



HOW TO START A BUSINESS: TURNING IDEAS INTO ACTION

This slide provides an overview of the key steps and considerations for turning your business idea into action.

WHY START A BUSINESS?



Independence

Being your own boss allows you to make your own decisions and set your own schedule, providing a sense of freedom and control over your professional life.



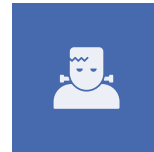
Solving Problems

Entrepreneurship allows you to identify and address unmet needs in the market, providing innovative solutions that can improve people's lives and create value.



Higher Income Potential

Starting a business can provide the opportunity to earn a higher income compared to being an employee, as you directly benefit from the profits and growth of your enterprise.



Leaving a Legacy

Building a successful business can be a fulfilling way to create a lasting impact and leave a positive legacy for future generations, both in terms of wealth and positive societal contributions.

Starting a business can offer a range of benefits, including the opportunity to achieve personal and financial independence, solve problems creatively, and create a lasting legacy. Carefully considering these advantages can help motivate and guide your entrepreneurial journey.

INDIGENOUS VALUES AND BUSINESS STARTUP

Respect for Tradition

Incorporate traditional values and practices into your business model to honor your cultural heritage.

Emphasis on Community

Foster a sense of community within your business and prioritize the well-being of your employees and the local community.

Sustainable Practices

Implement sustainable business practices that align with indigenous principles of environmental stewardship and resource management.

Holistic Approach

Adopt a holistic perspective that considers the interconnectedness of all aspects of your business, including social, environmental, and economic factors.

Entrepreneurial Spirit

Harness the entrepreneurial spirit that has long been a part of indigenous cultures and use it to drive innovation and growth in your business.

Storytelling and Authenticity

Incorporate storytelling and authenticity into your business marketing and branding to connect with your target audience and showcase your cultural identity.

EVALUATE YOUR BUSINESS IDEA

Identify a Problem

Pinpoint a specific problem or pain point that your target customers are facing. Clearly articulate the problem and understand how it impacts their lives.

Determine Your Unique Value Proposition

Define what makes your business idea unique and how it offers a compelling solution to the identified problem. Highlight the key benefits and features that set your offering apart from competitors.

Assess Market Demand

Conduct market research to gauge the size and potential of your target market. Analyze industry trends, competitor offerings, and customer pain points to assess the overall demand for your business idea.

Validate Your Idea with Potential Customers

Engage with potential customers, either through interviews, surveys, or prototypes, to gather feedback and validate your assumptions about the problem, solution, and market demand. Incorporate their insights to refine your business idea.

CONDUCT MARKET RESEARCH

- **Understand Your Target Audience**

Gather data on your potential customers' demographics, preferences, pain points, and buying behavior to create buyer personas and tailor your marketing and product offerings.

- **Analyze Competitors**

Research your competitors' products, pricing, marketing strategies, and customer reviews to identify opportunities and gaps in the market that you can capitalize on.

- **Stay Informed about Industry Trends**

Monitor industry publications, attend conferences, and network with professionals to stay up-to-date on the latest trends, technological advancements, and regulatory changes that may impact your business.

DEVELOP A BUSINESS PLAN

Executive Summary

Concise overview of the entire business plan, including the company's mission, products/services, target market, financial projections, and key milestones.

Market Analysis

Comprehensive assessment of the industry, competitors, target customers, and market trends to identify opportunities and challenges.

Product/Service Details

Detailed description of the products or services offered, including their unique features, benefits, and competitive advantages.

Marketing Strategy

Outline of the marketing tactics and channels to be used to reach and engage the target customers, including advertising, promotions, and customer acquisition strategies.

Financial Projections

Detailed financial forecasts, including revenue, expenses, cash flow, and profitability projections to demonstrate the business's financial viability.

REGISTER YOUR BUSINESS

- **Choose a Business Name**

Carefully select a unique and memorable name for your business that represents your brand and is available for registration.

- **Register with the Government**

Register your business with the appropriate state and local government agencies, such as the Secretary of State's office, to formally establish your company.

- **Obtain Necessary Licenses and Permits**

Identify and obtain all required business licenses and permits, including those from your local city or county, as well as any industry-specific licenses needed to operate legally.

- **Apply for an Employer Identification Number (EIN)**

Apply for an Employer Identification Number (EIN) with the Internal Revenue Service (IRS), which is a unique tax identification number required for hiring employees, opening a business bank account, and filing taxes.

