly with Kashflow allowing you to collect monthly direct debits with Kashflow raising and emailing invoices to your clients automatically. This can save a lot of time trying to raise invoices manually every month and reconciling your books. However, we do not offer support for Kashflow.

When choosing your business accountant if you do not already have one:

- Compare at least 2 or 3 accountants, including comparison of fees, level of expertise / experience, references and testimonials (personal recommendations are advisable) and to find professionals that you are comfortable working with.
- Where possible, try to obtain fixed fees rather than hourly rates, so that you can budget for your costs, and to compare like with like when making your decision.
- Ideally, the same accountant should also be able to deal with tax advice (for the business but also for you personally)
- Ideally, the same accountant should also be able to deal with your personal requirements such as tax returns
- Ensure that you are clear on what is and is not included within the service (for example in relation to filing accounts and annual returns at Companies House and filing VAT returns – you can however do all these yourself online).
- Ensure that the accountant knows that it may need to disclose information and send reports to us as your licensor.

## Section 4.6 - Tax Registration

*This chapter refers to your registration for tax.*

**Y**ou will need to register your business for tax purposes with HM Revenue and Customs. The tax registrations that you will need to make depend partly on your trading entity. See also Section 4.7 - VAT Registration.

If you are a sole trader or partnership, then you will need to register as self-employed. You will then pay national insurance for self-employed people by direct debit throughout the year, and will pay income tax and balancing national insurance in January and July of each year (some of the income tax is payable on account based on assumed profit for the following period, and some of it is in arrears).

If you trade through a limited company, you will also need to register the company for corporation tax (and will pay income tax on any dividends and on any salary paid to you).

If you take on personnel, you will also need to register as an employer and pay employers' national insurance and administer the PAYE scheme and employees' national insurance (see also Section 6.1 - Initial Recruitment & Employer Set-up).

Full information on all these matters, and step-by-step guides and registration forms can be found on HM Revenue and Customs' website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and we suggest that you download and read their guidance booklets and instructions.

Your accountant should deal with all tax matters for you. Your own tax payments will depend on your business accounts (which we recommend are professionally prepared by a qualified accountant) and on other sources of income and should all be brought together in your tax return (which again we recommend should be professionally prepared by a qualified accountant).

## Section 4.7 - VAT Registration

*This chapter refers to your registration for VAT*

**V**AT registration is not at the date of this chapter compulsory for all members of the Payrolls Direct network until you reach the threshold for legally compulsory registration.

However, once you are registered, you will need to start charging VAT to all your clients (who may not themselves be VAT registered and therefore will not be able to claim it back), and your administrative obligations will rise since you will need to prepare VAT returns and ensure that you save and then pay VAT received.

### Registration for VAT

Full guidance, booklets and registration forms are available from HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and we suggest that you read through those. You will have to choose the basis for VAT accounting and payments (cash or accrual basis) and there is information on the website, but we suggest that you ask your accountant for advice. Your accountant should assist you with the registration for VAT, and should prepare all your VAT returns for you. 🛎

### VAT returns

If you are registered for VAT, it is vital that you complete and return all VAT returns to HMRC on time, and you should diarise this quarterly and ensure that your accountant has prepared the return. You can complete paper returns (although this is being phased out). As a recommended alternative, you or your accountant may prefer to submit online VAT returns, which can be done more quickly and efficiently. For this, you will need to register with Government Gateway and get an online ID and then add online VAT as one of your available services. See Section 2.8 - Useful Websites. You can also use the Government Gateway for other requirements such as filing employer returns online. Instructions on registering for the Government Gateway services and online VAT returns are available online from HMRC or with your VAT registration booklet.

### Once VAT registered

Your VAT registration number, exclusive to your business, must by law be used on all invoices, receipts and business correspondence or emails or websites that refer to financial transactions.

HM Revenue and Customs will notify the dates that your VAT returns are due. Your returns and payments are normally due quarterly. The dates set by HM Revenue and Customs can be amended by request to fit in, for example, with your financial year end. Booklets will have been provided on registration to assist you in the preparation of your returns.

Your accountant or book-keeper should prepare your VAT return, based on your book-keeper's records. Your accountant can advise you on the alternative VAT schemes that may be available, such as flat-rate VAT schemes, cash-based VAT schemes or others.

You need to have VAT sales and expenses recorded (your accountant should deal with all of these as there are complicated and constantly changing rules in relation to VAT, for example in relation to vehicle use and other types of expenditure). Your accountant should enter the details onto the VAT return to be submitted to HMRC and you should keep a copy. Both the return and the payment are usually due within one month of the end of the return period. Penalties are payable if this deadline is not met. Allow sufficient time and send your receipts and records as soon as possible after the end of each quarter for your accountant / book-keeper to prepare the return.

In order to re-claim VAT on purchases (including on fees paid to us if we are VAT registered), you must have an invoice from the supplier, or, in the case of petty cash, a till receipt bearing the supplier's VAT number.

If any client requests a VAT invoice, you are required by law once VAT registered to provide one. Items to be recorded as a minimum within these rules can be found on the HMRC website, but include your VAT number, company details (if applicable), total amount paid, price exclusive of VAT and the VAT.

You need of course to ensure that you save up and retain sufficient cash and funds throughout each quarter to save towards your quarterly VAT payments.

## Section 4.8 - Information Commissioner Registration

*This chapter refers to your registration with the Information Commissioner as required under data protection legislation.*

**D**ata protection is an important topic with increasing legislative controls. This chapter refers to your initial requirement to register your business with the Information Commissioner. This is required by law and also under your network member agreement with us.

