

## New Enterprise Worksheet (NEW)

Starting a business involves planning, making key financial decisions and completing a series of legal activities. These easy steps can help you plan, prepare and manage your business.

### 1: Write a Business Plan

*Use these topics to create a business plan. This written guide will help you map out how you will start and run your business successfully. A business plan is an essential roadmap for business success. This living document generally projects 3-5 years ahead and outlines the route a company intends to take to grow revenues.*

#### **Executive Summary**

Your executive summary is a snapshot of your business plan as a whole and touches on your company profile and goals. Read these tips about what to include.

#### **Company Description**

Your company description provides information on what you do, what differentiates your business from others, and the markets your business serves.

#### **Market Analysis**

Before launching your business, it is essential for you to research your business industry, market and competitors.

#### **Organization & Management**

Every business is structured differently. Find out the best organization and management structure for your business.

#### **Service or Product Line**

What do you sell? How does it benefit your customers? What is the product lifecycle? Get tips on how to tell the story about your product or service.

#### **Marketing & Sales**

How do you plan to market your business? What is your sales strategy? Read more about how to include this information in your plan.

#### **Management & Operations**

A strong build out of the professional that will help grow the new entity must be listed with their qualifications and past history.

#### **Funding Request**

If you are seeking funding for your business, find out about the necessary information you should include in your plan.

### **Financial Projections**

If you need funding, providing financial projections to back up your request is critical. Find out what information you need to include in your financial projections for your small business.

### **Exit Strategy**

If there are investors involved they would like to know when it is anticipated they will receive their equity from the investment.

### **Appendix**

An appendix is optional, but a useful place to include information such as resumes, permits and leases. Find additional information you should include in your appendix.

## **2: Get Business Assistance and Training**

Take advantage of free training and counseling services, from preparing a business plan and securing financing, to expanding or relocating a business.

## **3: Choose a Business Location**

Get advice on how to select a customer-friendly location and comply with zoning laws. Choosing a business location is perhaps the most important decision a small business owner or startup will make, so it requires precise planning and research. It involves looking at demographics, assessing your supply chain, scoping the competition, staying on budget, understanding state laws and taxes, and much more.

Here are some tips to help you choose the right business location.

### **Determine Your Needs**

Most businesses choose a location that provides exposure to customers. Additionally, there are less obvious factors and needs to consider, for example:

- **Brand Image** – Is the location consistent with the image you want to maintain?
- **Competition** – Are the businesses around you complementary or competing?
- **Local Labor Market** – Does the area have potential employees? What will their commute be like?
- **Plan for Future Growth** – If you anticipate further growth, look for a building that has extra space should you need it.
- **Proximity to Suppliers** – They need to be able to find you easily as well.
- **Safety** – Consider the crime rate. Will employees feel safe alone in the building or walking to their vehicles?
- **Zoning Regulations** – These determine whether you can conduct your type of business in certain properties or locations. You can find out how property is zoned by contacting your local planning agency.

### Evaluate Your Finances

Besides determining what you can afford, you will need to be aware of other financial considerations:

- **Hidden Costs** – Very few spaces are business ready. Include costs like renovation, decorating, IT system upgrades, and so on.
- **Taxes** – What are the income and sales tax rates for your state? What about property taxes? Could you pay less in taxes by locating your business across a nearby state line?
- **Minimum Wage** – While the federal minimum wage is \$7.25 per hour, many states have a higher minimum. View the Department of Labor’s list of [minimum wage rates by state](#).
- **Government Economic Incentives** – Your business location can determine whether you qualify for government economic business programs, such as state-specific small business loans and other financial incentives.

### Is the Area Business Friendly?

Understanding laws and regulations imposed on businesses in a particular location is essential. As you look to grow your business, it can be advantageous to work with a small business specialist or counselor. Check what programs and support your state government and local community offer to small businesses. Many states offer online tools to help small business owners start up and succeed. Local community resources such as SBA Offices, Small Business Development Centers, Women’s Business Centers, and other government-funded programs specifically support small businesses.

### The Bottom Line

Do your research. Talk to other business owners and potential co-tenants. Consult the small business community and utilize available resources, such as free government-provided demographic data, to help in your efforts.

## **4: Finance Your Business**

Find government backed loans, venture capital and research grants to help you get started. Try to stay away from “friends & family loans if at all possible to avoid complications down the road.

## **5: Determine the Legal Structure of Your Business**

Decide which form of ownership is best for you: sole proprietorship, partnership, Limited Liability Company (LLC), corporation, S corporation, nonprofit or cooperative. When starting a business, you must decide what form of **business entity** to establish. Your form of business (e.g., sole proprietorship, partnership, LLC) determines which income tax return form you have to file. The federal government levies four basic types of business taxes:

- Income tax
- Self-employment tax
- Taxes for employers

- Excise taxes
- Bi-Sales agreement
- Operating agreement
- Key Man/Woman life insurance
- Liability insurance
- Product liability insurance

To learn more about these taxes, visit the Internal Revenue Service's (IRS) [Guide to Business Taxes](#).

