

50 Steps for Starting Your Business (including Organizational Structure) For New and Aspiring Entrepreneurs

A presentation developed by



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Women's Business Resource & Entrepreneurship Center**



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YOU Before You Start! Are On Display



BEFORE YOU START!

Is Your Personal House In Order?



P F S

Personal Financial Statement

Personal Finances

Cash Flow

Credit

Character

ARE YOU READY?

- ◎ **Do you have the Knowledge & Experience to run the type of business you want to start?**
- ◎ **Are you willing and able to make the substantial investment of time required to start a business? (Not Operate – Just the process of STARTING!)**
- ◎ **Are you willing to invest the time necessary for business start-up education that will facilitate the vast knowledge you need to start a business venture?**

ARE YOU READY?

- ◎ **Are You willing to conduct the appropriate research (*which is extensive*) needed to complete a thorough business plan and produce accurate financial projections before starting the business?**
- ◎ **Can you make difficult decisions quickly?**

ARE YOU READY?

- ◎ **Can you live with uncertainty regarding your income?**
- ◎ **Can you work long hours, handling multiple roles?**
- ◎ **Can you separate the fate of your business from your own self-image?**

If You're Ready....



Let's Get Started

Due Diligence & Market Research

- Formulate the Idea for the new business
- Thoroughly research the Idea
- Create a name for the business
- Investigate competitors
- Protect your idea
- Determine adequate legal business structure
(Register with the State; get all appropriate licenses & permits)



Due Diligence & Market Research *Cont'd*

- Develop Relationships with professional service providers
- Carefully consider your insurance needs
- Select your location
 - Location, Location, Location! - It's not just a cliché!*
- Apply for necessary licenses, permits, etc.

Types of Business Structures

- Sole Proprietorship
- Partnership
- Limited Liability Partnership
- Corporation
- Subchapter S Corporation
- Limited Liability Company

Registrations, Licenses, etc.



UNIQUE ID NUMBER N12345678	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 19703
PURSUANT TO THE PROVISIONS OF ARTICLE 60 OF THE GENERAL BUSINESS LAW AS IT RELATES TO THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS.		EFFECTIVE DATE 05 07 04
ANYONE SECURITY AND ALARM INC. 12345 ANYWAY BLVD, SUITE 67 ANYTOWN, NEW YORK 12345		EXPIRATION DATE 05 06 06
HAS BEEN DULY LICENSED TO ENGAGE IN THE BUSINESS OF INSTALLING, SERVICING, OR MAINTAINING SECURITY OR FIRE ALARM SYSTEMS		
QUALIFIER: Ralph H. Smith		RANDY A DANIELS SECRETARY OF STATE

State of Nevada Department of Health and Human Services Division of Health Bureau of Licensure and Certification	License Number 2125TS-7
Dan R. Berkabile	
Has been found to possess the qualifications for the level of: Specialty Technologist Chemistry	
And accordingly under the provisions of Nevada Revised Statute Chapter 652, this certification of Medical Laboratory Personnel is issued.	
Effective Date: 01/01/07 Expiration Date: 12/31/08	Alex Hantz / Administrator

Sole Proprietorship

A BUSINESS OWNED BY ONE INDIVIDUAL

PROS

- **Ease of Formation**
- **Retention of Profits**
- **Complete control of business decisions**
- **Flow-Through Taxation Structure**

CONS

- **Unlimited Liability**
- **Limited Management Talent**
- **Limited Access to Credit**
- **Federal Income tax based on 100% of annual gross profits**

Partnership

A BUSINESS OWNED BY TWO OR MORE INDIVIDUALS

PROS

- **Ease of Formation**
- **Greater Access to Management Talent**
- **Greater Access to Capital**
- **Flow-Through Taxation Structure**

CONS

- **Unlimited Liability**
- **Open to Personal Conflicts**
- **Life of the Partnership**
- **Fed. taxes based on allocation of gross profits as a % of ownership.**
- **Adding/Removing Partners**

Limited Liability Companies LLC's

- Treated like a Partnership for Tax Purposes; like a Corporation for Liability intentions.
- LLC's are NOT incorporated.
- LLC's have MEMBERS, not shareholders.
- Flow-through Taxation Structure
- No Easy Transfer of Ownership
- A Partnership can be converted into an LLC
[An LLC must dissolve in order to become a Corporation]
[Corporations must dissolve in order to form an LLC]

Limited Liability Companies (LLC's) *cont'd*

Limited Liability Partnership

- At Least One **General** Partner.
(Other partners are *Limited Partners*)
- Limited Partners have no authority to execute real control or involvement in making business decisions.
- Limited Partners CANNOT assume liability on behalf of the business.

