



VISTARA

## The Essential Start Up Operations Guide (The Real World Version)

Starting a business is exhilarating...until you hit the paperwork. Suddenly you're juggling formation documents, tax IDs, and the mystery of why banks still fax things. This guide simplifies the chaos and gives founders a clear, confident roadmap for building a strong operational foundation.

*How to set up your business the right way, without losing your mind.*

By M Scott Davis

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## The Essential Startup Operations Guide (The Real-World Version)

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### Letter from the Author



Hi there,

If you're reading this, you're probably somewhere between *inspired*, *overwhelmed*, and *googling things you never thought you'd need to google*. I get it. I've been there, more than once.

I've founded companies, scaled them, crafted exits, and taken more than a few punches along the way. I've learned through hard knocks, trial and error, late-night panic Googling, and the kind of mistakes you only make once. And every time I started something new, I found myself thinking:

**"Why isn't there a simple, honest, founder-friendly guide that explains all the operational stuff without making my eyes glaze over?"**

So, I finally made one. This guide is everything I wish I had when I started my first company, the clarity, the context, the "here's what actually matters," and the "here's what will come back to bite you if you ignore it." It's the stuff no one teaches you, the stuff you don't know to ask, and the stuff that makes the difference between feeling in control and feeling like your business is running you.

My goal wasn't to create another dry checklist or jargon-heavy manual. I wanted something real and brief. Something human. Something that makes you feel less alone in the chaos of building a business. Something that helps you avoid the mistakes I've already made and gives you the confidence to build your company on a strong, simple, scalable foundation.

Whether you're launching your first venture or cleaning up your fifth, I hope this guide gives you the clarity, courage, and calm you need to move forward with confidence.

You've got this and if you ever need a partner in the messy middle, Vistara is here to help.

**M Scott Davis**

Founder, Vistara



## The Essential Startup Operations Guide (The Real-World Version)

# Executive Summary

Starting a business is equal parts excitement and overwhelming. Between choosing the right structure, filing formation documents, setting up your books, opening bank accounts, and assembling an advisory team, the early operational steps can feel like a maze with no map. Most founders learn these lessons the hard way, through trial, error, and expensive clean-ups.

This guide exists to change that.

***The Essential Start-Up Operations Guide*** gives founders a clear, practical, and human roadmap for building a strong operational foundation from day one. It breaks down complex decisions into plain English, explains the real-world implications of each choice, and helps you avoid the pitfalls that derail so many early-stage businesses. From entity selection to banking, bookkeeping, compliance, and advisors, this guide shows you not just what to do, but why it matters.

Created by someone who has lived the founder journey, wins, exits, hard knocks, and all, this guide reflects the same clarity-driven approach Vistara brings to supporting entrepreneurs every day. It's designed to bring order to chaos, confidence to your decisions, and structure to the parts of entrepreneurship no one talks about, but every founder must navigate.

Whether you're launching your first company or refining your fifth, this guide helps you build with intention, operate with clarity, and move forward with confidence.



## The Essential Startup Operations Guide (The Real-World Version)

# Introduction

Starting a business is thrilling. It's also confusing, overwhelming, and occasionally "why is this so complicated?" inducing. One minute you're dreaming about your product, the next you're knee-deep in articles of incorporation and wondering why banks still fax things.

**That's exactly why Vistara exists.** We help founders turn chaos into clarity. From choosing your business structure to setting up your books, banking, and advisory team, we walk with you through the messy middle, the part no one posts about on Instagram, but every successful business must get right.

This guide is your roadmap. Practical. Honest. Founder-friendly. And yes, a little fun.

## 1. Choose Your Business Structure AKA: "What kind of business am I, exactly?"

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Your business structure affects your taxes, liability, ability to raise money, and even how complicated your paperwork will be. Here's the real-world breakdown, with context for every pro and con so founders understand what's at stake.

### **Sole Proprietorship The "I'm just getting started, don't judge me" option.**

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#### Pros

- **Easiest and cheapest to set up:** No filings, no fees, no legal documents. You can literally start today.
- **You're the boss, period:** No partners, no board, no formal rules. You make decisions instantly.
- **Simple taxes:** Your business income goes on your personal tax return. No separate business filings.

#### Cons

- **Zero liability protection:** If something goes wrong, lawsuit, debt, contract issue, your personal assets are exposed.
- **Harder to raise capital:** Banks and investors prefer structured entities. A sole prop signals "very early stage."
- **Not built for scaling:** Hiring, equity, and partnerships become complicated or impossible.

