

BUSINESS **STARTUP LAB**

***Starting
Your Own
Business
Made Easy!***



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Introduction

Starting your own business is not an endeavor you should jump into without a great deal of thought and consideration. It's risky, and there are a lot of steps to getting started.

Most people seem to think you can jump right into daily operations, but there's a lot of preparation needed before you can make your first dollar or court your first customer.

In this report, we're going to take a look at some of the various factors to consider **before** you open the doors to your business, and what you need to be absolutely sure to get in place before you get started.

Keep in mind that much of this report specifically deals with laws in the United States. If you need laws specific to another area, you will have to check with your own local agencies for information.

We're going to take a look at such things as:

- Business licenses
- Taxes
- Incorporation
- Taking Payments
- And More!

Are You an Entrepreneur?

The first thing you need to ask yourself before you start a business is: Am I an entrepreneur?

You need to be completely honest with yourself, because if you start a business without that entrepreneur mentality, your chances of success will be greatly diminished.

The fact is, not everyone is cut out to be an entrepreneur. If you are the type of person who doesn't like taking a lot of risks, starting a business is probably not for you. If you have trouble motivating yourself to work and you find you need a boss to keep you working, you'll probably have a lot of trouble being productive working for yourself.

A true entrepreneur is:

- Someone who knows how to motivate himself
- Someone who knows how to delegate tasks to others
- Someone who is an efficient time manager
- Someone who is not afraid of taking risks
- Someone who is a good communicator
- Someone who is passionate about her line of business
- Someone who is an effective planner
- Someone who can manage money wisely
- Someone who keeps their customers needs in mind
- Someone who is not afraid to promote themselves

- Someone who is not afraid of technology
- Someone who is highly organized

It takes most of these factors to succeed in business, and the more of these you possess, the greater your odds of success.

Remember, many of these factors can be acquired by study and/or training, so keep working on growing as a person and developing these traits.

Business License

Not everyone who starts a business needs a business license. It really depends on the type of business you're going to run, where you're going to operate it, and a number of other factors.

If you need a business license and don't get one, you could be facing some pretty harsh fines depending on where you live.

To find out if you need a business license, you will need to find out what your state and/or local government require. This will depend on a variety of factors, and you may need other types of licenses in addition to a standard business license.

For example, if you have employees, you will more than likely have to register with your state's Labor Department. This agency will administer unemployment insurance contributions and handle workers' compensation and such. You may even have to buy your workers' compensation insurance directly through your state.

Some businesses need special licenses, such as those selling processed food products like restaurants and concession stands. Again, these laws differ in various locations, so you need to check with your state and county to find out what you may need.

The Small Business Association has links to various state websites. This is a good starting place for your research:

>> <http://www.sba.gov/content/what-state-licenses-and-permits-does-your-business-need>

Remember, your local government may have its own requirements, so you'll need to be sure you're in compliance with county and/or city rules as well.

Home Business Operation

If you intend to operate your business from your home, there are special laws that apply in most areas. These laws apply to things like zoning, and depend on whether or not you will be having customers or clients visit your home, traffic, and other factors.

Most zoning codes have restrictions for:

- Prohibit changing the exterior of your home for business purposes
- Prohibit or restrict outside signs in residential areas
- Prohibit or restrict commercial vehicles in residential areas
- Prohibit any type of outdoor business activities
- Restrict the number of visitors you're allowed to have
- Restrict the number of employees or even prohibit you to have any
- Restrict business parking
- Restrict noise and other nuisances
- Prohibit hazardous materials
- Restrict the type of businesses allowed in residential areas

Some areas have very few laws regarding home businesses, while others are much stricter. Check with your local planning and zoning office to find out which laws may apply to your business.

Home-based businesses can also write off certain expenses on their taxes. It's best to consult a tax professional to be certain of the deductions you're allowed to take, because the last thing you want is the hassle of an IRS

audit because you claimed something you shouldn't. Additionally, tax laws change often, so it's a good idea to use a tax professional every year if at all possible, because they will stay informed about changes to the IRS code from year to year.

Incorporating

A lot of people don't understand the benefits of incorporating, or even if they should. Additionally, there are different types of corporations and even LLCs, which aren't true corporations.

Incorporating or forming an LLC is potentially quite costly. The license alone can cost \$100 or more in some areas, and if you need professional help to fill out the forms, that costs even more.

Not every business needs to for one of these entities, but if you do, it's important to choose the right one.

An LLC, or Limited Liability Company, is the simplest type of business entity for form (other than a sole-proprietorship or partnership). It offers very little liability protection, but there are certain tax benefits that you may want to consider.

Corporations offer a lot more liability protection, meaning it's more likely the company would get sued instead of you personally if something goes wrong, for example. There also greater tax benefits, credit benefits, and other benefits.

The drawback is that corporations require a lot more recordkeeping, corporate formalities such as required meetings of the board of directors, ownership restrictions and much more.

There are also two different types of corporations to consider: the C-Corp and the S-Corp. The S-Corp is more for smaller companies and the C-Corp is for larger companies that may want to issue stock someday.

The SBA has an article on choosing a business entity. This article may help you decide which is right for your business, or even if you need one at all.

<http://www.sba.gov/blogs/better-choice-entity-selection-llc-or-s-corporation>

Taxes

Taxes are a very serious concern for any business owner. There isn't a for-profit business owner anywhere who doesn't have to take taxes into consideration. Almost every location in the world taxes businesses.

