

## WHAT MUST BE DONE: GETTING STARTED

There are a number of things you must do before you put up the “Open for Business Sign”. Go over the points carefully, then, use the GETTING YOUR BUSINESS STARTED checklist to guide you through the beginning steps to starting your business.

**1. Select a good accountant.** Look for a CPA (Certified Public Accountant) that specializes in small businesses. Talk to other business owners for recommendations. Before signing with an accountant, meet with him or her to assess compatibility and accessibility. Many accountants offer free initial consultation. Ask for referrals. An accountant can help with tax advice, tax preparation, payroll tax requirements, appropriate legal structure, recommend a record keeping system and other financial needs. The accountant may be able to recommend attorneys that specialize in small business. Unless you are a trained CPA, do not cut corners by doing it yourself. Tax laws are complex and constantly changing. A good accountant will save you money.

**2. Seek advice from an attorney.** You may or may not need legal advice, depending upon your business and its potential for liability. If you are forming a corporation or LLC, you will likely need an attorney, although some are doing it themselves. However, your CPA and attorney are in the best position to advise you what legal form of business you should be and the best way of getting established.

**3. Do market research.** Never, never start a business, without determining if an adequate market exists for your product or service. Your idea may be the best thing since canned peas, but if there are not enough potential customers who will actually buy your product or service, the venture cannot succeed. Market research will determine if such a market exists for you. Your MSBDC will help you learn how to do your market research.

**4. Prepare a Business Plan.** You will need a well prepared Business Plan for two reasons. First, and most important, do it for yourself to determine the feasibility of your proposed business. A Business Plan forces you to convert your idea into an actual blueprint for a business to determine its operational, marketing and financial viability. Just as a dream house needs an architectural plan, an entrepreneurial vision needs a Business Plan. Without one, the risk is greatly increased. Secondly, you will need a Business Plan to secure financing. No bank or other financial institution will consider you without one.

**5. Determine your sources of funding.** Perhaps the most difficult aspect of starting a new business is getting enough money to do it right. The hardest time to find funding is when the business needs it most; at the beginning. It's important that you know how much you need and where your sources of capital may be.

**6. Determine your business location carefully.** Many businesses, such as retail stores and restaurants, depend heavily upon the right location to succeed. Other businesses, such as, consulting, internet ventures and mail order operations, are less dependent upon location. If location is important to your business, you must carefully research the best locations, the traffic patterns and customer base in those areas. Local And State Departments of Transportation can provide traffic flow information. The Mississippi Department of Transport website is [www.gomdot.com](http://www.gomdot.com).

**7. Select an appropriate name for your business.** The name you choose should be descriptive, if possible, and easy to remember. Be careful that the name is not too narrow so that if you diversify in the future, the name can accommodate additions. Some suggestions for choosing an effective name: (1) Brainstorm to generate a long list of names. (2) Eliminate those that seem inappropriate. (3) Test the remaining names on others to see how they react. Never go with a name just because you personally like it. (4) Select the one that got the most positive and preferably no negative responses.

**8. File the appropriate papers depending upon your organizational structure.** You will need to choose to be a sole proprietorship, a partnership, a corporation, or LLC. The legal structure you choose will depend upon many factors, such as, taxes, liability exposure and business complexity, to name a few. Your CPA and business attorney are in the best position to advise which legal form is best for you. If your business will be a sole proprietorship or a partnership, you will need to file a DBA (Doing Business As or fictitious name statement) with your County Clerk. Before doing so, you will need to determine that the name is not currently being used in the area in which you will conduct business. Incorporating and forming an LLC are State processes. While these can be completed on line, the assistance of a business attorney is recommended.

**9. Determine what government regulations may apply to your business.** Research what permits and licenses you need, if any, such as building codes, health department, zoning laws, liquor licenses, professional licenses. Some businesses are highly regulated, others are not. Check with State and local departments that handle licenses and permits. Elected legislator's offices can be helpful in identifying those departments. Make sure you comply.

**10. Apply to the Internal Revenue Service for an Employer Identification Number.** File form SS-4 with the IRS. It can be done online at [www.irs.gov](http://www.irs.gov). You must do so if you will hire employees. It's a good idea in any case. If you do business with institutions and agencies, they will ask you for your federal ID number. Get one; it's easy.

**11. If applicable, apply for a State Sales Tax number.** If you are selling anything that is subject to State Sales Tax, you must file with the Mississippi State Tax Commission, [www.mstc.state.ms.us](http://www.mstc.state.ms.us). You will need to collect the appropriate sales tax and follow the rules for paying those taxes to the State.

**12. Establish a separate business checking account.** Shop around for the best deal on a business checking account. Banks will want to see your DBA or incorporation papers to set up a business account. Do not try to use your personal checking account for business purposes. Documenting business expenses can be a nightmare if personal and business expenses are mixed. Determining profitability and properly filing taxes is difficult, at best, when one uses a personal checking account for both personal and business expenses.

**13. Determine you telephone system needs and establish a business telephone.** A business phone gives you a listing in the telephone directory yellow pages, which for many businesses is great marketing tool. If you are working from home, don't try to use your personal phone for business purposes. Clients calling may get a non business response from a family member that may lead to questions regarding the professionalism of you business. Further, you will have greater difficulty documenting for the IRS your business related telephone expenses.

**14. Be sure all agreements you enter into are in writing.** Even agreements with friend and relatives should be in writing. Be specific. Oral agreements are notorious for fostering disagreements because people are likely to have different perceptions.

**15. Secure professionally produced stationery and business cards.** Don't cut corners with this. You do not want to look like an amateur operation to prospective customers and suppliers.

**16. Set up your record keeping system.** Have a workable record keeping system in place before dealing with your first customer. Record keeping is essential for intelligently managing the business, tax purposes and tracking whether or not the business is profitable. Do not wait until you have lots of customers. It will be a nightmare to reconstruct later.

**17. Consider what business insurance you need.** To protect yourself and your business, you will need adequate insurance. Shop around and talk to other business owners, your CPA and attorney. Homeowners insurance does not cover business equipment and liability, if you work from home.

**18. Determine any special needs that pertain to your product or service.** If you sell a product a bar code may be needed for each item for any normal retail outlet to stock your product. Contact FOTEL at 800 834 4920 or other bar code supplier. If you publish books, a ISBN, International Standard Book Number, a Bookland EAN and Library of Congress card number will be needed. Check competitors products.