SET UP FINANCES



Establish Business Bank Account



Set Up Accounting
and Bookkeeping



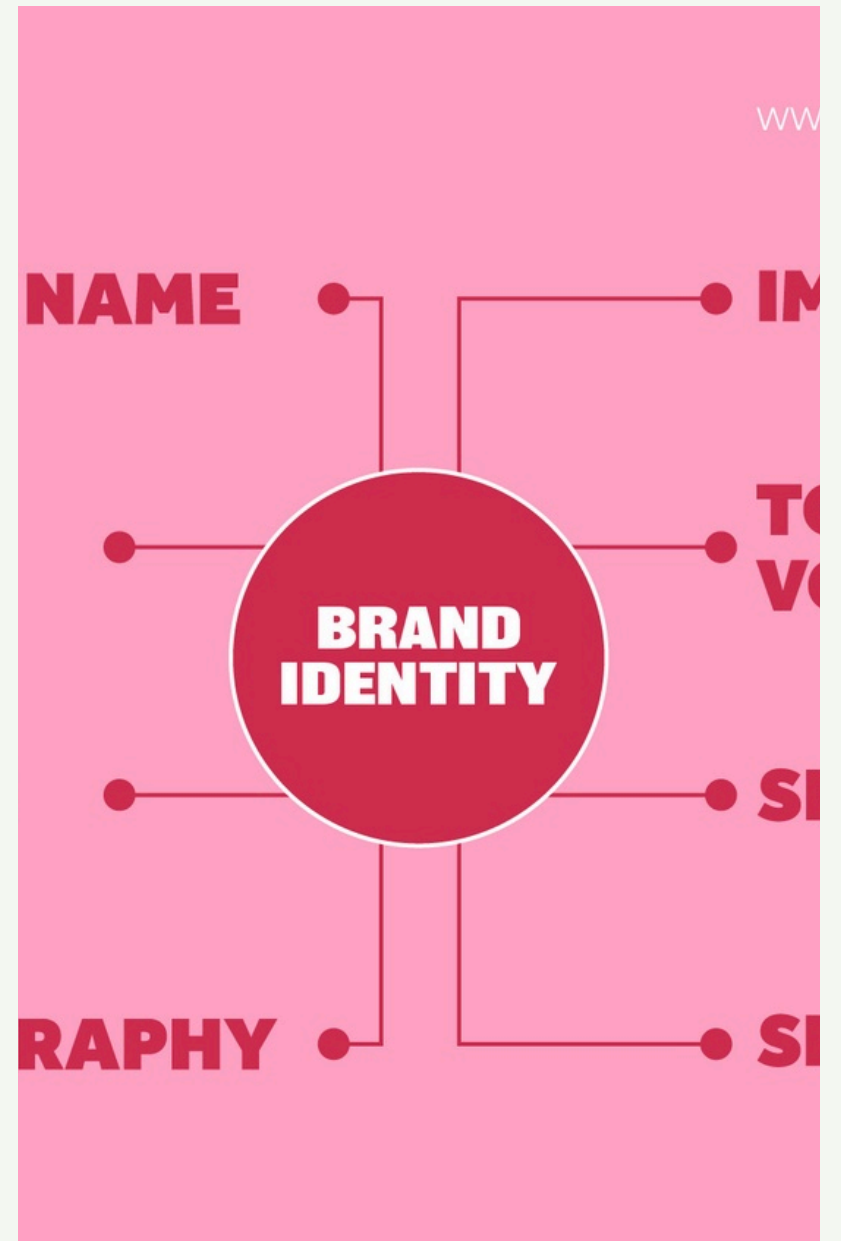
Manage Cash Flow



Explore Funding Options

BUILD YOUR BRAND

A strong brand identity is essential for any business or individual looking to stand out in today's crowded marketplace. It encompasses a memorable name, a visually appealing logo, a captivating website and online presence, and effective marketing materials that resonate with your target audience.



LAUNCH AND MARKET YOUR BUSINESS

1

Soft Launch: Gradually introduce your product or service to a small, targeted audience to gather feedback and fine-tune your offering.

2

Multichannel Marketing: Utilize a mix of online and offline channels, such as social media, email campaigns, local events, and networking, to reach your target market.

3

Networking and Partnerships: Actively engage with industry peers, influencers, and potential strategic partners to build relationships and leverage their networks.

4

Customer Feedback Loop: Continuously collect and analyze customer feedback to identify areas for improvement and make data-driven decisions to enhance your business.

MANAGE AND GROW



Monitor Key Metrics

Regularly track and analyze critical business metrics such as revenue, customer growth, and operational efficiency to identify areas for improvement.



Expand Your Team

Hire and train talented individuals to support your business growth, ensure effective delegation of responsibilities, and foster a collaborative work culture.



Continuous Product/Service Improvement

Gather customer feedback, analyze market trends, and iteratively enhance your products or services to better meet the evolving needs of your target audience.