As a business owner, you may be responsible for a wider variety of taxes than ever before. You need to consider not only your own state and federal taxes, but also sales taxes, payroll taxes, and many others.

You will need to apply for an Employer Identification Number, or EIN. This is your federal tax ID number (sort of like your social security number, if you're American) and it will be how you file your federal taxes to the IRS. It will also be used if your company applies for credit and for other purposes.

Here is more information on the EIN:

<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Employer-ID-Numbers-EINs>

It is highly recommended that you consult with a tax professional on a regular basis to be sure you're complying with all federal, state and local tax laws, as it could cost you far more down the road than a tax professional will cost you now.

An Online Presence

If you're starting a business that isn't based solely online, you'll probably want to consider whether or not you will need an online presence. And the fact is, these days almost every business can benefit from having a presence on the internet.

It doesn't have to cost a lot to build some sort of online presence for your company. In fact, you can use free tools to build a website, set up a blog, and of course you can use social media.

Even if you don't intend to do any selling online, you still need to be sure your business is represented online. Let's say you're a local paint contractor who deals primarily with customers only in your city or county. You **still** need an online presence.

These days, fewer people than ever are using the local yellow pages to find businesses. Most people go online now, because they can find out a lot of information without having to spend a great deal of time making phone calls. They can also see samples of your work/products, find hours of operation, and even contact you through email.

If you think about it, this benefits you, too. If people are able to find out the answers to simple questions online, then they don't have to call you and cost you time and money. This means less work for you overall.

Social media is also important for nearly all businesses these days. Facebook, for example, can drive a large number of visitors to your business through word-of-mouth. Once a few people in your local area “like” your Facebook page, more people will see it and word will spread.

And don’t underestimate the power of online review sites such as Yelp, Google, Urbanspoon and Angie’s List. These sites allow visitors to review business and service providers, and a very large number of people use these sites before they decide which company to use or visit.

You should check review sites regularly to be sure no one is leaving bad reviews for your company. Bad reviews can hurt your business more than you realize, and if someone leaves a bad review, you have a chance to contact them and ask them to come back to your company and give you a chance to make it up to them so they may leave a more positive review later. (But NEVER respond in a negative way to reviews! It will only make you look worse, even if you are in the right.)

Getting Paid

One thing a lot of business owners overlook is how they will be paid for their products or services. Some think that taking cash and checks is sufficient, but these days people want more ways – easier ways – to pay.

In fact, many people don't even carry cash or a checkbook anymore. They may have a few bucks tucked away for vending machines or bus fare, but generally they prefer to pay using credit or debit cards or other methods.

If you're opening a brick-and-mortar business such as a restaurant or store, you'll definitely need to take credit and debit cards as a payment method. But even if you're performing a service or selling online, you'll need a way to take alternative methods of payment. Even flea market vendors and farmer's markets are starting to take credit cards!

If you have a device such as an iPhone or iPad, you can use one of the simple card reader billing systems such as Square. These small readers insert into the headphone jack of your device and allow you to take credit card payments instantly, no matter where you are, as long as you have an internet connection.

>> <https://squareup.com>

>> <https://www.paypal.com/webapps/mpp/credit-card-reader>

>> <http://payments.intuit.com/mobile-credit-card-processing/>

You should investigate each company's operating platforms (such as iOS and Android), their fees, and their terms of service to see which one is the best match for your business. Most of the actual card readers are free or cost \$10 or less, but you must pay small processing fees that generally vary between companies.

Additionally, Square has a stand for the iPad that will turn your iPad into an actual point of sale machine, allowing you to use in brick-and-mortar businesses like stores and restaurants. The stand is \$99.

>> <https://squareup.com/stand>

If you are doing business solely online, you'll probably want to use a regular payment processor. The most popular one is PayPal, but there are a few others you could consider if you happen to not like PayPal for whatever reason.

>> <http://www.paypal.com>

>> <http://www.payoneer.com>

>> <http://www.2checkout.com>

>> <http://wallet.google.com>

Conclusion

Starting a business requires a lot of careful thought, planning and preparation. If you get started without taking all of these things into consideration, you will likely find the road to profitability a long, bumpy one, if you manage to make your destination at all.

If you are averse to risk, you have trouble motivating yourself, or you're not a very organized person, you may want to reconsider opening your own business, at least until you work on these traits.

But if you're ready and willing to work hard, you've got the drive and determination, and you've successfully completed the steps outlined in this book, you will be well on your way to starting your own profitable business in any field you choose.

Just be sure you follow these steps carefully, especially when it comes to taxes and legal issues such as licensing and zoning. The last thing you want is legal trouble for your new business, as it could close your company before it's even started!

Good luck with your new business!

PS - And if you feel you need more than luck you can always check out the free entrepreneurial resources provided by the Success Hive team at <http://successhive.com/>.

Resources

Here are some resources you may find helpful for starting your own business:

Payment Processors:

>> <https://squareup.com>

>> <https://www.paypal.com/webapps/mpp/credit-card-reader>

>> <http://payments.intuit.com/mobile-credit-card-processing/>

>> <http://www.paypal.com>

>> <http://www.payoneer.com>

>> <http://www.2checkout.com>

>> <http://wallet.google.com>

Business and Tax Information:

>> <http://www.sba.gov>

Memberships:

>> <http://www.successhive.com>