

## **Business Start-Up Checklist**

Starting a business is exciting—but also demanding. This business start-up guide addresses some of the most common start-up steps to ensure that your company is ready for success. Depending on your particular industry, additional steps may be required for your business.

### **Prepare a business plan**

Business plans define the Who, What, When, Where, and How of your business and the products and/or services you plan to provide. Business plans clearly outline the goals of the business, explain the operating procedures, detail the competition, include a marketing plan, and explain the company's current and desired funding. If your company plans to seek funding either in the form of a traditional loan or from venture capitalists, a thorough business plan will be required for the application process.

### **Incorporate your business or form your LLC with the state**

Forming a business as a corporation or LLC helps to protect the owners' personal assets from the debts and liabilities of the business. There are also other advantages of forming a corporation or LLC, including certain tax advantages and establishing credibility for your new business with potential customers, vendors, employees, and partners.

### **Select an accountant and attorney**

Many small business owners turn to accountants and attorneys for advice when starting out, as well as through the life of the business. You may want to search for professionals who have worked with other small business owners, possibly in your same industry, and are familiar with the unique business situations small business owners often face.

### **Obtain a Federal Tax Identification Number**

Obtain your federal tax identification number (also called employer identification number or EIN) for your business from the Internal Revenue Service (IRS). The IRS uses this number to identify your business for all taxation matters.

### **Obtain a State Tax Identification Number (if applicable)**

Some states require businesses to also have a State Tax Identification Number. To learn if your state has this requirement, contact your state's Department of Revenue.

### **Open a business bank account**

It is very important for corporations and LLCs to keep the finances of the business separate from those of the owners. To open a business bank account, most banks require information on the

company, such as its formation date and type of business, and names and addresses of its owners. Some banks require corporations to provide a resolution from the board of directors or LLC members/managers authorizing the opening of the business bank account.

### **Apply for business loans (if applicable)**

Not all small business owners have enough of their own capital to start a business, and many seek outside funding from sources such as banks or through Small Business Administration (SBA) loan programs.

### **Obtain the necessary business licenses and/or permits**

Most businesses need licenses in order to begin operations. Licenses may be required for your city, your municipality, your county and/or your state. Contact the Secretary of State to verify business license requirements for your particular type of business and industry, and also contact your local government agency in charge of licensing to learn their requirements and how to obtain the necessary licenses.

### **Obtain business insurance**

Just as you have personal insurance you should obtain insurance for your business. Some industries may have specific insurance requirements. Discuss your particular industry and business needs with your insurance agent, to ensure you obtain the appropriate type and amount of insurance.

### **Investigate other insurance and government requirements**

Businesses face a number of government and insurance requirements, particularly if the business has employees. You should investigate your business' obligations for the following:

- Unemployment insurance
- Workers' compensation
- OSHA requirements
- Federal tax
- State and local tax
- Self-employment tax
- Payroll tax requirements (such as FICA, federal unemployment tax, and state unemployment tax)
- Sales and use tax

### **Lease office space**

For home-based businesses, ensure you are meeting city zoning requirements for your area. For non-home-based businesses, you'll likely need to lease office space and purchase or lease furniture and office equipment to get your business up and running.

### **Set up your business accounting**

You may decide that your accountant will handle the accounting for your business, or you may want to handle the accounting yourself with a small business accounting solution. Either way, you'll want to ensure that you are prepared to properly account for all business disbursements, invoices, and accounts receivable/accounts payable, etc.

### **Establish a line of credit for your business**

Establishing a line of credit will help lessen the number of times your new business will be required to prepay for the products and services it purchases. It also helps establish a favorable credit history, which is helpful as your business begins establishing vendor and supplier relationships. As a subset of this, obtaining a D&B D-U-N-S number for your business is also advisable. D&B (formerly Dun & Bradstreet) is the resource most often used to check the creditworthiness of a business.

### **Create business materials**

Create a logo, website and business cards to build business identity.

### **Create a marketing plan for your products and services**

Increase the likelihood for success with a plan for promoting your products and services to your target market.