Plan for Scaling

Develop a strategic roadmap to scale your operations, including identifying new markets, streamlining processes, and securing the necessary resources and funding.

By consistently monitoring your business, improving your offerings, building a strong team, and planning for scalable growth, you can effectively manage and grow your enterprise.

COMMON CHALLENGES AND HOW TO OVERCOME THEM

Managing Cash Flow

Maintaining a healthy cash flow is crucial for entrepreneurs. Strategies include invoicing promptly, negotiating better payment terms, and exploring financing options like loans or invoice factoring.

Adapting to Market Changes

Being agile and responsive to market shifts is essential. Closely monitoring industry trends, gathering customer feedback, and pivoting product or service offerings can help adapt to changing market demands.

Balancing Work-Life Dynamics

Achieving a healthy work-life balance is a common challenge for entrepreneurs. Prioritizing self-care, delegating tasks, and setting clear boundaries between work and personal time can help maintain a sustainable lifestyle.

Handling Competition

Navigating a competitive landscape requires a strategic approach. Differentiating your business, building strong relationships with customers, and continuously innovating your products or services can help you stay ahead of the competition.

KEY TAKEAWAYS

- **Importance of Planning**

Outlines the significance of thorough planning, including setting clear objectives, anticipating potential challenges, and developing comprehensive strategies to achieve desired outcomes.

- **Effective Problem-Solving**

Highlights the ability to identify and analyze problems, generate creative solutions, and implement effective measures to overcome obstacles and achieve successful results.

- **Building Relationships**

Emphasizes the value of fostering strong relationships with stakeholders, collaborators, and team members, and how these connections can contribute to the overall success of the project.

- **Perseverance and Resilience**

Underscores the importance of maintaining a positive attitude, persevering through challenges, and demonstrating resilience in the face of adversity to ultimately achieve the desired outcomes.

CULTIVATING A MINDSET FOR ENTREPRENEURIAL SUCCESS

Resilience

Developing the ability to bounce back from setbacks, failures, and challenges, maintaining a positive outlook and determination to keep pushing forward.

Creativity

Fostering an innovative mindset that allows you to think outside the box, identify new opportunities, and find unique solutions to problems.

Adaptability

Being open to change, willing to pivot and adjust your approach as needed, and embracing the fluid nature of entrepreneurship.

Risk-Taking

Embracing a calculated risk-taking mentality, understanding that measured risks can lead to significant rewards.

Persistence

Maintaining a relentless drive and determination to overcome obstacles, stay committed to your goals, and persevere through difficult times.

Continuous Learning

Cultivating a growth mindset, constantly seeking out new knowledge, skills, and perspectives to enhance your entrepreneurial capabilities.

BUSINESS MODEL CANVAS

Key Partners

Identify the key partners and suppliers needed to operate your business.

Key Activities

Determine the most important actions you must take to make your business model work.

Value Proposition

Clearly define the value you provide to your customers.

Customer Relationships

Describe how you will interact with and acquire your customers.

Revenue Streams

Outline the different ways your business will generate income.

Cost Structure

Identify the key costs associated with your business model.

10

Characteristics

of Successful

Entrepreneurs



KEY BUSINESS ENTITIES



Sole Proprietorship

Unincorporated business owned and operated by a single individual with unlimited liability



Partnership

Two or more individuals who share the profits, losses, and liability of the business



Corporation

A legal entity separate from its owners, with limited liability and potential for raising capital through stock issuance



Limited Liability Company (LLC)

A hybrid structure that combines the pass-through taxation of a partnership with the limited liability of a corporation

SOLE PROPRIETORSHIP

Description

A business owned and operated by a single individual.

Advantages

Easy to establish, full control by the owner, and simplified tax filing (income is reported on the owner's personal tax return).

Disadvantages

Unlimited personal liability for business debts and obligations.

PARTNERSHIP

Description

A business owned by two or more individuals. There are several types including General Partnership (GP), Limited Partnership (LP), and Limited Liability Partnership (LLP).

General Partnership (GP)

All partners manage the business and are personally liable for its debts.

Limited Partnership (LP)

Includes both general and limited partners. Limited partners have liability only up to their investment.

Limited Liability Partnership (LLP)

All partners have limited liability and are protected from the negligence or misconduct of other partners.

Advantages

Shared resources and skills, and profits are passed through to partners' personal tax returns.

Disadvantages

Potential conflicts between partners and unlimited liability for general partners in a GP.

LIMITED LIABILITY COMPANIES (LLC)

Description

A hybrid business structure that combines the limited liability features of a corporation with the tax efficiencies and operational flexibility of a partnership.