You are required to register with the Information Commissioner under data protection legislation if you hold or store any personal details or data on individuals, which you will do because of details on clients and personnel. You will need to register before you start creating and storing data, and should deal with this before you start trading. You will then need to renew and maintain registration annually (you should be sent a reminder from the Information Commissioner's office, but do remember to inform them of any change of address).

Full information on data protection and on registration can be found from the Information Commissioner's website and there are guides and instructions there. See Section 2.8 - Useful Websites. The information there (and your lawyers, if necessary) can provide definitive advice but we set out below summary guidance:

- Comply with data protection legislation.
- Keep confidentiality and protect data.
- Only store information you need.
- Only keep data for as long as needed.
- Only use data and information for the limited purpose for which provided or needed.
- Comply with requests to remove or update data.
- Comply with access requests from anyone to see data you store (we can give further guidance on timescales you must comply with and charges that you may make).
- Keep data secure and limit access.
- Do not pass data to other licensees of Payrolls Direct and never outside the UK.
- Get consents from individuals where required.
- Register and renew registration annually with the Information Commissioner.

You should inform any individuals whose data may be processed of the processing and inform them of their rights. You must tell them that their data may be passed on to us at head office and used by Payrolls Direct and that on termination all data will be retained by us, the licensor. You will be expected to obtain the individual's permission as far as possible to do so.



**Initial Registration with the Information Commissioner**

In order to make your registration simpler, we have put a copy of the registration entry for Payrolls Direct Ltd on the Admin Panel. You are welcome to use that registration as a precedent, but ultimately you are responsible for your own registration and for decisions on which classes to use.

To register, please follow the steps below:

- Go to the Information Commissioner website (see Section 2.8 - Useful Websites).
- Decide who your data controller is.
- Go to the section of website to register organisation.
- Complete the details and list your data controller.
- See the Admin Panel for our registered entry as a precedent.
- Pay fee to Information Commissioner (£35 at the date of this section).
- Renew annually and update as required.

## Section 4.9 - Insurance

*This chapter refers to the insurance that you are required to have for your business, and other insurance that you may wish to consider*

Insurance of your business is required under the network member agreement if you use our name for trading and is anyway a prudent measure for protection of your business against claims and losses. You need to arrange your Home Business Insurance and Indemnity Insurance as soon as possible and before starting to trade. You are free to select your own insurer instead as long as you meet the requirements below and the insurer is an established, large, reputable company.

You are required (if you use our name) to maintain your insurance at all times during your business. You must (if you use our name) send us a copy of your policy on request, and on request proof that you have maintained and paid premiums.

We require as a minimum if you use our trading name that you have the following insurance at all times (and recommend it even if you do not use our trading name, in particular because it is there to protect you against claims of negligence or economic loss from clients):

- Professional Indemnity (minimum cover £50,000)

You may decide at your option to increase any of the minimum levels if you believe this to be prudent and you are responsible for deciding whether you need more insurance or higher levels of insurance. You may also wish to consider other relevant insurances such as the following examples:

- Public Liability (for any office)
- Office equipment (replacement cover),
- Employers' Liability (if you have personnel this is obligatory by law)
- Business interruption
- Comprehensive insurance for any vehicle used in the business
- Premises or building insurance (full rebuild value unless covered by another party such as the landlord) for your office, if any
- Life insurance
- Critical illness cover
- Key man insurance
- Mortgage redemption cover.

## Section 4.10 - Notifying Your Licensee Status

*This chapter sets out requirements in relation to notifying your legal trading entity*

**T**his chapter only applies if you use our trading name, and not if you do not refer to “Payrolls Direct” nor use our trading name anywhere in your business.

If you do use our name, then your trading name is Payrolls Direct. However, this is not your legal trading entity name. If you are a sole trader, the legal trading entity is you yourself. If you operate the licensee business through a company, your legal trading entity is the company. If a company, please note that your company name must not refer to the business (nor be in any way suggestive of the business) and must not refer to the brand name or trademarks.

It is important that all correspondence, including letters, emails and faxes, clarify your status and set out details of your legal trading entity. This is for two main reasons:

- To comply with the Companies Act 2006.
- To ensure that each client and business contact is clear on who they are dealing with legally, and do not receive the impression that they are dealing with Payrolls Direct Ltd, our own licensor company.

As set out in the network member agreement, you must not imply or state that you represent us (because you are a separate business trading under licence from us). You do not have authority to represent us, nor to enter into contracts for us, nor to enter financial arrangements on our behalf. It would be a fundamental breach of the network member agreement to do any of these.

Your letterhead and all correspondence must contain words to this effect:

**“A Payrolls Direct licence owned and operated under licence by (Licensee) trading as Payrolls Direct”**

with the part in brackets replaced by your legal trading entity’s details (see Section 4.1 - Your Company or Trading Entity). As part of your set-up, we will assist you with this and you should ensure that your stationery is compliant (see Section 7.4 - Stationery and Launch Preparation).

You must display a sign with wording similar to the wording above at all business premises including your Payrolls Direct office. This is a legal requirement as well as a requirement under your network member agreement.

Your emails must contain similar wording in the footer, and we recommend further wording relating to confidentiality and viruses. A sample email footer is available on the Admin Pane and after tailoring to include your own details should be set to automatically insert at the bottom of all your emails.



