

10 – Steps to Starting Your New Business

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Start with a name for the business. The name can either be your professional name, like a law firm, or Mom's Best Ice Cream. In either case, you need to check to see if the name is already in use. Check existing business registrations within your state, usually posted on the Secretary of State, or State Treasurer's office web site. Also search URL registrations. If your name is already taken, or you are operating a franchise like Subway, create a name and file under what is called a DBA, or "doing business as". This means that the trade name you use for marketing, and the name your customers know you by, is not the legal name of the business. Your Subway franchise is known as Subway to your customers, but you can't start a new business using that name. So, you create a name you like. Like, Jim's Restaurants LLC "doing business as" (DBA) Subway No. 258. A great source of more detailed information on starting a business can be found at the US Small Business Administration (SBA) at: <https://www.sba.gov/starting-managing-business>.

The 10-Steps to create your new business:

1. The first thing to do is to create a Vision Statement and a Mission Statement. The vision should be expressed in no more than 4-6 sentences that describe the future results of the business or non-profit; consider these thoughts: define where you are going, the future state of what you want to achieve over time; define what it will look like when you get there; create a way to evaluate achievement. The Mission Statement should also be no more than 4-6 sentences that define the present state or purpose of the business; what it does; who it does it for, and; how it does what it does. It describes the action needed to get to your vision.
2. Choose your Business Structure. This is the legal tax structure of your business. It can be either a Sole Proprietorship; a Limited Liability Corporation (LLC); a Cooperative; a Corporation; a Partnership; a S Corporation, or; a Non-Profit. Refer to the SBA web site referenced above or the IRS at: <http://www.irs.gov/>, and use the search to find details of each.
3. Obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS), you can do this on-line at: <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Apply-for-an-Employer-Identification-Number-%28EIN%29-Online>.
4. Once you have your EIN, fill out an IRS W-9 Form using your company name and EIN number and file it away. This form is your Request for Taxpayer Identification Number and Certification Form. Your clients will request this form when you submit your first invoice. You will likewise want to request a similar form from vendors you pay. See Link: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.
5. Form an Incorporating Board; this does not need to be your final working board of directors. Most incorporating boards aren't. You and one or two friends or family members will do.
6. Create Articles of Incorporation, and have the Incorporating Board adopt them. File the Articles with your State and Local governments as required. The articles must state your purpose. Most governments have on-line forms you can complete and ways to upload your document. A Google search will yield lots of samples. Use a one pager.
7. Use your EIN and Articles of Incorporation to open a Company Checking Account. Never use your personal account. Doing that becomes an accounting and tax nightmare real quick.
8. Obtain an Occupational or Business License from your State and/or Local government as required.
9. In your Board meeting, also have the Board of Directors adopt By-Laws and a Conflict of Interest Statements. Samples of these are also all over the Internet. If you are a Non-Profit, prepare and file with the IRS Form 1023, Application for tax-exempt status. <https://www.irs.gov/uac/about-form-1023>. Don't receive tax-exempt donations until the IRS approves. If you are a business subject to sales tax collections, get registered with the State and/or Local governments that oversee the collection and distribution of sales tax collections. You will have to file quarterly sales tax collections.
10. Establish your bookkeeping methods, set-up a chart of accounts, and create your company in accounting software. Prepare a budget and 24 month cash flow projections. Set-up payroll withholding with the IRS, state and locals.