Advantages

Limited liability for owners (members), flexible management structure, and pass-through taxation.

Disadvantages

More complex to form than a sole proprietorship or partnership, and can have varying rules and fees depending on the state.

Formation

LLCs are formed by filing articles of organization with the state, and operating under a written LLC agreement.

Taxation

LLCs are typically taxed as a partnership, with income and losses passed through to the members' personal tax returns.

CORPORATIONS

Overview

A legal entity separate from its owners (shareholders), providing limited liability protection.

C Corporation (C-Corp)

The standard corporation, which pays corporate taxes on its profits. Shareholders are taxed separately on dividends (double taxation).

S Corporation (S-Corp)

A special type of corporation that allows profits and losses to be passed through directly to the owners' personal tax returns, avoiding double taxation. However, there are restrictions on the number and type of shareholders.

Advantages

Limited liability, easier access to capital, and perpetual existence.

Disadvantages

More regulatory requirements, formalities, and potential for double taxation (for C-Corps).

NON-PROFIT ORGANIZATIONS

Definition

A business organized for a purpose other than generating profit, such as charitable, educational, or religious goals. It can apply for tax-exempt status under IRS rules.

Advantages

Tax-exempt status, eligibility for grants and donations, and limited liability.

Disadvantages

Must adhere to strict regulations, limitations on political activities, and profits must be reinvested into the organization's mission.

Examples

Charitable foundations, religious organizations, educational institutions, and advocacy groups.

Tax Implications

Non-profit organizations are exempt from federal income tax, but may be subject to other taxes such as payroll, property, and sales taxes.

Oversight and Regulations

Non-profit organizations are subject to oversight by the IRS and must comply with strict regulations to maintain their tax-exempt status.

COOPERATIVES (CO-OPS)

Description

A business owned and operated for the benefit of its members, who use its services or buy its goods.

Advantages

Member control, shared profits, and democratic decision-making.

Disadvantages

Limited access to capital, slower decision-making, and less profit motive.

PROFESSIONAL CORPORATION (PC) OR PROFESSIONAL LIMITED LIABILITY COMPANY (PLLC)

Description

Designed for licensed professionals (e.g., lawyers, doctors, accountants) who want to practice as a corporation or LLC while adhering to professional regulations.

Advantages

Limited liability for owners, except for professional malpractice.

Disadvantages

Restricted to specific professions and must adhere to professional regulations.

WHICH ONE IS RIGHT FOR ME??

CHOOSING THE RIGHT BUSINESS TYPE DEPENDS ON FACTORS LIKE LIABILITY CONCERNS, TAXATION, MANAGEMENT PREFERENCES, GROWTH PLANS, AND INDUSTRY-SPECIFIC REGULATIONS.

WHEN CHOOSING A BUSINESS MODEL, SEVERAL KEY CONSIDERATIONS SHOULD BE EVALUATED TO ENSURE THAT THE STRUCTURE ALIGNS WITH YOUR BUSINESS GOALS, OPERATIONAL NEEDS, AND LEGAL REQUIREMENTS.

THINGS TO CONSIDER:

- 1) Liability
- 2) Taxation
- 3) Control and Management
- 4) Cost and Complexity
- 5) Capital and Funding
- 6) Flexibility in Profit Distribution
- 7) Business Duration
- 8) Industry Requirements/Regulatory / Legal
- 9) Employee Considerations
- 10) Growth and Exit Strategy
- 11) Privacy

TAXATION CONSIDERATIONS

Pass-through Entities

Sole proprietorships, partnerships, LLCs, and S-Corps avoid double taxation, but owners may pay self-employment taxes.

C Corporations

Face double taxation (corporate and personal), but may benefit from lower corporate tax rates and more deductions.

Tax Considerations

Consider whether your business can benefit from specific tax deductions, credits, or pass-through taxation.

Sole Proprietorships

As a pass-through entity, sole proprietorships avoid double taxation but require the owner to pay self-employment taxes.

Partnerships

Pass-through taxation allows partners to report their share of partnership income on their personal tax returns, avoiding double taxation.

LLCs and S-Corps

These pass-through entities provide liability protection while also avoiding double taxation, making them attractive options for many businesses.

STATE LAWS AND REGULATIONS

Entity Formation

Laws governing the establishment and registration of different business structures, such as corporations, LLCs, and partnerships.

Taxation

State-specific tax requirements, including income tax, sales tax, and other applicable taxes for the business.

Ongoing Compliance

Regulations and reporting requirements for maintaining the business in good standing, such as annual filings and periodic updates.

State-Specific Considerations

Unique laws or regulations that may impact the operations or structure of the business, depending on the state.