# Payrolls Direct

Payroll & HR Management

Section

5

Payrolls Direct

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## Section 5 - Equipment, Supplies & Software

## Section 5.1 - Selecting Suppliers

*This chapter refers to the items you must buy*

**T**here are some items (physical equipment and software) that you are required to purchase for your business. See your network member agreement and the Admin Panel and liaise with head office for more details.

### Selecting Suppliers

We will put contact details for recommended suppliers on the Admin Panel. Liaise with us if unsure or to check for the latest list (or to let us know if any are missing).

We may assist you initially to set up your arrangements with some suppliers (such as for CRM software or physical equipment), after which a detailed application form or contract to become a client may be required. You should follow any purchasing or order system notified to you by the nominated supplier, which may include payment in advance or on-going payments and licence for example for the software.

### Dealing with Suppliers

Our suppliers are essential to our business. It is a requirement throughout our network (but in particular if you use our trading name) that we all pay our suppliers promptly and by due dates, and deal with all our suppliers with courtesy and professionalism, and **allowing sufficient lead-time for any physical orders.**

## Section 5.2 - Equipment

*This chapter refers to the equipment for your Payrolls Direct business*

**Y**ou will need to arrange for the purchase and delivery of furniture for your Payrolls Direct business and its office area if you do not already have this.

### **Equipment for Use with Clients, Testing or Demonstration**

The exact equipment for your Payrolls Direct business will be agreed with you at the outset of your business. Basic requirements for equipment are usually set out in the Schedule to your network member agreement. Please also see the Admin Panel for a list of equipment generally required (such as smart phones, laptops, printer, headset ect) and where applicable any preferred suppliers for these.

### **IT and Office Equipment**

Basic requirements for IT and office equipment (such as a laptop and printer) are usually set out in the Schedule to your network member agreement. Please also see the Admin Panel for a list of equipment required and where applicable any preferred suppliers for these.

You need to allow sufficient time to order IT equipment (it can take up to 6 weeks to arrive) and for software to be installed and ready for use. You must have at least your laptop and Smartphone prior to your Payrolls Direct initial training.

We highly recommend that office and IT equipment should be kept dedicated to the business and not used for personal use. Anything stored on the computers can reflect on the business and therefore should be both secure (password protected and / or encrypted) and only related to the business.

Do not let family members or friends use your business laptop. This will significantly reduce the chances of anyone being to able to access your data or download a virus by mistake.

## Section 5.3 - General Guidance on Use of Software

*This chapter is designed to set out guidance and information on the use of the bespoke software and other standard software in the business*

The software used in the business is based around the central “Admin Panel” for licensees, and the client panel for your clients. See the network member agreement for our policy on recording and updating client details and client database and see Section 5.4 - Software for Your Payrolls Direct Business in this manual.

Through the central software and the Admin Panel, you have access to central documents, templates and precedents. You should not store data (including artwork, client data, adapted precedents or templates), information or documents on your own computer separately because they need to be:

- Backed up centrally (with restoration facility in event of a problem).
- Available to you from any location through the internet.
- Available to us and others who may need access in certain circumstances or on termination.
- In compliance with the network member agreement (which requires central storage).

When using the software and Admin Panel, you must comply with all instructions in relation to confidentiality and the use of usernames and passwords. You are not permitted to disclose any username or password to anyone outside the business (not even to provide cover for you) and must not leave your computer logged in nor allow anyone else to access or use it whilst logged in. Your password for your computer should be changed at least quarterly to maintain confidentiality.

You should always use reputable anti-virus software and should always have an active firewall (for example Microsoft firewall. **Microsoft Security Essentials ([www.microsoft.com/security\\_essentials/](http://www.microsoft.com/security_essentials/)) is legally free to download** and will protect your computer from viruses. In addition, we recommend anti-spyware software such as the **free Spyware Doctor available from Google**. Some tips include:

- Keep software updated, especially for security patches (for example from Microsoft) and for updates to your anti-virus software. Make sure you change the settings so that you control when the updates happen and always create a restore before doing any major updates. Do NOT allow automatic updates as these can happen at the most inconvenient times and not allow you to create a restore point.
- Only load essential software on to the computer, as it could be slowed down with unnecessary software, or the software could clash and cause problems
- Run anti-virus scans and anti-spyware scans regularly
- Do not store passwords on your computer
- Organise documents and files methodically and be consistent in use of file names

Any software that you do use in the business or on your own computer must have a fully paid unrestricted business user licence.

Microsoft Office is very useful but if you cannot afford it, Open Office (<https://www.openoffice.org/>) is free and provides all the same functionality. However, make sure that you only download and install Open Office and do not install the bundle of additional software and browser hijackers that come with it.

Thunderbird (<https://www.mozilla.org/en-US/thunderbird/download>) is similar to outlook and is also free. Again, make sure that you only download and install Thunderbird and do not install the bundle of additional software and browser hijackers that come with it.

We do not provide support on software provided by third parties.



## Section 5.4 - Software for Your Payrolls Direct Business

*This chapter introduces the software you will use for your business*

**Y**ou are required to operate your business via our dedicated cloud based control panels. Therefore any issues or questions regarding your control panels should be made to us at head office.

We are not responsible directly for any third party software you may use, so do liaise with the supplier as we are not experts on all third parties software ourselves.

However, if you have more general questions on the most effective use of the software within your business, please contact our support team.

We will teach you how to upload employers, create repeat monthly or weekly invoices and collect payments by direct debit using Go Cardless. Make sure that you are comfortable with your laptop and Smartphone before you come for your initial training. If you are unsure about how or when to book your training, contact us for assistance.