**Where Vistara fits in.** Even though a sole proprietorship is the simplest way to start a business, it doesn't mean you should navigate it alone. Vistara helps sole proprietors bring structure, clarity, and confidence to what can otherwise feel like a very DIY experience.

Here's how we support you:

- **Clarifying your path forward:** We help you understand what being a sole proprietor really means — taxes, liability, and when it might make sense to upgrade to an LLC or S-Corp.
- **Setting up clean financial systems:** Even simple businesses need organized books. We build your chart of accounts, set up QuickBooks, and create workflows that keep everything clean and stress-free.
- **Separating personal and business finances:** We guide you through setting up proper banking and financial habits so your business doesn't get tangled with your personal life.
- **Preparing you for growth:** When you're ready to hire, bring on partners, or formalize your structure, we help you transition smoothly.

Vistara gives sole proprietors the clarity and support they need to operate like a real business from day one — without the overwhelm.



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### LLC (Limited Liability Company) The “I’m legit, but let’s not get too formal” option.

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#### Pros

- **Liability protection:** Your personal assets are shielded from business liabilities.
- **Flexible ownership:** One owner or many, with customizable ownership percentages.
- **Fewer formalities:** No required annual meetings or corporate minutes. Less red tape.
- **Pass-through taxation:** Profits and losses flow to owners’ tax returns. You can elect S-Corp taxation later.

#### Cons

- **Not always investor-friendly:** VCs prefer corporations for equity structures and fundraising.
- **More setup than a sole prop:** You’ll need formation documents and an operating agreement.

**Where Vistara fits in.** LLCs offer flexibility and protection, but they also come with decisions, documents, and operational steps that can feel confusing. Vistara helps you build a strong, scalable foundation so your LLC runs smoothly and supports your long-term goals.

Here’s how we support you:

- **Translating legal structure into real-world operations:** We help you understand what your Operating Agreement actually means for decision-making, ownership, and day-to-day management.
- **Designing your financial backbone:** We set up your accounting system, chart of accounts, bank feeds, and reporting so your LLC’s finances are clean, accurate, and easy to understand.
- **Ensuring compliance and good governance:** We help you stay organized with documentation, member contributions, distributions, and anything your attorney or CPA needs.
- **Supporting multi-member LLCs:** If you have partners, we help you build systems that keep everyone aligned — financially, operationally, and strategically.
- **Preparing for future tax elections:** If you ever want to elect S-Corp taxation, raise capital, or convert to a corporation, we help you understand the implications and plan ahead.

Vistara turns your LLC into a well-run, well-documented, financially clear business, not just a legal entity on paper.

### S-Corporation The “I’m growing up and ready to save on taxes” option.

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#### Pros

- **Pass-through taxation:** Avoids double taxation, profits go directly to shareholders.
- **Potential tax savings:** You can split income between salary and distributions (with proper guidance).
- **More credibility:** Banks and partners often view corporations as more established.

#### Cons

- **More rules:** You must pay yourself a reasonable salary, hold meetings, and keep minutes.
- **Shareholder restrictions:** 100-shareholder limit, U.S. citizens/residents only, one class of stock.
- **Not ideal for high-growth startups:** VC-bound companies usually convert to C-Corps.

**Where Vistara fits in.** We help you understand the *real-world* implications of each choice, not just the legal definitions. We translate complexity into clarity so you can make a confident decision with your attorney and tax advisor.



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### C-Corporation The “I’m building something big and planning to scale” option.

A C-Corporation (often just called a “C-Corp”) is the classic structure for high-growth startups, especially those planning to raise venture capital, issue stock options, or eventually go public. It’s more complex than an LLC or S-Corp, but it’s built for scale.

#### Pros

- **Unlimited shareholders:** Unlike S-Corps, C-Corps can have as many shareholders as they want, individuals, other companies, foreign investors, funds, you name it. This makes it the go-to structure for venture capital and institutional investment.
- **Multiple classes of stock:** You can issue common stock, preferred stock, and other classes with different rights. This is essential for fundraising, employee equity, and investor protections.
- **Attractive to investors:** VCs overwhelmingly prefer (and often require) C-Corps because the structure is predictable, standardized, and built for issuing equity.
- **Easier to grant stock options:** C-Corps support stock option plans (like ISOs and NSOs), which are the backbone of startup compensation packages.
- **Strong legal precedent:** Especially in Delaware, where most venture-backed companies incorporate. Courts have decades of case law that makes outcomes more predictable.
- **No restrictions on ownership:** Unlike S-Corps, C-Corps can have foreign owners, corporate owners, and multiple classes of shareholders.