Limited Liability Companies (LLC's) *cont'd*

Veil of Protection

LIMITED LIABILITY ASSUMED BY THE OWNERS IN AN LLC STRUCTURE IS OFTEN REFERRED TO AS THE VEIL OF PROTECTION

The Veil Can Be Pierced for any of the following reasons:

- **Willful Undercapitalization**
- **Failure to Maintain Proper Documentation.**
- **Common Business Interests**
- **Willful neglect of the company's business operations.**
- **Fraud**
- **Environmental Pollution**

Corporation

A BUSINESS OWNED BY SHAREHOLDERS

A CORPORATION IS A LEGAL ENTITY WITH THE RIGHTS AND DUTIES OF A PERSON

PROS

- Limited Liability
- Professional Management Talent
- Unlimited Life
- Ease of Ownership Transfer

CONS

- Cost & Complexity of Formation
- Rigorous documentation and public disclosure requirements
- Double Taxation
[*Corporate Tax on Corporation's Gross Profits*]

[*Capital Gains Tax on Dividends*]

“ S “ Corporations

A Corporation that is taxed as a Flow-through Entity

The “S” Corporation Maintains Limited Liability

Constraints:

- **Can Only Have One (1) Class of Shares**
- **Limit of 100 Shareholders**
(taxes are passed through to shareholders)
- **Cannot be owned by a Non-US Citizen or a Corporation, LLC or Partnership; only individuals**

Budgeting and Business Planning

- Generate a Comprehensive Business Plan
- Develop a pro forma
- Find funding sources
- Negotiate and sign partnership agreements
- Set up Business Bank Account
- Receive funding
- Prepare for taxes



Budgeting and Business Planning *cont'd*

- Acquire a facility and/or lease adequate professional space
- Design compelling signage
- Purchase furniture, fixtures & equipment (FF&E)



Staffing Your Business



- Develop a strategic staffing plan
- Develop comprehensive Job Descriptions
- Begin the hiring process
- Set up employee payroll processing
- Outsource work whenever feasible
- Motivate your team constantly
- Fire quickly!

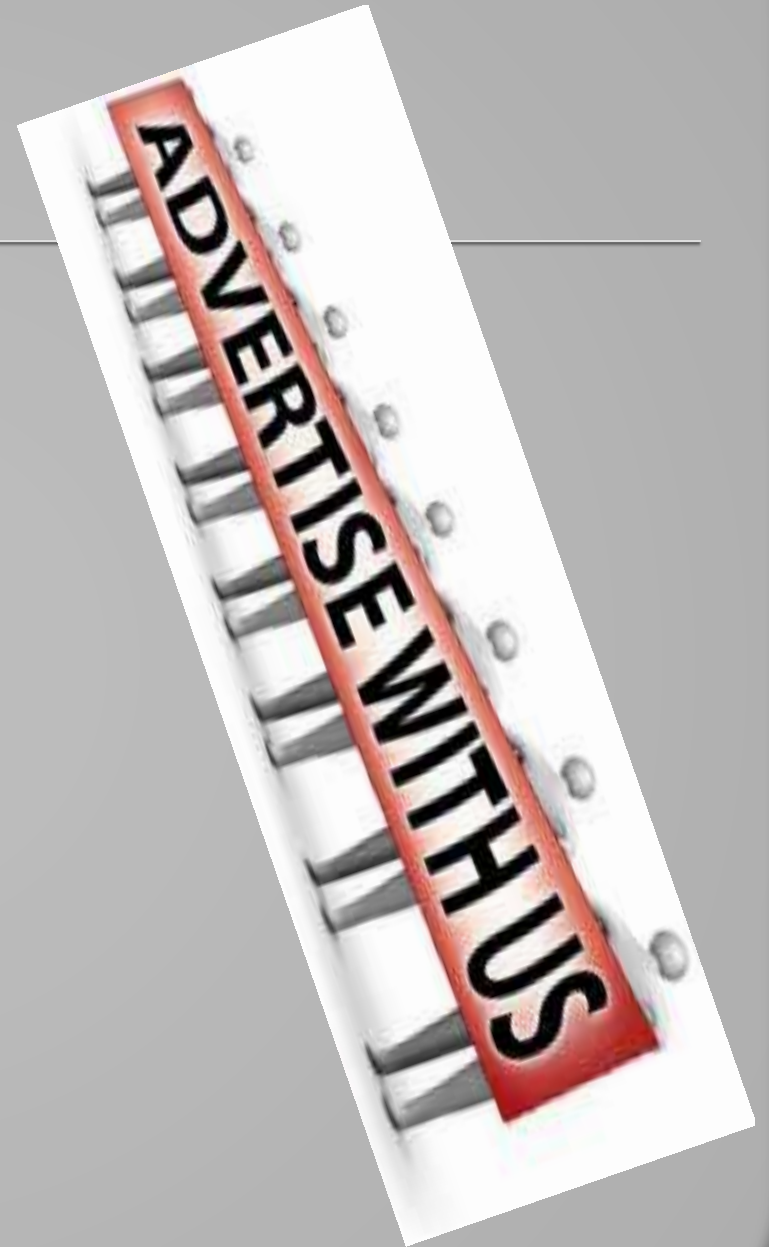
Executing Your Marketing Strategy



- Brand your Business and its Products
- Revisit Your Marketing Plan
- Develop A Marketing Mix
- Build Your Marketing Network
- Create Buzz
- Create an Online Presence

Executing Your Marketing Strategy

- Formulate Compelling & Memorable Advertising
- Deploy an Effective Customer Service Initiative
- Analyze the Early Sales
- **Capture Customer Data** (as much as possible)



Sustainability

- Make a Commitment to Quality Control
- Establish a Measureable Loss-Prevention Program
- Keep Payables Current
- Control Growth and The Burn Rate
(The rate at which a new company spends its initial investment)
- Develop a Contingency Plan
(including interruption of business operations)



Sustainability

- **Assess and Improve the Infrastructure**
- **Create a Plan for Expansion**
- **Seek additional Cash Infusion and/or Venture Capital**
- **“Live It “**
- **Avoid Burnout** (*Use your Time Efficiently*)
- **Remember to Pay Yourself**



Get there.

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Thank You For Your Participation

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