### **Federal Income Taxes**

Below is a list of the basic forms of State and Federal business entities:

- Sole Proprietorship
- Partnership
- Corporation
- S Corporation
- Limited Liability Company (LLC)

### **State Income Taxes**

Nearly every state levies a business or corporate income tax. Like federal taxes, your state tax requirement depends on the legal structure of your business. For example, if your business is an LLC, the LLC is taxed separately from the owners of the business, while sole proprietors report their personal and business income taxes using the same form used to report their business taxes. Consult the General Tax Information ([State and Local Tax Guide](#)) for specific requirements.

## **6: Intellectual Property**

Intellectual property (IP) is a legal term that refers to creations of the mind. Examples of intellectual property include music, literature, and other artistic works; discoveries and inventions; and words, phrases, symbols, and designs. <sup>(Wikipedia)</sup>

Items to keep in mind are as follow: (abbreviated list)

- Prior Art
- Filing dates
- Foreign filings
- Infringements
- Type of Patent, Utility, Design or Plant
- License required
- Costs for patents
- Maintaining a patent
- Employee release of ownership

## 7: Register a Business Name ("Doing Business As")

Register your business name with your state government. Naming your business is an important branding exercise, but if you choose to name your business as anything other than your own personal name then you'll need to register it with the appropriate authorities.

This process is known as registering your "Doing Business As" (DBA) name.

### What is a "Doing Business As" Name?

A fictitious name (or assumed name, trade name or DBA name) is a business name that is different from your personal name, the names of your partners or the officially registered name of your LLC or corporation.

It's important to note that when you form a business, the legal name of the business defaults to the name of the person or entity that owns the business, unless you choose to rename it and register it as a DBA name.

For example, consider this scenario: John Smith sets up a painting business. Rather than operate under his own name, John instead chooses to name his business: "John Smith Painting". This name is considered an assumed name and John will need to register it with the appropriate local government agency.

The legal name of your business is required on all government forms and applications, including your application for employer tax IDs, licenses and permits.

### Do I Need a "Doing Business As" Name?

A DBA is needed in the following scenarios:

- **Sole Proprietors or Partnerships** – If you wish to start a business under anything other than your real name, you'll need to register a DBA so that you can do business as another name.
- **Existing Corporations or LLCs** – If your business is already set up and you want to do business under a name other than your existing [corporation](#) or [LLC](#) name, you will need to register a DBA.

**Note:** Not all states require the registering of fictitious business names or DBAs.

### How to Register your "Doing Business As" Name

Registering your DBA is done either with your county clerk's office or with your state government, depending on where your business is located. There are a few states that do not require the registering of fictitious business names.

## 8: Get a Tax Identification Number

Learn which tax identification number you'll need to obtain from the IRS and your state revenue agency. An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. You may apply for an EIN in various ways, and now you may **apply online**. You must check **with your state** to determine if you need a state number or charter.

## 9: Register for State and Local Taxes

Register with your state to obtain a tax identification number, workers' compensation, unemployment and disability insurance. In addition to business taxes required by the federal government, you will have to pay some state and local taxes. Each state and locality has its own tax laws. The links below provide access to key resources that will help you learn about your state tax obligations. Having knowledge of your state tax requirement can help you avoid problems and your business save money. The most common types of tax requirements for small business are income taxes and employment taxes.

### Income Taxes

Nearly every state levies a business or corporate income tax. Your tax requirement depends on the legal structure of your business. For example, if your business is a Limited Liability Company (LLC), the LLC gets taxed separately from the owners, while sole proprietors report their personal and business income taxes using the same form. Consult the General Tax Information link under your state for specific requirements.

### Employment Taxes

In addition to federal employment taxes, business owners with employees are also responsible for paying certain taxes required by the state. All states require payment of state workers' compensation insurance and unemployment insurance taxes. The following states/territories also require a business to pay for temporary disability insurance:

- California
- Hawaii
- New Jersey
- New York
- Rhode Island
- Puerto Rico

## 10: Obtain Business Licenses, Permits and Possible Import Export Licenses

Get a list of federal, state and local licenses and permits required for your business. To run your business legally, there are certain federal and state licenses and permits you will need to obtain. These resources will help you understand the requirements for your small business.

- **Federal Licenses & Permits**  
Certain businesses, like ones that sell alcohol or firearms, require a federal license or permit. Find out which ones impact your business and how you can comply.
- **State Licenses & Permits**  
Some states have requirements for specific businesses. Find out what business licenses and permits you need in your state.
- **Import or export Licenses**  
If you plan to import items from another country you may need to acquire a license and the same holds true if you are planning to export as well. You will first need to check with the US State Department to see if your items are on a restricted list or if the country that you are planning to do business with is on a restricted list. A good freight forwarder and an international law firm can be a great asset and insurance policy regarding this issue.

## **11: Understand Employer Responsibilities**

**Learn the legal steps you need to take to hire employees.**

If your business is booming, but you are struggling to keep up, perhaps it's time to hire some help.

The eight steps below can help you start the hiring process and ensure you are compliant with key federal and state regulations.