#### Cons

- **Double taxation:** C-Corps pay corporate taxes on profits, and shareholders pay taxes again on dividends. Many early startups avoid this by reinvesting profits, but it’s still a factor.
- **More formalities and compliance:** You must maintain a board of directors, hold annual meetings, keep minutes, and follow corporate governance rules. It’s not hard, but it’s more work.
- **More expensive to maintain:** State fees, legal compliance, and tax filings are typically higher than LLCs or S-Corps.
- **Not ideal for small, local businesses:** If you’re not raising money or issuing equity, the complexity may not be worth it.

**Best for:** Startups planning to raise venture capital, issue stock options, scale nationally or globally, or eventually IPO or exit.

**Where Vistara fits in.** We help founders understand whether a C-Corp is truly the right fit, not just because “everyone says to incorporate in Delaware.” We walk you through:

- How C-Corp taxation works in real life
- What investors expect
- How to structure your equity and cap table
- How to keep your corporate compliance clean
- How your financial systems should support a C-Corp structure

If you choose a C-Corp, we help you set up the operational backbone that keeps everything running smoothly as you grow.



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### B-Corporation (B-Corp). The “I want to build a great business AND a great impact” option.

A B-Corporation isn't a different legal entity like an LLC or C-Corp, it's a certification (like Fair Trade or LEED) awarded to companies that meet high standards of social and environmental performance, transparency, and accountability. Think of it as the gold star for businesses that want to do well and do good.

You can be a B-Corp as an LLC, S-Corp, or C-Corp, but you must meet the certification requirements and, in many states, adopt a “benefit corporation” legal structure to support it.

#### Pros

- **Strong brand trust and differentiation:** Consumers increasingly want to buy from companies that align with their values. The B-Corp badge signals that you walk the talk, not just market it.
- **Attracts mission-aligned talent:** Employees (especially younger generations) want to work for companies that care about people and the planet. B-Corps often have an easier time recruiting and retaining great talent.
- **Builds long-term credibility:** The certification process is rigorous. Passing it shows that your operations, governance, and impact practices are real, not performative.
- **Encourages operational discipline:** The B-Impact Assessment forces you to document processes, measure impact, and improve governance. Many founders say the certification made their business *better* operationally.
- **Community and network benefits:** B-Corps are part of a global community of like-minded companies. This can lead to partnerships, referrals, and shared learning.

#### Cons

- **Certification takes time and effort:** The B-Impact Assessment is detailed. You'll need to document policies, track metrics, and potentially change internal processes.
- **Ongoing compliance:** You must recertify every three years and maintain or improve your score. It's not a “set it and forget it” badge.
- **May require legal structure changes:** Some states require you to adopt a “benefit corporation” legal status to align your governance with B-Corp standards. This adds complexity.
- **Not ideal for founders who want maximum flexibility:** If your business model or mission may pivot significantly, the B-Corp framework can feel restrictive.
- **Investors may have mixed reactions:** Impact-focused investors love it. Traditional investors may worry it adds constraints to maximizing shareholder value. (This is changing, but still worth noting.)

**Best for:** Founders who want to build a mission-driven company, attract values-aligned customers and employees, and embed social/environmental impact into their operating DNA.

**Where Vistara fits in.** We help founders understand what B-Corp certification really requires, not just the feel-good marketing version. Vistara supports you by:

- Reviewing your current operations against B-Corp standards
- Helping you document processes and policies
- Ensuring your governance and financial systems support certification
- Guiding you through operational changes needed to improve your score
- Keeping your books, reporting, and compliance clean for recertification

If you're aiming to become a B-Corp or simply want to operate like one, we help you build the systems that make it possible.



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# 2. Form in the Right State, “Just form in Delaware” is not always the right answer.

Some states are great for startups. Some are great for small businesses. Some are great for...no one.

### Popular formation states

- **Delaware, the Beyoncé of business states:** Predictable courts, strong legal protections, and investor-friendly laws. If you’re raising venture capital, this is the default.
- **Nevada/Wyoming, privacy and low fees:** Great for anonymity, low annual costs, and business-friendly regulations.

### When your home state wins

If you’re a local business (hello, PNW), forming at home often saves you money and paperwork. You avoid:

- Foreign entity registration
- Duplicate annual fees
- Multi-state tax filings

For many small businesses, home state = easiest and cheapest.

### When “advantageous states” aren’t actually advantageous

Forming in Delaware, but operating in another state means:

- You must register in your state anyway
- You pay fees in both states
- You maintain compliance in both states

Twice the work, zero extra benefit unless you’re raising capital.

