



CHECKLIST #2

FOR STARTING A SMALL BUSINESS

Once You have Determined That You Want to Move Forward with Your Business

1. Analyze whether your idea can make money.
2. Write a business plan, including a cash flow analysis and a profit/loss forecast
3. Investigate business financing options.
4. Set up an initial marketing plan.

Determine the appropriate Legal Structure for Your Business

1. Sole proprietorship
2. Partnership
3. LLC
4. C corporation
5. S corporation
6. What factors will affect your decision for a business structure:
7. How many owners, investors, partners or participants will you have?
8. What are the risks involved in your business and how much protection from personal liability will you need?
9. Do you plan to sell stock?
10. Get more in-depth information from a self-help resource or a lawyer, if necessary, before you settle on a structure.

Finalizing Your Business Name

1. Check the availability of your proposed business name(s):
2. Check to see if your proposed business name(s) are available as domain names.
3. Check with your county clerk's office to see whether your proposed name(s) are on the list of fictitious or assumed business names in your county.
4. For Corporations and LLCs: check the availability of your proposed names with the Secretary of State or other corporate filing office.
5. Do a state and federal trademark search of the proposed name(s) still on your list.
6. If a proposed name is being used as a trademark, have an attorney determine if the name can still be used.
7. Make a final choice
8. Register your business name:
 - a. As a fictitious or assumed business name, if necessary
 - b. As a federal and/or state trademark
 - c. Reserve corporate name
 - d. As a domain name



Creating Documents for Your Business Entity

- 1. *Sole proprietorship:***
- 2. *Partnership:***
 - a. Partnership agreement
 - b. Buy-sell agreement
- 3. *LLC:***
 - a. Articles of organization
 - b. Operating/Formation agreement
 - c. Buy-sell agreement
- 4. *S Corporations:***
 - a. Articles of incorporation
 - b. Corporate bylaws
 - c. Buy-sell agreement/Stock Purchase Agreement
- 5. *C Corporations:***
 - a. Pre-incorporation Agreement (if applicable)
 - b. Articles of incorporation
 - c. Corporate bylaws
 - d. Buy-sell agreement/Stock Purchase Agreement

Finding a Location for your Business

1. What special features, fixtures or location might your business need?
2. Determine your rental budget.
3. How much floor space, show room space and/or office space may be required?
4. Do you need retail, office or warehouse space?
5. Check several locations if possible.
6. Make sure any location you are considering is or can be properly zoned/permitted for your business.
7. Before signing a commercial lease, examine it carefully, negotiate the best deal, and if possible, have it reviewed by a lawyer.

File for Licenses and Permits

1. Obtain a federal employment identification number EIN)
2. Obtain a seller's permit if required from your state or local authorities.
3. Obtain state licenses, such as specialized vocation-related licenses or environmental permits, if necessary.
4. Obtain a local tax registration certificate, a.k.a. business license.



5. Obtain local permits, if required, such as a conditional use permit or zoning variance.

Insurance Issues

1. Determine what type(s) of insurance coverages will be required for your business.
2. Check business property and lease for required coverage.
3. Contact an insurance agent or broker to answer questions and give you policy quotes.
4. Obtain liability insurance on vehicles used in your business, including personal cars of employees used for business.
5. Obtain workers compensation insurance, (if required)
6. Obtain product liability insurance (if applicable)
7. If you will be working from your home, make sure your homeowner's insurance covers damage to or theft of your business assets as well as liability for business-related injuries.

Set Up Accounting Systems for Business and Tax Reporting

1. Understand general tax requirement for your business structure:
 - a. Sole proprietorship
 - b. Partnership
 - c. LLC
 - d. C corporation
 - e. S corporation
2. Familiarize yourself with applicable common business deductions and depreciation
3. Check IRS Publication 334, *Tax Guide for Small Business*
4. Check IRS Publication 583, *Taxpayers Starting a Business*
5. Check *IRS Tax Calendar for Small Businesses*
6. Set up your accounting systems:
7. Will you use a cash or accrual system of accounting.
8. Choose a fiscal year if you have previously indicated the desire to use a date other than Dec 31.
9. Set up a record-keeping system for all payments to and from your business.
10. Consider hiring a bookkeeper or accountant to help you set up and later review your booking and payroll systems.

HIRING EMPLOYEES

Consider if you need to hire employees or use independent contractors:

1. Be very careful regarding choosing to hire independent contractors or employees.
2. If hiring an independent contractor, use a written independent contractor agreement.



Procedures before hiring employees:

1. Register with your state's employment department or similar agency for payment of unemployment compensation taxes and be prepared to file IRS Form 940 to report your federal unemployment tax each year.
2. Set up a payroll system for withholding taxes and making payroll tax payments to the IRS. (IRS Publication 15, Circular E, *Employer's Tax Guide*.)
3. Learn more about Occupational Safety and Health Administration (OSHA) requirements and prepare an injury and illness prevention program.
4. Contact the Federal Department of Labor and your state labor department for information on notices you must post in the workplace.
5. Create an employment application for each type of position you will fill.
6. Develop an employee handbook.

Complete these tasks each time you hire a new employee:

1. Report the employee to your state's new hire reporting agency for child support purposes.
2. Fill out Form I-9, *Employment Eligibility Verification*, from the Bureau of Immigration and Citizenship Services (BCIS, formerly known as the INS).
3. Have the employee fill out IRS Form W-4, Employee's Withholding Allowance Certificate.