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A Checklist for Starting a Business

A friend of mine, who was laid off several months ago and is still unemployed, has been kicking around the idea of going into business for himself. His business idea is sound, but at this point, it is still just an idea. He wanted some advice on what he needed to do to get the business up and running. Here were my thoughts on areas that will need to be addressed:

- Research the product or service you want to sell. Determine who your customers will be and how you will make a profit.
- Create a business plan. For many this is a difficult task. However, it is probably not as difficult as you think. You can search around the web for examples or shoot me an email and I can help you get a sample business plan to work from.
- Create a budget (this may be included in the business plan).
- Determine your capital needs (see your budget) and find the necessary financing to get the business up and running. For many start-up businesses, friends, family, home equity and your own checking account are often a significant source of their financing needs.
- Choose your business name and register it. Consider a trademark if you want to protect the name of your business.
- Open a company checking account. Contact the bank and make sure their requirements are simple and their fees are low. I recommend contacting a local bank as they seem to work more closely with small businesses.
- Choose what type of legal entity you want to use; corporation, limited liability company, partnership or sole proprietorship.
- Determine if you need any federal, state or local licenses / permits.
- Obtain an Employer Identification Number. This may not be necessary if you are going to operate as a sole proprietorship and you have no employees.
- Obtain a sales tax number, if needed. This obviously depends on the product or service you plan on selling.
- Set up your recordkeeping system. Your business will need to maintain adequate financial books and records. Small businesses often fail to devote the necessary time to this process and it comes back to haunt them in many ways; including on your taxes, payroll tax filings, obtaining credit from banks, etc.
- Choose a location for your business. A home office is very inexpensive to start and you will likely receive some tax benefits.
- Talk to your insurance agent and obtain adequate business coverage. Also consider your health insurance requirements.
- Create a marketing plan.
- Set up professional relationships. May be not at first, but over time you will need an attorney, a Certified Public Accountant, insurance agent and a banker.
- Obtain a business email address

- Obtain your web domain and set up the website. If you have never set up a website, you might consider WYSIWYG software. It makes creating websites much easier and it only cost \$40. Furthermore, you can try for free for 30 days.
- Find a mentor. SCORE is a nonprofit organization that is dedicated to educating and assisting entrepreneurs on the growth of small businesses. They will team you up with a mentor to help you facilitate your business.

For more information, please send an email to James Downey at jmdowney@downeycocpa.com.

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Certified Public Accountants, 222 Forbes Road, Braintree, MA 02184 781.849.3100