



THE ENTREPRENEUR'S GUIDE TO STARTING A BUSINESS IN

12 Easy Steps



Have you been thinking about starting your own business? Being your own boss is the dream of many people, and every year, thousands of people take the courageous step of becoming an entrepreneur. If you are thinking of starting a business or have already started a business, here is a detailed checklist of items to consider to get your new business off to a great start.

1. Make a plan.

There are a lot of moving parts to a new business! You'll want to get organized (or get some help becoming organized if this is not your skill) and think about how some key functions in your business will work. Some of the topics and/or questions to consider when developing your plan include:

What will you sell? We've found there are really two types of entrepreneurs. The first is someone who knows exactly what type of business they want to be in because they have a skill set or background in it. They have a good idea of what they want to offer the marketplace. The second type of entrepreneur is one who simply wants to be an entrepreneur. They may look for a franchise that already has some structure to it or a business to purchase where the owner is retiring or simply wants to sell. They don't really care what products or services they sell, they just want a successful business to run.

Who will you go into business with? Do you want to start a business by yourself, or do you want to find a partner? Many people start businesses as solos and then add partners or merge with other businesses to grow or expand. Everyone is different, but it's something you need to work out before you get started. You'll also want to consider how you will build your management team. Initially, it can be yourself along with vendors you hire like accountants and attorneys that have skill sets that you don't. As you grow, you'll need people to head every function in your business, such as Sales, Marketing, Finance, Operations, Human Resources, IT, and Strategy.

Who wants to buy what you are offering? Is there an established market for what you intend to sell? Or do you have something that is one-of-a-kind? What competition do you have, and why will your offering stand out? To answer this question, you'll need to perform a market analysis that will help you see if you have competition or if you are blazing a new trail. From there, you can plan your marketing and sales activities so that potential customers will be able to find you.

Will you be able to generate a profit? Almost anyone can start a business, but making a profit requires planning, preparation and skill. That's why you'll want to crunch your numbers to make sure your business is viable. You may need the help of an accountant or financial consultant to help you complete your plan.

What is your company? Take a crack at describing your new company. This may be the start of your mission, vision, and values statements as well. Once you've answered these basic questions about your business, you can write it up and put it all together in a business plan. The last step is to write your Executive Summary, which will go at the beginning of the document. You don't have to write a business plan unless you need one to find funding, but the entrepreneurs who do have an increased chance of surviving their first few years





2. Make a budget.

A budget clarifies the financial aspects of your business. How much overhead will you have? How much startup cash do you need? How much revenue will you need in order to sustain your business on an ongoing basis? In addition to a budget, think about how you want to measure your financial results on an ongoing basis. What metrics do you want to know about on a monthly basis? What reports would be useful for you to make good business decisions about opportunities? These answers may not be clear when you first start, but they will become clearer over time, and a good accountant can guide you along the way.

3. Choose your organizational structure.

Should you choose a sole proprietorship to keep down initial costs, or should you incorporate your new business? There are many choices when it comes to entity selection for your business, and they vary state by state. The most common ones include sole proprietorship, partnership, limited liability company, S corporation, C corporation, and nonpro fit. These choices have both tax and legal consequences, so this decision is best made with the advice of a professional attorney, CPA, or both. If you incorporate, you'll need to select the state you want to do business in and file incorporation papers with the proper state agency. But before you do that, you'll need to name your baby!

4. Name your baby.

Your new business needs a name, and this can be an exciting step! It's important too. The business name is the first item that displays your company culture and your business identity to the world. Once you've decided on a name, you should register it with your local county. In some states, this is called an Assumed Name; in others it's referred to as a Fictitious Name or DBA. You may also want to trademark your business name; this is done at the national level by industry.

5. Get an address and phone number.

Will your business need a physical location? In this step, you'll need to decide what address and phone number you'll use for your new business. If you work at home, you can always get a mailbox at a place like Postal Annex, The UPS Store, or even the post office. This won't always work for a street address, but it's something you can put on your marketing materials so your business looks more permanent. Choosing the phone is important too. A cell phone alone is not really high enough quality for a business, but many people start out this way.





6. Get an IRS number.

If you remain a sole proprietor and don't hire any employees, you can use your social security number as the number that the IRS needs for filing your taxes. In other cases, you'll need a different tax ID number from the IRS. You'll need this number for several things, such as filing income tax return, filing payroll tax returns, opening bank accounts, and getting paid in some cases. You can now complete a form online to get an IRS number. This page from the IRS.gov website explains more: <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

7. Open a bank account.

Once you have your Fictitious Name document or your incorporation papers, you can open a bank account for your business. This is a big step too, and a good time to start involving an accountant.

8. Find an accountant.

You may have already have enlisted an accountant to help you with your business plan and budget. But if you haven't, now is a good time. You'll need to make many decisions regarding the accounting functions in your business, such as:

- *Selecting the accounting system you need and getting it set up correctly to record and track your accounting transactions.*
- *Getting help with federal and state tax requirements, including collecting state and local sales tax if applicable.*
- *Getting help setting up accounting processes such as invoicing customers and collecting money. Getting any financial questions answered that you may have.*



9. Get insurance.

Protect yourself and your new business by making sure you have all of the right insurance policies set up. Here are a few areas for you to consider covering with insurance policies:

- *General liability*
- *Building and property coverage*
- *Errors and omissions*
- *Workers compensation*
- *Umbrella*
- *Auto insurance*
- *Identity theft*

10. Hire an attorney.

An attorney will come in handy when you first start your business as well as act as a resource when legal issues arise in the normal course of business. Initially, there are many legal documents to set up:

- *Contracts with customers Privacy policy*
- *Terms of agreement for your website and any other client-facing applications you may provide your customer*
- *Employment offer letters and agreements*
- *You may also want an attorney to review any vendor or partner contracts that you will be a party to.*



11. *Get paid.*

How will you collect money from your customers? You should have opened your bank account already (see #7 above), so you can get paid when someone writes you a check. But that's typically not enough options to give your clients. They may want to pay you via credit cards, PayPal, or even bitcoin. To take credit cards, you can start with PayPal for business, but eventually, you will need a merchant account, which enables you to accept credit cards from your clients and get paid via your bank. Applying for a merchant account is similar to applying for a loan. If you use QuickBooks, you may be able to collect money through Intuit's payment options. You might also be able to collect money via your point of sale system or your online shopping cart software. Let us know if we can help guide you in this area.

12. *Get specialty and local licenses.*

Depending on the type of business you have, you may need additional licenses and permits to operate. For example, if you plan to serve alcohol, you need a liquor license. If you're a hairdresser, you need a cosmetology license. You may also need local licenses to operate in your county or city. Check with your local city or county offices to see if a business license is needed. Even if you are operating out of your home, you may need this kind of license.



Starting Your Dream

Hopefully, these twelve steps will make your entrepreneurial journey a little smoother so you can begin to accomplish your lifelong dreams of owning your own business. If we can help you along the way, especially with your accounting, tax, and business advisory responsibilities, please reach out any time.

Give us a call, email us, or schedule a time on our calendar so we can talk.