Once set up, we will also be able to view all your clients directly through our own admin control panel. We will be able to see any updates made by licences, employers and employees in real time which will simplify your reporting requirements (it is a requirement under your network member agreement that we are permitted to do so). For this reason, and because it is required under your network member agreement, it is vital that you update and use the software on a constant, on-going basis and that you record all clients' information there (and nowhere else, including not storing "offline" or local copies of data on your computer). Failure to do so would be a breach of your network member agreement that would be taken seriously.

You are responsible yourselves to ensure that your clients provide us with payroll information on time. However, we will always endeavour to contact your clients and let them know if they are late with their information. We will only ask you for help, should your client fail to respond positively to our communications.

You should refer your clients directly to us for payroll support unless this has been agreed separately.

For on-going help yourself with your licensee control panel, there are tools and help information available through your Members resource Area. Please refer there first before contacting us. If your query is not answered, please contact us for assistance.



# Payrolls Direct

Payroll & HR Management

Section

6

Payrolls Direct

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## Section 6 - Personnel (if applicable)

## Section 6.1 - Initial Recruitment & Employer Set-up

*This chapter provides guidance on initial recruitment for your Payrolls Direct business*

**R**ecruitment of initial personnel for your Payrolls Direct business needs to be considered from the outset, but is not essential if you wish to work in the business alone to reduce costs. We recommend that you minimise recruitment of external personnel until the business is established. In the meantime, you can reduce costs by working at your Payrolls Direct business. We suggest that you look upon your first year as a hardworking period to establish your business for the future and so that you will know what it takes to be successful. In our experience, subsequent years will allow you to have more free time and potentially to recruit personnel to take increasing responsibility. If you do recruit personnel, then the chapters in this section may be useful.

### Registration as an Employer

An application must be made to HMRC to register as a new employer. You should do this as soon as you are recruiting your first employee. You will receive a HM Revenue & Customs starter package, along with stationery and guides on being an employer. See the HMRC website and the guides and instructions; together with the BIS website (details for both are in Section 2.8 - Useful Websites). The main manual and the nominated supplier give more detail, including in relation to the ongoing legal requirements of being an employer, your payroll duties and the reports you must make to HMRC.

### Initial Recruitment

As you will have been made aware, we only allow 2 people to be sales facing within your Payrolls Direct business. If you want to increase your sales team, you will need to purchase additional licenses. If you are recruiting from the outset (for example because you do not intend to operate the business yourself), then you will need to ensure that you allow sufficient time for personnel to be trained with you or instead of you in your initial training. We therefore suggest the following:

- Start any recruitment process well in advance (with a defined start date), because it may take time to find the right personnel, and you will need to allow for training, and for any notice period at previous employers. Liaise with us to arrange training.
- You should work in your Payrolls Direct business as much as possible, to minimise wages paid to external personnel which would reduce your profits.
- Ensure that you have sufficient personnel to operate your Payrolls Direct business at all times during normal working hours when clients would expect support or to contact you.
- All personnel creating mobile marketing services must have received training from us (if you use our trading name) before working for clients. This training incurs fees.
- You must obtain a signed confidentiality undertaking in our favour from each new member of staff before they start working for you (see Section 6.6 - Non-Disclosure Undertakings).
- You may not use self-employed people without our consent, see legal agreement

- Ensure that you have made arrangements or have sufficient personnel to provide cover, for example for holidays, unexpected absences and illnesses.

## Section 6.2 - Employer Legal Documents / Ongoing Duties

*This chapter provides guidance on legal and ongoing duties as an employer*

**A**s an employer (if applicable), you will need employment contracts (there are legal deadlines for giving employees a copy of their terms and contract) and will need to comply with the myriad obligations on all employers in relation to employee rights and working conditions.

For this reason, we strongly recommend that you use an outsourced service (you can search on the internet or ask around for a good value service, from a law firm or via a bank scheme or other provider) to provide your employee legal documents, staff handbooks, handle any claims and so on. Some providers also include insurance to deal with any employment related claims and so on.

You will also need to deal with all the financial, payment and reporting obligations in relation to employees, including PAYE, national insurance, pensions, student loan repayments and so on. We can assist you fully with regards to this.

## Section 6.3 - Salaries, Payroll and Reporting

*This chapter sets out guidance in relation to payroll administration and reporting*

**M**atters related to PAYE, national insurance and any other payroll matters should be administered for you by a professional service provider like Payrolls Direct. See the intranet for details of any Preferred Supplier, or otherwise your accountant or book-keeper may offer the services.

Alternatively, if you are confident or experienced in such matters, you may wish to manage the payroll, PAYE, national insurance and HM Revenue and Customs (HMRC) submissions yourself.

### Salaries

Contact us at head office for guidance on salary levels for your personnel (you should do this before advertising vacancies, but can also do so when considering salary raises for example following appraisals or promotions). As general guidance:

- Your salaries need to be competitive enough to attract good staff, so check what local competitors are offering
- However, you need to keep your overheads down, so keep salaries as low as practical.
- It is better to offer performance or target related bonuses if you want to offer something more than competitors, because it is at least linked to performance.
- Where possible, personnel should be paid by the hour rather than on fixed salaries so that flexibility can be introduced.
- Your own salary level should be advised by your accountant / tax adviser (and needs to be balanced against dividends or other payments that may be more flexible or tax efficient).
- We recommend paying salaries monthly in arrears rather than weekly, to reduce administration.
- You have to pay PAYE and employees' national insurance to HMRC taken from each employee's salary, together with notified deductions such as student loan payments, CSA payments.
- You also have to pay employers' national insurance to HMRC for each employee.
- All tax deducted and national insurance contributions due are payable to HMRC monthly, by the 19th of the following month.