Favorable Business Jurisdictions

Some states, like Delaware, are known to be more advantageous for certain business structures, such as corporations.

TAXATION AN EXAMPLE LLC VS S. CORP

LIMITED LIABILITY COMPANY:

A single-member LLC is taxed as a sole proprietorship. That means you pay a 15.3% FICA tax –commonly referred to as [self-employment tax](#) – on all the [taxable income](#) you earn from your business.

You also pay personal income tax at a rate determined by your tax bracket.

LLC TAXED AS AN S. CORP

A single-member LLC taxed as an S Corp splits up that income and tax burden.

As an S Corp owner, you pay yourself a salary, which has to be “[reasonable compensation](#),” – similar to what you’d make as an employee performing the same job.

You personally pay half of the 15.3% in payroll taxes, a small FUTA tax, and personal income taxes on that salary.

Your business pays the other 7.65% in payroll taxes which can then be written off as a tax deduction.

The rest of the company profits you earn could be taken as “distributions” which aren’t subject to payroll taxes.

Distributions are money that you take out of your business personally distributions are not treated like self-employment income.

IN PRACTICE

Here's an example:

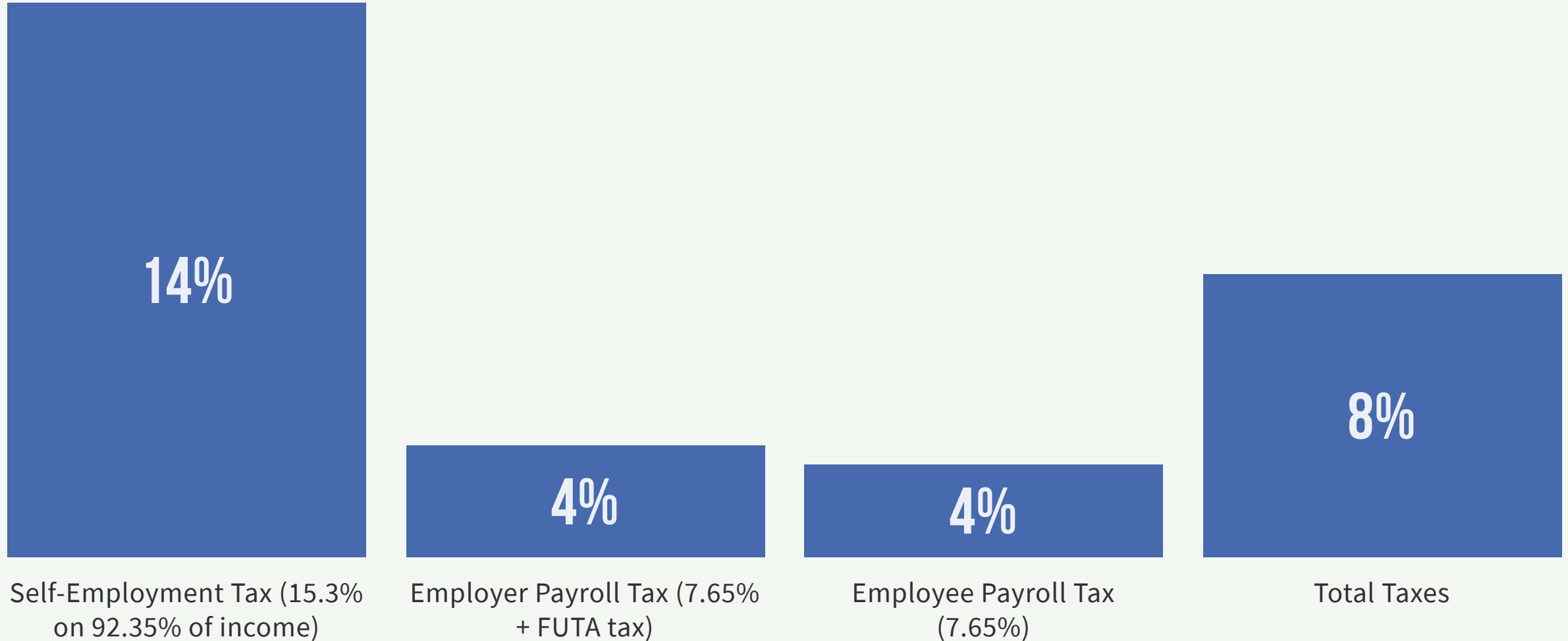
You earn \$120,000 in revenue this year, with \$20,000 in business expenses for \$100,000 profit.

As a sole proprietor, you pay the [self-employment tax](#) plus your personal income tax on \$100,000 minus personal deductions or adjustments.

