Checklist for Starting a Small Business
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Evaluate and Develop Your Business Idea

☐ Determine if the business taps into your skills, experience, and interests.
☐ Use a break-even analysis to determine if your idea can make money.
☐ Write a business plan, including a profit/loss forecast and a cash-flow analysis.
☐ Investigate business financing. (See Chapter 9.)
☐ Set up a basic marketing plan.

Decide on a Legal Structure for Your Business (See Chapter 1.)

☐ Research the various types of ownership structures:
   ☐ Sole proprietorship
   ☐ Partnership
   ☐ LLC
   ☐ C corporation
   ☐ S corporation

☐ Identify the factors involved in choosing a business structure:
   ☐ the number of owners of your business
   ☐ how much protection from personal liability you’ll need, which depends on your business’s risks
   ☐ how you’d like the business to be taxed, and
   ☐ whether your business would benefit from being able to sell stock.

☐ Get more in-depth information from a self-help resource or a lawyer, if necessary, before you settle on a structure.

Choose a Name for Your Business (See Chapter 6.)

☐ Think of several business names that might suit your company and its products or services.

☐ Check the availability of your proposed business names:
   ☐ If you will do business online, check if your proposed business names are available as domain names.
   ☐ Check with your county clerk’s office to see whether your proposed names are on the list of fictitious or assumed business names in your county.
   ☐ For corporations and LLCs: Check the availability of your proposed names with the secretary of state or other corporate filing office.
   ☐ Do a federal or state trademark search of the proposed names still on your list. If a proposed name is being used as a trademark, eliminate it if your use of the name would confuse customers or if the name is already famous.

☐ Choose from the proposed names that are still on your list.
Register your business name:
- as a fictitious or assumed business name, if necessary
- as a federal or state trademark (if you’ll do business regionally or nationally and will use your business name to identify a product or service), and
- as a domain name (if you’ll use the name as a Web address too).

Prepare Organizational Paperwork
- Sole proprietorship: N/A
- Partnership: (See Chapter 2.)
  - Partnership agreement
  - Buyout agreement
- LLC: (See Chapter 4.)
  - Articles of organization
  - Operating agreement
  - Buyout agreement
- C corporations: (See Chapter 3.)
  - Preincorporation agreement
    (Create this document using Quicken Legal Business Pro.)
  - Articles of incorporation
  - Corporate bylaws
  - Buyout agreement, a.k.a. stock agreement
- S corporations: (See Chapter 3.)
  - Articles of incorporation
  - Corporate bylaws
  - Buyout agreement, a.k.a. stock agreement
  - File IRS Form 2553, Election by a Small Business Corporation

Find a Business Location (See Chapter 13.)
- Identify the features and fixtures your business will need.
- Determine how much rent you can afford.
- Decide what neighborhoods would be best for your business and find out what the average rents are in those neighborhoods.
- Make sure any space you’re considering is or can be properly zoned for your business. (If working from home, make sure your business activities won’t violate any zoning restrictions on home offices.)
- Negotiate the best deal.
- Before signing a lease, make sure it adequately protects you, and that you understand all its terms.
File for Licenses and Permits (See Chapter 7.)
- Obtain a federal employer identification number by filing IRS Form SS-4 (optional for a sole proprietorship or single-member limited liability company without employees).
- Obtain a sales tax license or permit from your state if you will sell retail goods.
- Obtain state licenses, such as specialized vocation-related licenses or environmental permits, if necessary.
- Obtain a local tax registration certificate, sometimes called a business license.
- Obtain local permits, if required, such as a conditional use permit or zoning variance.

Obtain Insurance (See Chapter 12.)
- Determine what business property requires coverage in case it’s damaged, stolen, or destroyed.
- Obtain liability insurance on vehicles used in your business, including personal cars of employees used for business.
- Obtain liability insurance for your premises if customers or clients will be visiting.
- Obtain product liability insurance if you will manufacture hazardous products.
- Contact an insurance agent or broker to answer questions and give you policy quotes.
- Choose realistic policy limits and deductibles.
- 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 Tax Reporting and Accounting (See Chapter 8.)
- Familiarize yourself with the general tax scheme for your business structure:
  - Sole proprietorship
  - Partnership
  - LLC
  - C corporation
  - S corporation
- Familiarize yourself with common business deductions and depreciation.
- Get the following information from the IRS:
  - IRS Publication 334, Tax Guide for Small Business
  - IRS Publication 583, Starting a Business and Keeping Records, and
  - IRS Publication 1518, IRS Tax Calendar for Small Businesses and Self-Employed.
- Set up your books:
  - Decide whether to use the cash or accrual system of accounting.
  - Choose a fiscal year if your natural business cycle does not follow the calendar year (if your business qualifies).
  - Set up a record-keeping system for all payments to and from your business.
Consider hiring a bookkeeper or accountant to help you get set up; or purchase Quicken Home & Business (Intuit), QuickBooks (Intuit), or similar small-business accounting software.

**Hire Workers (See Chapter 15.)**

- Consider if you need to hire employees or if independent contractors will suffice:
  - Familiarize yourself with the difference between independent contractors and employees.
  - If hiring an independent contractor, use a written independent contractor agreement.

- Register and prepare systems and procedures before hiring employees:
  - If you haven't done so already, obtain a federal employer identification number by filing IRS Form SS-4.
  - 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.
  - Set up a payroll system for withholding taxes and making payroll tax payments to the IRS. Obtain IRS Publication 15, Circular E, *Employer’s Tax Guide*.
  - Get workers’ compensation insurance. (In addition, you must notify new hires of their rights to workers’ compensation benefits.)
  - Familiarize yourself with Occupational Safety and Health Administration (OSHA) requirements, and prepare an injury and illness prevention plan, if OSHA requires it.
  - Contact the federal Department of Labor and your state labor department for information on notices you must post in the workplace.
  - Create a job description for each type of position you will fill.
  - Create a job application that complies with the applicable antidiscrimination laws.
  - Create an employee handbook.
  - Look into employee benefit programs that can help you attract top applicants and boost workplace morale.

- Complete these tasks each time you hire a new employee:
  - Report the employee to your state’s new hire reporting agency for child support purposes.
  - Fill out Form I-9, *Employment Eligibility Verification*, from the Bureau of Citizenship and Immigration Services (BCIS, formerly known as the INS).
  - Have the employee fill out IRS Form W-4, *Employee’s Withholding Allowance Certificate*. 