**Where Vistara fits in.** We help you choose the state that matches your goals, not the hype.

# 3. Create Your Governance Documents AKA: “Let’s prevent future drama.”

Even if it’s just you, governance documents matter. They’re the rules of the road, and they save friendships, partnerships, and sanity.

### LLCs need:

- **Operating Agreement, your business prenup:** It defines ownership, roles, decision-making, and what happens if someone leaves. It prevents misunderstandings and protects everyone involved.

### Corporations need:

- **Bylaws, how the company runs:** They outline board structure, officer roles, voting rules, and meeting requirements.
- **Shareholder Agreements, who owns what and what happens next:** They cover vesting, transfers, exits, and rights. Critical for co-founders.

**Where Vistara fits in.** We help you understand what these documents *mean* in practice so your operations match your agreements.



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### 4. File for Your EIN, It's free. It's fast. It's necessary.

Your EIN is your business's Social Security number. You need it for:

- Banking
- Taxes
- Hiring
- Credit applications

And yes, the IRS gives it to you for free. Don't pay a random website \$129 for something that takes five minutes.

**Where Vistara fits in.** We make sure your EIN is set up correctly and connected to your financial systems.

### 5. Set Up Your Books the Right Way.

*Future you will thank you.*

Clean books = clarity, confidence, and fewer surprises.

#### Why this matters

- **Understand your cash flow:** Know what's coming in, what's going out, and how long your runway is.
- **Prepare for taxes without panic:** No more scrambling in April.
- **Make better decisions:** Pricing, hiring, spending, all become clearer with good data.
- **Avoid expensive clean-ups:** Fixing messy books later costs more than doing them right from the start.

#### What you need

- **QuickBooks or similar:** Your financial command center.
- **Clean chart of accounts:** The backbone of your reporting, tailored to your business model.
- **Bank feed connections:** Automates transaction imports so nothing gets missed.
- **Receipt management:** Keeps you compliant and audit-ready.
- **Monthly reconciliations:** Ensures your books match your bank, accuracy matters.
- **Reporting templates:** P&L, balance sheet, cash flow, your business dashboard.

**Where Vistara fits in.** This is our wheelhouse. We build your system, keep it clean, and help you understand your numbers.

### 6. Choose the Right Banking Partner.

*Not all banks are created equal.*

#### What to look for

- **Low or no fees:** Your early dollars matter, don't waste them on bank charges.
- **Great online tools:** You'll manage most things digitally. Make sure it's easy.
- **QuickBooks integration:** Saves time and reduces errors.
- **Small-business support:** You want a bank that answers the phone and knows your name.
- **Merchant services:** If you accept payments, this matters.
- **Lending options:** Lines of credit, SBA loans, and term loans become important as you grow.

**Where Vistara fits in.** We help you choose the right partner and structure your accounts properly from day one.



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# 7. Build Your Advisory Team You don't need a village, just the right people.

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## Core Advisors

Every founder hits that moment when they realize: "Oh...I actually need grown-ups in the room." Not to run your business, but to keep you out of trouble, save you from preventable headaches, and help you make decisions with confidence instead of guesswork. Your core advisors: attorney, accountant, bookkeeper, banker, insurance broker, mentor, and capital partner are the people who help you build a business that's not just exciting, but stable, compliant, and ready for whatever comes next.

### Attorney

An attorney is your risk-reducer and future-proofing partner. They help you make smart decisions early, so you don't pay for mistakes later. From choosing the right entity to drafting contracts, protecting your intellectual property, and navigating employment laws, they make sure your business is legally sound. A good attorney doesn't just react to problems; they help you avoid them entirely. They're the person you call when you're signing something, hiring someone, firing someone, or entering into any agreement that could come back to bite you.

### Accountant

An accountant is your tax strategist and compliance guardian. They help you understand how your business decisions affect your tax obligations, make sure you're filing correctly, and keep you out of trouble with federal and state agencies. A good accountant doesn't just prepare returns, they help you plan, optimize your tax position, and avoid surprises. They're the person you call when you're making big financial decisions, changing your structure, or wondering how something will impact your taxes.

### Bookkeeper

A bookkeeper is your day-to-day financial truth-teller. They keep your books clean, accurate, and up to date, so you always know where your money is going. They categorize transactions, reconcile accounts, manage receipts, and make sure your financial data is reliable. Without a solid bookkeeper, your accountant can't do their job well and you can't make informed decisions. They're the foundation of financial clarity and the first line of defense against messy books.