### **Step 1. Obtain an Employer Identification Number (EIN)**

Before hiring your first employee, you need to get an employment identification number (EIN) from the U.S. Internal Revenue Service. The EIN is often referred to as an Employer Tax ID or as Form SS-4. The EIN is necessary for reporting taxes and other documents to the IRS. In addition, the EIN is necessary when reporting information about your employees to state agencies. Apply for EIN online or contact the IRS at 1-800-829-4933.

### **Step 2. Set up Records for Withholding Taxes**

According to the IRS, you must keep records of employment taxes for at least four years. Keeping good records can also help you monitor the progress of your business, prepare financial statements, identify sources of receipts, keep track of deductible expenses, prepare your tax returns, and support items reported on tax returns.

Below are three types of withholding taxes you need for your business:

- **Federal Income Tax Withholding**

Every employee must provide an employer with a signed withholding exemption certificate (Form W-4) on or before the date of employment. The employer must then submit Form W-4 to the IRS.

- **Federal Wage and Tax Statement**

Every year, employers must report to the federal government wages paid and taxes withheld for each employee. This report is filed using Form W-2, wage and tax statement. Employers must complete a W-2 form for each employee who they pay a salary, wage or other compensation.

Employers must send Copy A of W-2 forms to the Social Security Administration by the last day of February to report wages and taxes of your employees for the previous calendar year. In addition, employers should send copies of W-2 forms to their employees by Jan. 31 of the year following the reporting period. Visit [SSA.gov/employer](http://SSA.gov/employer) for more information.

- **State Taxes**

Depending on the state where your employees are located, you may be required to withhold state income taxes. Visit the state and local tax page for more information.

### **Step 3. Employee Eligibility Verification**

Federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire, employers must complete Form I-9, employment eligibility verification, which requires employers to examine documents to confirm the employee's citizenship or eligibility to work in the U.S. Employers can only request documentation specified on the I-9 form.

Employers do not need to submit the I-9 form with the federal government but are required to keep them on file for three years after the date of hire or one year after the date of the employee's termination, whichever is later.

Employers can use information taken from the Form I-9 to electronically verify the employment eligibility of newly hired employees by registering with **E-Verify**.

Visit [the U.S. Immigration and Customs Enforcement agency's I-9 website](#) to download the form and find more information.

### **Step 4. Register with Your State's New Hire Reporting Program**

All employers are required to report newly hired and re-hired employees to a state directory within 20 days of their hire or rehire date. Visit the New Hires Reporting Requirements page to learn more and find links to your state's New Hire Reporting System.



### **Step 5. Obtain Workers' Compensation Insurance**

All businesses with employees are required to carry workers' compensation insurance coverage through a commercial carrier, on a self-insured basis or through their state's Workers' Compensation Insurance program.

### **Step 6. Post Required Notices**

Employers are required to display certain posters in the workplace that inform employees of their rights and employer responsibilities under labor laws. Visit the Workplace Posters page for specific federal and state posters you'll need for your business.

### **Step 7. File Your Taxes**

Generally, employers who pay wages subject to income tax withholding, Social Security and Medicare taxes must file IRS Form 941, Employer's Quarterly Federal Tax Return. For more information, visit [IRS.gov](http://IRS.gov).

New and existing employers should consult the IRS Employer's Tax Guide to understand all their federal tax filing requirements.

Visit the state and local tax page for specific tax filing requirements for employers.

### **Step 8. Get Organized and Keep Yourself Informed**

Being a good employer doesn't stop with fulfilling your various tax and reporting obligations. Maintaining a healthy and fair workplace, providing benefits and keeping employees informed about your company's policies are key to your business' success. Here are some additional steps you should take after you've hired your first employee:

#### **Set up Recordkeeping**

In addition to requirements for keeping payroll records of your employees for tax purposes, certain federal employment laws also require you to keep records about your employees. The following sites provide more information about federal reporting requirements:

- [Tax Recordkeeping Guidance](#)
- [Labor Recordkeeping Requirements](#)
- [Occupational Safety and Health Act Compliance](#)
- [Employment Law Guide \(employee benefits chapter\)](#)
- [Apply Standards that Protect Employee Rights](#)

Complying with standards for employee rights in regards to equal opportunity and fair labor standards is a requirement. Following statutes and regulations for minimum wage, overtime, and child labor will help you avoid error and a lawsuit. See the Department of Labor's Employment Law Guide for up-to-date information on these statutes and regulations.

Also, visit the Equal Employment Opportunity Commission and Fair Labor Standards Act.

## 12: In Summary

It is always wise to hire professionals for each of the disciplines above to ensure a successful plan and a successful business. Failing to plan correctly can lead to costly mistakes and unwanted outcomes.

The above is only an outline, there may be other necessary requirements needed to start a business that is not listed.

Ensure that these items are reviewed and checked off as they pertain to your either new venture or your ongoing concern for the best possible outcome.

### **About Allawos & Company, LLC**

Allawos & Company is a comprehensive global business-consulting firm, tuned to enable organizations to identify and exploit opportunities through creative engagement built on a foundation of decades of senior management experience.

Whether in corporate development, strategic planning, alliances, market development, diplomatic engagement or manufacturing optimization, our team is focused on client-specific value creation.