As an S Corp, you could draw a salary of \$50,000, and draw the remaining \$50,000 as distributions. You pay payroll taxes on \$50,000, plus personal income taxes on \$100,000 minus personal deductions or adjustments.

TAX SAVINGS: S CORP VS. SOLE PROPRIETOR

Comparison of potential tax savings for an S Corp vs. a sole proprietorship with \$100,000 in annual profits



\$22,746

S CORP

\$32,870

C CORP

YouTube

\$30,364

LLC

\$9,247

???

MAXIMIZE DEDUCTIONS AND CREDITS

- **Deduct All Legitimate Business Expenses**

Ensure that all necessary and reasonable business expenses, such as rent, utilities, salaries, marketing, travel, and office supplies, are properly deducted to reduce your taxable income.

- **Use Accelerated Depreciation Methods**

Leverage accelerated depreciation methods, like Section 179 or Bonus Depreciation, to deduct the cost of significant capital investments more quickly, providing an immediate tax benefit.

- **Claim Available Tax Credits**

Take advantage of various tax credits, such as the Research and Development (R&D) credit, Work Opportunity Tax Credit, or energy efficiency credits, which directly reduce your tax bill dollar-for-dollar.

- **Deduct Health and Retirement Benefits**

Deduct the premiums for health insurance and contributions to retirement plans, like 401(k) or SEP-IRA, for both business owners and employees, which can significantly lower your taxable income.

PLAN FOR SELF-EMPLOYMENT TAXES



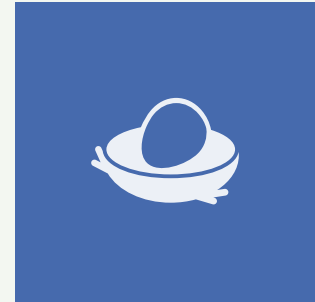
Understand the impact of self-employment taxes

Self-employment taxes can significantly increase the tax burden for owners of pass-through entities like sole proprietorships, partnerships, and LLCs.



Consider electing S Corporation status

Electing S Corporation status allows you to pay yourself a reasonable salary, which is subject to employment taxes, while the remaining profits can be taken as distributions that are not subject to self-employment taxes.



Leverage retirement plan contributions and health insurance deductions

Contribute to qualified retirement plans and deduct health insurance premiums to reduce your self-employment taxable income and lower your overall tax liability.

Proactively managing your self-employment taxes through strategic planning can significantly reduce your overall tax burden and help your business thrive.

OPTIMIZE COMPENSATION AND FRINGE BENEFITS

Use Tax-Deductible Fringe Benefits

Offer benefits like health insurance, life insurance, and transportation benefits to attract and retain employees while lowering your taxable income.

Offer Qualified Retirement Plans

Provide 401(k) or defined benefit plans to your employees, which are deductible for the business and can help reduce the owners' taxable income.

Structure Stock Options or Profit-Sharing Plans

Incentivize employees by offering stock options or profit-sharing plans that can defer tax liabilities.

Properly Structure Compensation

Carefully design your compensation structure to reduce overall tax liabilities for both the business and its employees.

UTILIZE TAX-ADVANTAGED RETIREMENT PLANS

- **Set up Qualified Retirement Plans**

Establish plans such as SEP IRAs, SIMPLE IRAs, 401(k), or defined benefit plans to enable tax-deductible contributions that reduce your business's taxable income.

- **Maximize Annual Contributions**

Take advantage of higher contribution limits for business owners and employees to maximize the tax benefits of these retirement plans, lowering your overall taxable income.

MANAGE CASH FLOW AND TIMING OF INCOME AND EXPENSES

Defer Income Recognition

Delay recognizing income until the following tax year if you expect to be in a lower tax bracket or anticipate lower taxable income in that year.

Accelerate Expense Deductions

Pay expenses before the end of the current tax year to claim the deductions sooner, improving your cash flow and reducing current-year tax liability.

Utilize Beneficial Accounting Methods

Choose the most advantageous accounting method (cash vs. accrual) that aligns with your business's cash flow and income recognition needs, maximizing tax benefits.

LEVERAGE LOSSES FOR TAX BENEFITS



Net Operating Losses (NOLs)

Carryforward or carryback NOLs to offset taxable income in other tax years, reducing tax liability.



Capital Losses

Use capital losses to offset capital gains, reducing taxes owed on investments or asset sales.

Leveraging losses through NOL carryforwards/carrybacks and offsetting capital gains can significantly reduce a business's tax liability.

COMMON FACTORS THAT AFFECT BUSINESS CREDIT SCORES

- **Payment History**

Timely payments to suppliers, creditors, and lenders are crucial for a strong business credit score.