### Administration of Payroll

Each month you will need to submit to your payroll administrator a payroll report detailing all payments and bonuses to be paid to staff members and any other relevant details such as joiners and leavers or paid holidays, sick pay, maternity pay and so on. Liaise directly with your payroll administrator for the format and information that you need to send each month.

If you do choose to administer payroll, national insurance and HMRC submissions yourself, this can actually be fairly simple, providing that you use the right software. We recommend:

- Use KashFlow Payroll – it can also be linked KashFlow online accounting system gives you all the calculations, payslips and everything you need, although it can be complicated to use at first.
- Register with Government Gateway and make all submissions online as this will save time. Instructions will be sent with your employer registration or can be found on the internet.

You will need to administer or at least supervise payroll functions for your own personnel. You will also need to ensure that you complete all reporting required to HMRC in relation to your role as an employer (you are ultimately responsible for this, even if you use a service provider). As general guidance, you need to ensure that you or your payroll service provider covers at least the following:

- All initial set-up of staff on payroll must have accurate and complete information (such as registering the new employee using a previous P45 or P46), details of any student loan obligations, attachments of earnings or other deductions, pay and tax paid to date in the current tax year (from 6 April of each year).
- Weekly or monthly (we advise monthly) payroll is administered on time and with accurate payments, and a copy of each payslip is given to the employee, with a copy kept for records.
- Monthly PAYE and employees' and employers' national insurance are paid on time to HMRC.
- Annual employers' return is completed and made to HMRC as soon as possible after the end of the tax year and this is submitted online.
- All employees leaving are issued with a P45 as soon as possible and a copy submitted to HMRC (and one kept for your records).

We may require you to send us a photocopy of your payroll audit trails or summary PAYE or National Insurance to date at any time as part of our reviews and checks, and you should liaise with the service provider to send these to us if necessary.

## Section 6.4 - Contractors / Self-Employed Personnel

*This chapter refers to prohibition on sub-contractors or self-employed personnel*

**Y**our network member agreement will set out obligations and restrictions in relation to use of sub-contractors and self-employed personnel and should be referred to (and overrides this section if there is any conflict). You and we have a detailed legal agreement which is designed to protect the brand and the network, and this would be of no effect if you could sub-contract to others using our system, but with no agreement or protection in place between us and them. The use of self-employed people can also cause legal issues within the network.

Therefore, the following applies to any potential self-employed personnel, freelance workers, contractors or sub-contractors for your Payrolls Direct business:

- You must have our prior written consent for any self-employed personnel or sub-contractors.
- We can withhold consent for any reason or include conditions, such as the person signing legal documents to protect us (which would need to be paid for at your cost).
- We do not require consent however for suppliers of services such as your solicitor or accountant, utilities, cleaning services or physical goods supplied to you or your business unless the items or services are for onward supply to your clients.
- Any self-employed people will be treated as your personnel for most purposes under the network member agreement, including in relation to the requirements to get confidentiality undertakings, your responsibility for them and so on.
- Consider carefully whether it is advisable to use self-employed people rather than for example part-time employees. You may save on holiday pay, pensions and national insurance, but there are risks from a tax point of view (which can mean they are held to be employees or under the employee transfer regulations (that can mean they become or are deemed to be employees anyway). In addition you have less legal control, an increased risk of someone trying to take clients and set up in competition, and an added risk to your reputation.



## Section 6.5 - Non-Poaching Within Network

*This chapter refers to not taking each other's personnel within the network*

The network member agreement sets out obligations in relation to non-poaching of personnel within the network. This is important because it is integral to the ethos of the supportive and co-operative network that no Payrolls Direct network member undermines another member by taking personnel unless the original employer consents.

The policies in relation to personnel within the network are as follows:

- You may not try to employ or work with any personnel from us (your licensor) or any of our management or group companies and nor may you interfere with the employer relationship between us and our personnel.
- You may not try to employ or work with any personnel from any other Payrolls Direct licensee or network member and nor may you interfere with the employer relationship between that network member and its personnel.
- You may not try to employ or work with anyone who was working for us or another network member during the last 12 months.
- You may not try to employ or work with any of the above for 12 months after you cease to be a licensee.

In all the above cases, the exception is if you get prior written consent. If we agree in advance to the employment or use in your business of the employee or previous employee, then this is allowed (it may arise for example in the event of relocation) but no approach may be made or discussions held until that consent has been given.

## Section 6.6 - Non-Disclosure Undertakings

*This chapter refers to the confidentiality undertakings required from all personnel*

**U**nder your network member agreement, you have to obtain a non-disclosure undertaking from every employee, provider of services or contractor who is involved in your business or provides services to you before they start in your business or have access to any information. The non-disclosure / confidentiality undertaking (and restrictions on competing, where applicable) are in our favour (and should be sent to us) to protect us and the network, but you may want to put similar obligations in your employment agreements in your own favour.

There are two different versions of the non-disclosure undertaking (please **always use the latest electronic version from the Admin Panel**), depending on the seniority of the employee or contractor, and the amount of confidential information they will have access to. The version with restrictions is only suitable for senior employees or contractors because it contains restrictive covenants (obligations not to compete) and it must be reasonable to expect the employee or contractor to agree not to compete for 12 months after employment and so on. Otherwise use the version without restrictive covenants (this is the only difference between the two versions). If in doubt on which version to use, please check with us and / or your own lawyer. Details of all personnel working within your business must be notified to us and updated when anyone joins or leaves your employment.

