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An Abbreviated Guide to Starting a Business

Step 1: Business Startup Checklist



By BizFilings



You've decided to start a business. This is both an exciting and demanding time. The checklist below is meant to help new business owners by providing a list of the most common startup steps. 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, vendor, employees, and partners. When forming a business, use a professional such as a lawyer or online service like BizFilings.com who have experience creating legal entities.

- [Incorporate your business online](#)
- [Form your LLC online](#)

✓ 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. Many people seek referrals from friends, family members, or other small business owners in order to find an attorney and/or accountant. 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 the federal tax identification number

(Also called employer identification number or EIN) for your business from the Internal Revenue Service (IRS). The EIN is like a social security number for a business, and is required for corporations and LLCs that will have employees. The IRS uses this number to identify your business for all taxation matters.

Obtain the state tax identification number for your business (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 taxation department.

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. In New York, a corporate or LLC seal is often required. It is advisable to contact the bank about their business bank account requirements prior to trying to open an account. That way, you will come prepared with all the necessary items.

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. It is best to contact both your Secretary of State to check on business license requirements for your particular type of business and industry, and also to 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 government and insurance requirements, particularly if the business has employees. You should investigate your business's 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

✔ Check zoning requirements

This is particularly important if you are starting a home-based business. You'll want to ensure you are meeting your city's zoning requirements for your area.

✔ Lease office space

If you are not going to be operating a home-based business, you'll probably need to find office space for your new company. Along with leasing an office, don't forget to purchase or lease the furniture and office equipment you will need 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, payments received, invoices, 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

Having materials such as a logo for your business, business cards, and stationery will help your business develop an identity and potential customers find you.

✔ Develop a marketing plan for your products/services

A primary reason you are starting your own business may be the hope of making money. In order to make sales, people need to be aware of what you're selling and how to find you. See our [Marketing topic](#).

Source: <http://www.startupnation.com/series/96/9048/business-startup-checklist.htm>

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