- **Credit Utilization Ratio**

The ratio of credit used compared to available credit. Lower utilization rates positively impact your score.

- **Length of Credit History**

The age of your credit accounts. Longer, well-maintained histories typically result in higher scores.

- **Outstanding Debts**

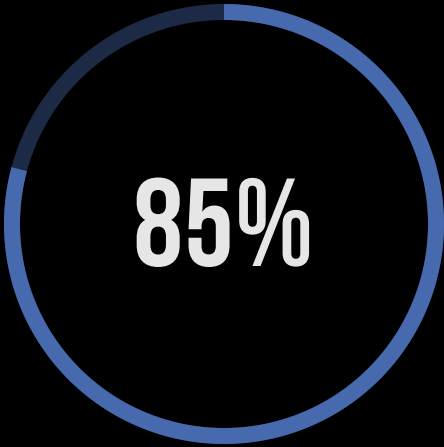
The total amount owed across all credit accounts. Lower debt levels usually positively impact your score.

- **Public Records**

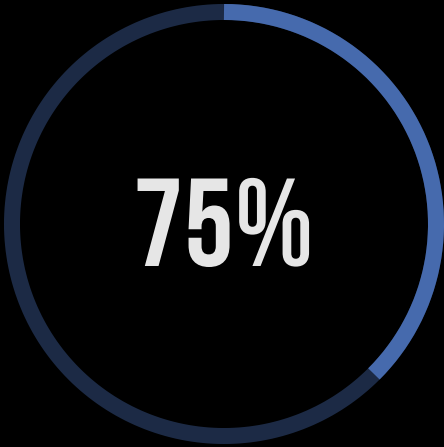
Bankruptcies, liens, judgments, or other legal actions can significantly affect your business credit score.

BENEFITS OF MAINTAINING GOOD BUSINESS CREDIT

Comparison of potential benefits (values in percentages)



Access to Capital



Improved Supplier Relationships



Enhanced Business Reputation



Lower Insurance Premiums

BUSINESS FINANCING AND CREDIT

Role of Credit in Business Financing

Explore how credit plays a crucial role in securing financing for businesses, such as loans, lines of credit, and trade credit from suppliers.

Understanding Credit Reports

Discuss the importance of credit reports, which provide lenders with a comprehensive overview of a business's creditworthiness, payment history, and financial stability.

Impact of Credit Reports on Access to Capital

Examine how a business's credit report can significantly influence its ability to obtain financing, as lenders often use this information to assess the risk associated with providing capital.

CONCLUSION

Business Organization Types

Covered the different types of business entities such as sole proprietorship, partnership, corporation, and limited liability company (LLC), discussing the legal, tax, and management implications of each.

Tax Planning Strategies

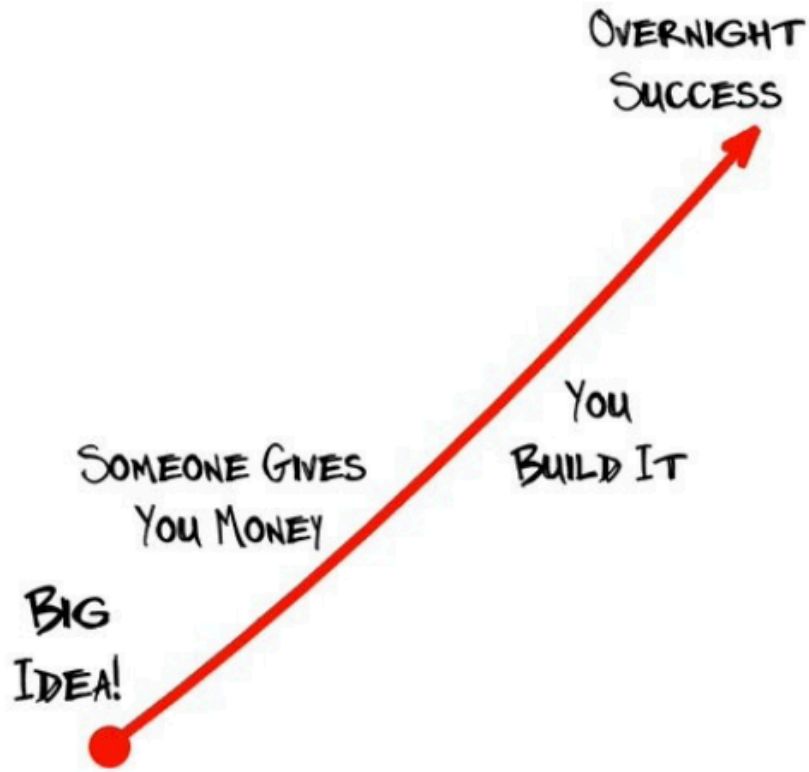
Discussed effective tax planning strategies, including entity selection, deductions, credits, and tax-efficient income allocation to minimize the tax burden for the business.