### **Process for your Employee / Contractor / Consultant's Confidentiality Undertakings**

Please check with us if you are unsure, and we can provide you with the correct document and instructions for obtaining signature. The process is:

- Please always use the blank template, and ask us for the latest version. Do not use a version previously filled in for anyone else if name or address was typed.
- Always get the confidentiality undertaking signed at the earliest opportunity, and before the employee, consultant or sub-contractor starts to work for you.
- Select the correct version for the employee or consultant (restrictions or not)
- Fill in or ask the employee / consultant to fill in their full name and address on the last page but **do not date it yourself** (the date gets filled in by the employee or consultant when they sign).
- Hand two copies of confidentiality undertaking to the employee, consultant or sub-contractor or send two copies by post (do not email to prevent electronic copying or amendment).
- Ask the signatory to sign and date at the bottom of the document. You or your company does not need to sign. There needs to be an independent witness to the signature, who should sign and complete their details as a witness to the signature at the time of signature. The witness is not entering any legal obligations and should not know the contents of the agreement.
- Let the individual keep one copy. **Send the other signed copy to us** by recorded post before the employee or consultant starts work or as soon as possible.



# Payrolls Direct

Payroll & HR Management

Section

7

Payrolls Direct

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## Section 7 - Launch Preparation

## Section 7.1 - Initial Training

*This chapter refers to your initial training by Payrolls Direct*

**T**raining is an important aspect of your set-up, so that you can benefit from our know-how. The details (including dates and venues) of your initial training will be notified to you. Some or all training or support may be provided remotely rather than in person if you prefer.

### **Payrolls Direct Initial Training**

The Payrolls Direct initial training covers:

- Overview of business including your Payrolls Direct Business
- Use of Control Panel and the Members resource Ares
- Sales and Marketing
- Invoicing
- Direct Debit Payment Collection

We do not charge any fees for that initial training and support, but fees may be charged for staff who join at a later date. Further support is generally provided remotely or via documentation in the Control Panel. Please contact us with any queries.

### **Additional Training For You**

General support for the system is available in the Control Panel or by contacting us. If in addition to this, you want or need any further training, please contact us to arrange. Optional training may incur fees, or we may refer you to third party external training or support if the training is not specific to your Payrolls Direct business. For example if you want additional general sales or marketing training, or further training on owning and managing your own business, you may want to consider selecting your own trainers, or engaging your own business coach.

### **New Staff Joining**

If you take on personnel at a later date after the initial training and want us to train them (for example because they will also be using the system to create apps for clients) then we can arrange that for fees (please check for latest rates) per person for the initial training course. Please contact us to discuss any requirements.

## Section 7.2 - Payrolls Direct Support

*This chapter gives guidance on the support from Payrolls Direct and how to access it*

**O**ur aim is to support, guide and help you to operate a successful business, but obviously your success depends mainly on your own efforts, hard work, aptitude and by you following the systems, policies and guidance. Our support will predominantly be via email, telephone and Skype, as this allows us to manage your queries efficiently. **The Payrolls Direct Manuals, policies and Control Panel should be your first resources to answer any queries.** Anything not covered in those, or any particular issue or concerns, should be raised with us at head office. We will endeavour to help where appropriate during business hours, but we remind you that it is not our role to micro-manage your business, and that you are ultimately responsible for your business yourself.

See Section 2.7 - Support Contact Details for our contact details for support, and other chapters for other support and help resources. If appropriate, we may refer you to another adviser at your cost for support or advice if specific to you or specialist, for example if you require legal advice, or if your query relates to tax, VAT, or general business or company queries which can be answered by the relevant government department or website.

If you require particular assistance above our general support, such as additional training, visits to your territory or significant time dedicated to your business, we reserve the right to charge fees and expenses as set out in the network member agreement. Unless agreed otherwise, our fees in those circumstances would usually be at the Day Rate, which is set out in your network member agreement.

Support that is part of the general licensee support (within the parameters set out above) includes:

- Reasonable queries relating to the operation of your business including in relation to administration, the system, software (unless external supplier has provided the software).
- Arranging reviews between us and you.
- Assistance with clients and nominated supplier issues and complaints.
- Queries relating to sales and marketing techniques.
- Support and advice on your suggestions and problems relating to the system or your business.
- Queries related to training.
- Queries related to the manuals or system (we may refer you back to our materials if covered).
- Queries related to the arrangements for products or supplies or services (if any) that we require you to buy from us or Nominated Suppliers.

If in doubt, contact us. The aim is for a co-operative, supportive network and we would prefer any issues to be raised if you are unsure.

## Section 7.3 - Preparation of Documents and Templates

*This chapter refers to the preparation and organisation of templates that you should carry out prior to starting trading*

**T**emplates and precedents are available on the Admin Panel for tailoring or ordering. In each case, you should prepare your own version of all documents, templates and precedents ready for use in your own business. In many cases, this will mainly relate to inserting your contact and business trading entity details and familiarising yourself with all the precedents and templates. If you wish to amend marketing or advertising material to a greater extent than that, you will need to get our consent to use your own templates before use as all materials that appear on the Admin Panel are pre-approved.

Wherever we can, we will assist you in creating additional marketing material that you may require. We welcome contributions and suggestions for the central templates and precedents, but these will be at our discretion. As set out in your legal agreement, copyright and all other rights in these will belong to us, irrespective of who created them, so that they can be shared for the benefit of the whole network. Ask us if you need any other precedents, as we may have one available.

