

## Starting a Business: Where to Begin

If you are considering starting your own business, there are a few things to think about before jumping in.

The **first step** is determining what type of business entity you want to establish your business as. For start-up company's there are two common entity types; a sole proprietorship and a Limited Liability Company. A sole proprietorship is the simplest form a business can take. You are the owner and the only responsible party for the business. A limited liability company is the legal formation of a business that separates you from your business, and this is the most common form of small business entities. There are several other business entity options that may be better suited for your business start-up and the SBDC at AU can help you choose the best option for you and your business.

The **second step** is receiving an Employer Identification Number. This is a number given to you by the IRS and is used in opening a business checking account, applying for a loan, and hiring employees. This step isn't always necessary, unless you're hiring your first employee or opening a business checking account but it still may be a good step for you to take in setting up your business.

The **third step** is seeing if your business will need a license or permit in order to operate. Here at the SBDC we can assist you with knowing exactly which licenses and permits you will need to open your business.

The **fourth step** depends on what you will be selling. If you are selling tangible products like clothing, you will need to obtain a Vendor's License from the Ohio Business Gateway. Some service businesses will also require a vendor's license, the SBDC can assist you with this step as well.

The **fifth step** will be applying sales taxes to your sales, if it is applicable to your business. If it is, you will have to file with the state of Ohio to pay these taxes bi-annually. Other taxes may also be applicable to your business.

The **sixth step** is checking with your local zoning board to ensure that your location fits the local requirements for the specific business. You may also need to obtain permits to do things such as make specific renovations to your

business location and/or obtain a permit for signage. You will also need to check different regulations for your business including the EPA. Your local SBDC counselor can help with this.

The **seventh step** is record keeping. You will need to have a process for ALL entries of revenues and expenses on a general ledger, excel spreadsheet, or other form of book keeping software. Your SBDC counselor can help guide you through this process as well. Hiring an accountant is highly recommended at this stage as well.

Another crucial step when you are cold-starting a business is establishing a complete **business plan**. A **business plan** can be used as a blueprint for your business, most banks require one when applying for a loan, and it helps keep your business on track down the road. Business plans should include a statement of purpose/executive summary, a description, a marketing plan, a management plan, a personnel plan, 3 years of financial projections, and a few other sections related to funds. Your local SBDC counselor will be able to assist you in preparing a business plan.

## Employer Requirements

If you are considering hiring employees, there are some things you need to know.

The **first item** is that you will be responsible for withholding taxes from your employee's pay.

The **second item** is paying into the Bureau of Worker's Compensation insurance.

The **third item** is forms that need to be filled out for each employee. Your SBDC counselor can help you with these forms.

The **fourth item** is displaying posters from the Department of Labor. There are specific posters that need to be hung in every business that has employees.

The **fifth item** is familiarizing yourself with labor laws. As an employer, you need to know these laws along with Occupational Safety and Health Administration (OSHA) laws.

The **last item** is keeping employee files for all personnel with their required forms, application, resume, and other important documents.