Credit Reporting and Management

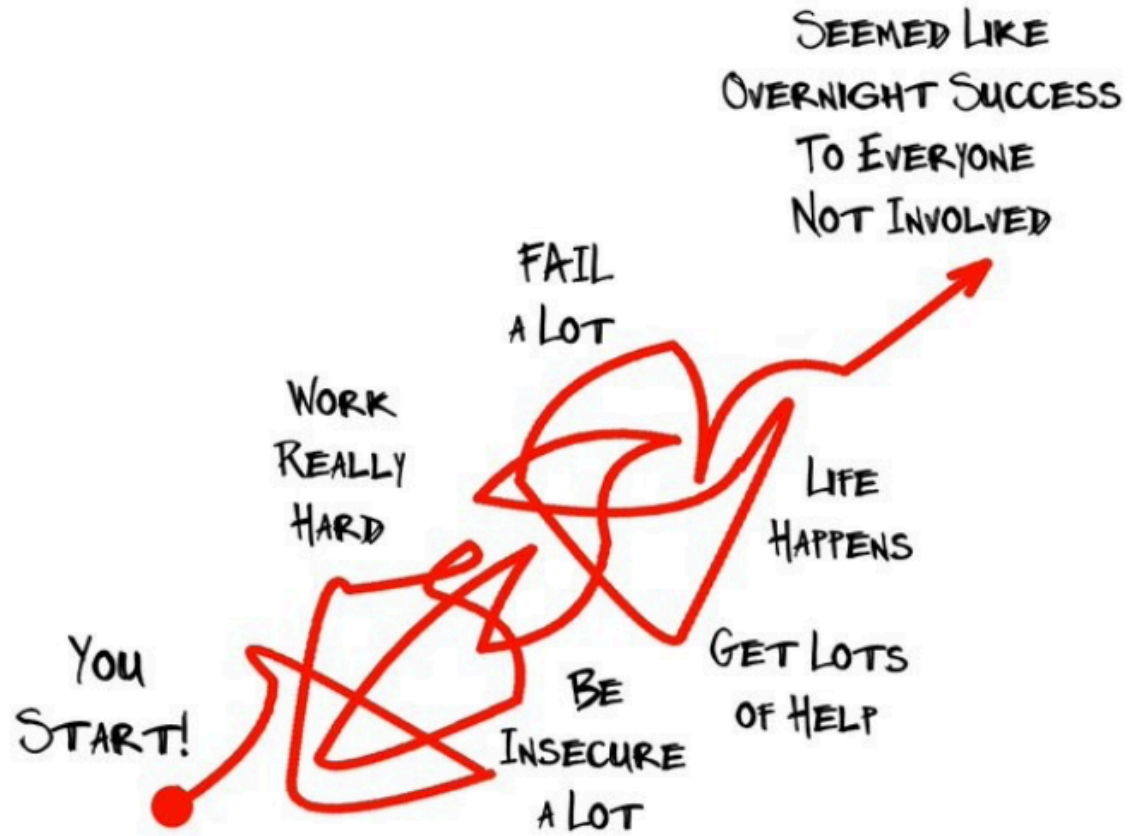
Explored the importance of building and maintaining a strong business credit profile, including the role of credit reporting agencies, credit scoring, and best practices for credit management.

Key Takeaways

Emphasized the importance of understanding the legal, financial, and operational considerations when selecting a business organization type, implementing effective tax planning, and proactively managing business credit.



WHAT PEOPLE THINK IT LOOKS LIKE...



WHAT IT REALLY LOOKS LIKE...

US SMALL BUSINESS ADMINISTRATION RESOURCES



Loan Programs

The SBA offers various loan programs to help small businesses access capital, including the 7(a) Loan Program, Microloan Program, and Disaster Loans.



Counseling and Training

The SBA provides free business counseling and training through its network of resource partners, such as SCORE, Small Business Development Centers, and Women's Business Centers.



Government Contracting

The SBA helps small businesses navigate the process of obtaining government contracts, including the HUBZone, 8(a), and Service-Disabled Veteran-Owned Small Business (SDVOSB) programs.



Disaster Assistance

The SBA offers disaster assistance loans to help small businesses recover from natural disasters, such as hurricanes, floods, and wildfires.

The U.S. Small Business Administration (SBA) offers a wide range of resources and programs to support small businesses, from financing to counseling and training, as well as assistance with government contracting and disaster recovery. Visit them at <http://www.sba.gov>