The templates and precedents have been created to save you time and to prevent you from having to “reinvent the wheel”. You are licensed to use them freely within your Payrolls Direct business for as long as you are a licensee. They may not in any circumstances be given to anyone else to use or adapt, nor may they be used or adapted for any other business or used after ceasing to be a licensee.

When using a precedent or template, you must create a new document from the latest version of the template from the Admin Panel each time you wish to use it (precedents may be updated or replaced at any time). What you should not do is copy from a document you have used before, because as you fill it in each time you may make small changes, or alterations specific to certain circumstances, and over time they will become defective (and could be out of date compared to the latest version available). Using the latest template from the Admin Panel each time to create a new document, and filling in where indicated, should prevent this from happening.

If you are unsure on the use of any of the templates or precedents, or whether you need consent for the amendments you wish to make, please contact us and email through your adaptation for our review and comment.

You will need to ensure that you have tailored versions of all legal documents (such as employment contracts and client contracts and terms) that refer to your correct legal trading entity and registered number and address (if a company). Use your own lawyer to assist you if needed. You will also need to tailor and adapt any other precedents such as marketing materials, sample services and templates.

Please take time to go through the Admin Panel and familiarise yourself with its contents. There are many precedents, resources and information there. Many materials are available for you to use,

adapt and order. If you think that you or the Admin Panel are missing any templates or precedents, please contact us.

## Section 7.4 - Stationery and Launch Preparation

*This chapter refers to your initial stationery and preparation for launch.*

**S**tationery or printed material (to the extent used) needs to be ordered in plenty of time prior to requirement (after obtaining your business telephone number, which can cause delay). Some initial printed material (such as business cards) will be included within the Payrolls Direct initial package, unless your network member agreement sets out otherwise. You should also ensure that you have dealt with all matters set out in this section, for example in relation to business set-up and registrations.

Please also refer to other chapters in this manual and ensure that you have dealt with all matters set out.

In addition to making sure that you have dealt with all other matters in this manual, you should also ensure that you have a sufficient supply of the following as a minimum:

- Business cards (initial order included in the Payrolls Direct starter pack)
- Brochures (initial order included in the Payrolls Direct starter pack)
- Letterheads (may be electronic)
- Envelopes
- Office stationery and supplies
- Cartridges for your printer
- Paper (A4, recommend at least 100gsm)
- Sales and marketing scripts, presentations and pitches rehearsed and ready
- Initial marketing campaign planned and ready to launch (see Section 7.8 - Launch Marketing and Advertising).
- Proposal templates prepared and ready for signature (see Section 7.3 - Preparation of Documents and Templates).

After preparing your templates and marketing material, we suggest that you rehearse your sales techniques ready for your first client enquiries. You may also want to check your procedures, such as processing payments, logging client details and leads, and creating mobile marketing services using the software, ready to deal with clients. See the related Section 7.8 - Launch Marketing and Advertising for some further suggestions on launch preparation.

You will need to have completed your initial training with us prior to commencing trading. See Section 7.1 - Initial Training.



## Section 7.5 - Separate Sales and Marketing Manual

*This chapter refers to the separate sales and marketing manual*

**S**ales and marketing is the lifeblood of your business. For your business to be successful, you must have a dedicated, well-directed and consistent focus on sales and marketing activity and results. It is important that you put sufficient emphasis and time in to sales and marketing (including retention of existing clients and getting referrals from them). Without this, your business is unlikely to succeed or realise its potential.

For that reason, we have created detailed separate sales material that gives guidance on sales and marketing of your Payrolls Direct business. You can also download sample scripts for use when speaking to potential clients.

It is vital that you read and use that sales material on a regular basis, and follows all guidelines there including in relation to creating your annual Marketing Plan. In addition, as set out in that Manual, you need to ensure that any personnel that you have (if any) are trained and made aware of the importance of sales and marketing even if not part of their daily role (so that for example, staff providing support are targeting referrals and are aware of the importance of positive client feedback and client experience).

Your Members Resource area has further information and materials that can be tailored and use as part of your sales and marketing efforts. See also Section 7.6 - Consistent Presentation of Brand and remember that all advertising and marketing material must be approved by us and must use our templates (see Section 7.3 - Preparation of Documents and Templates). We are more than happy to assist you in making any new marketing material that you may require as it is in all our interests to do so.

This Getting into Business Manual also has some further information relevant to sales and marketing, in particular relating to the early stages of establishing the business including initial sales and launch marketing.

## Section 7.6 - Consistent Presentation of Brand

*This chapter cross-refers to the section on brand presentation and use of logo and name in the Sales and Marketing Manual.*

**T**he Payrolls Direct brand is integral to the business and to the reputation of all of us. Anything done in the name of Payrolls Direct reflects on all of us. Excellence in the name of the brand enhances the whole network, but equally anything that reflects poorly on the brand can damage the entire network.

For that reason, we must protect the use of the name and logo, and it is important that each of us takes seriously our role in protecting the brand. Where used, the name and logo use must be consistent (even in use of font, colours, size and stationery), business specific (not used outside the business) and in compliance with the network member agreement and all policies in our Manuals.

All rights in the brand name, trademarks and logos are owned by and remain with us and are licensed to you for use in your licensee business for as long as you remain a licensee. If you become aware of any use of our name or logo by anyone outside the network, or of any misuse by anyone within the network, then let us know as soon as possible. You are not permitted to license or allow anyone else to use the logo, trade name, or trademarks (not even self-employed people carrying out services for you).