### Banker

A banker is your financial gateway and growth enabler. They help you open the right accounts, access credit, and build a banking relationship that supports your business. A good banker can fast-track approvals, advocate for you internally, and help you secure lines of credit or loans when you need them most. They're the people you call when you're planning a big purchase, need financing, or want to understand what your business qualifies for. A strong banking relationship can save you time, money, and stress.

### Insurance broker

An insurance broker is your business bodyguard. They help you understand what risks your business faces and how to protect yourself from them. From general liability and professional liability to workers comp, cyber insurance, and industry-specific coverage, they make sure you're not one accident, lawsuit, or data breach away from disaster. A good broker doesn't just sell policies, they explain them in plain English and help you choose coverage that fits your business, not someone else's template.

### Mentor or coach

A mentor or coach is your thinking partner and sanity check. They help you zoom out, see the bigger picture, and make decisions with more clarity and confidence. Whether you're navigating growth, dealing with founder stress, or trying to



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prioritize the 47 things on your plate, they offer perspective you can't get from inside the business. A great mentor or coach doesn't tell you what to do, they help you become the kind of founder who knows what to do.

### Capital Partner

A capital partner is your fuel-provider and financial growth ally. They bring the money your business needs to scale, but the best ones bring far more than cash. A strong capital partner offers strategic insight, industry connections, operational guidance, and a long-term perspective on how to grow sustainably. They help you think bigger, plan smarter, and avoid the pitfalls that come with rapid expansion. A good capital partner doesn't just write a check; they invest in you. They understand your vision, believe in your model, and support you through the ups, downs, pivots, and breakthroughs. They're the person you call when you're evaluating growth opportunities, planning a major investment, or navigating the financial implications of scaling your business.

**Where Vistara fits in.** Building the right advisory team isn't just about checking boxes, it's about surrounding yourself with people who help you make smarter decisions, avoid costly mistakes, and grow with confidence. But most founders don't know when to bring in which advisor, how they should work together, or what "good" looks like in each role.

**That's where Vistara comes in.** With 26 years of experience across operations, finance, and founder support, Vistara acts as the connective hub that brings clarity, coordination, and strategy to your entire advisory team. We help you understand what each advisor does, when you need them, and how to get the most value from their expertise.

### Here's how we support you

Helping you understand which advisors you actually need, and when: Not every founder needs every advisor on day one. We help you prioritize based on your business model, stage, and goals so you're not overspending or under-supported.

**Translating advisor language into plain English:** Attorneys, accountants, bankers, and brokers all speak their own dialects. We help you understand what they're saying, what it means for your business, and what decisions you need to make.

**Coordinating your advisors so everyone is rowing in the same direction:** Your attorney needs clean documents. Your accountant needs clean books. Your banker needs clear financials. Your insurance broker needs accurate risk information. We make sure nothing falls through the cracks.

**Leveraging 26 years of experience to guide your decisions:** After decades working with founders, we've seen what works, what doesn't, and what people wish they'd known earlier. We help you avoid common pitfalls and make confident, informed decisions.

**Making introductions when it makes sense:** Because of our long history of being founders, supporting founders and small businesses, we can connect you with trusted attorneys, accountants, bankers, insurance brokers, mentors, and capital partners when the timing and fit are right. We don't just introduce you; we prepare you.

**Ensuring your operational and financial systems support your advisors:** Clean books, clear documentation, and organized workflows make every advisor more effective. We help you build the operational backbone that keeps your entire advisory team aligned and efficient.

Vistara helps you approach your advisory relationships from a place of clarity, not confusion. Giving you the structure, preparation, and support you need to build a strong, well-guided business.



## The Essential Startup Operations Guide (The Real-World Version)

### 8. Your Start-Up Operations Checklist (In Order).

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***The “don’t skip steps” version. Vistara can support you at every step.***

1. Define your business model
2. Choose your business structure
3. Choose your formation state
4. File formation documents
5. Create governance documents
6. Get your EIN
7. Open your business bank account
8. Set up your books
9. Obtain licenses/permits
10. Build your advisory team

### Final Thoughts.

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Starting a business is equal parts courage, chaos, and caffeine. But you don’t have to figure it all out alone. Vistara helps founders build strong, simple, scalable operational foundations so you can focus on building the thing you set out to build.

If you’re starting fresh or cleaning up a beautiful mess in progress, we’ve got you. And if you want a partner to help implement any part of this guide, from books to banking to the advisory dream team, Vistara is here to roll up our sleeves with you.

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 Servicing Bend, Oregon, Washington & the PNW