The network member agreement places an obligation on you not to do anything which may damage or harm the brand, reputation, or goodwill of us, the trade marks, the brand name or the business. Even if unrelated to you, if you come across any negative public statements about the brand or any part of the network, bring it to our attention as soon as possible.

In the (hopefully unlikely) event that anyone tries to bring legal action or sends correspondence relating to the use of the brand name or trademarks, you must not respond and must instead refer the matter and all details to us immediately.

If we decide that it is necessary or beneficial for the network to change the brand name, logo or trademarks in the future, we will let you know and you will need to comply with our instructions on this. If we register any further trade marks for use in the Payrolls Direct business in the future (at our discretion), you are licensed to use those in your business even if they are registered after you become a licensee.

## Section 7.7 - Email, Domain and Internet Policy

*This chapter sets out the email, domain and internet policy for your business*

**E**mails and the internet are an essential tool in operating your business. However, the use of the internet and emails within the business needs to be within strict parameters and controls to protect the entire network and the brand name. This policy sets out requirements in relation to the use of the internet, emails and your business contact details.

### **Websites, social network pages, VOIP and domain names**

You must not set up any website or register any domain name, social network name or page or VOIP name that implies or states that it is linked to or associated with our business and nor must you offer services related to the business nor advertise your business on the internet (whether on your own website or any other website, including any social network pages, search engines, online auctions or other websites) in each case without our consent (which may be refused for any reason) and using our templates. We will maintain or organise the national website and social networking presence for the business, if any, but there must not be other inconsistent websites that damage our brand.

### **Internet**

The use of the internet on your business computer must be carefully controlled. You must comply with all applicable legislation and may not use the internet on your business computer to view, register for or download any material that could reflect adversely on the business, including for example pornographic material, abusive material, political material. You should also be aware of the possibility when viewing websites or downloading material from the internet of the danger of viruses, Trojan horses, worms and other risks to your computer and therefore to your business.

You must not offer your business for sale, nor use the brand name or logo online, without prior written consent from head office. If it refers to Payrolls Direct, then you may not use or register your email address or other contact details for any purpose not connected with the business. In addition (as examples only) if they refer to the Payrolls Direct name, then you may not use any business domain name, VOIP name or email address for any of the following without our consent or instructions:

- Chat rooms, message boards, forums, newsgroups or user groups.
- Registration for any service or website.
- Online auctions, tenders or similar websites.

### **Emails, chat messages and other messages (if you use the Payrolls Direct trading name)**

You can and must control receipt of emails and messages to a significant extent by ensuring that your personal contacts are given your personal contact details for personal communication and are expressly told that your business contact details are not to be used for any purposes outside the business. You must also carefully control your transmission of emails, chat and text messages from your business contact details. You may not send or intentionally receive emails or messages for any

purpose other than communication with actual or potential clients or suppliers, our other licensees, us, and genuine business contacts in each case only for the purposes of the business. By way of examples only you may not send or intentionally receive emails or messages to or from anyone that fall into any of the following categories:

- Personal (any communication unrelated to your business including jokes).
- Offensive, pornographic, harassing, obscene, libellous or threatening.
- Chain emails or messages and other unsolicited emails or messages.
- Illegal (including any emails or messages that may violate copyright laws).

In addition, you must protect the privacy of your email address by ensuring that access to your business emails is protected by a password that is not given to anyone outside your business and then only for the purposes of monitoring your emails in your absence.

Caution should be taken to ensure that emails and messages are addressed to the appropriate recipient. Confidential emails and messages should include a warning regarding accidental transmission to an unintended third party. Where material is particularly sensitive or confidential, you should consider carefully your means of communication due to the fact that unencrypted emails or VOIP transmissions can be intercepted or at risk from third parties including computer hackers. Chat, VOIP or text messages are not appropriate for sensitive or confidential material, or where a record needs to be kept due to lack of records and security.

You are reminded of your confidentiality obligations such as under your confidentiality deed and network member agreement. You may not email or transmit any of our material or confidential information to anyone without complying with those obligations. See Section 2.3 - Confidentiality.

## Section 7.8 - Launch Marketing and Advertising

*This chapter refers to some guidance on launch marketing and advertising*

Launch marketing and advertising is vital because as the saying goes “You can only launch once”. We are available for guidance with your launch marketing and advertising. See the other chapters in this section for other matters to be dealt with and planning and preparation that should be done prior to your launch. We suggest that you do not carry out significant launch marketing and advertising until you have dealt with most of these matters.

You will be given an initial pack of brochures and business cards from our nominated supplier who can also supply you with any further items needed. This may not apply if you are not using our trading name or if your network member agreement states otherwise.

We suggest that your initial launch and marketing includes the following:

- Registering and attending local Business Networking Events such as the BNI, Chamber of Commerce, Business for Breakfast, 4Networking etc. Run a search on Google for local networking events to see what is happening in your area.
- Send a press release to your local newspaper regarding the launch of your Payrolls Direct business. You can find a template press release in your admin panel.
- Consider talking to high profile businesses who can give you recommendations and referrals. This can include local accountancy firms and other companies who deal with SME’s in your area.
- Consider advertising in your local newspaper or local business journal once you have brought on your first few clients.
- Consider working with a local radio station where you can exchange services.
- Consider working with local website companies who are already servicing your target market. You can do a referral deal.

**It is essential to read the Sales and Marketing Manual in relation to this and all other aspects of sales and marketing.**