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NEWSLETTER

Starting Your Own Business?

A lot of people dream of being their own boss—especially in a difficult economy where sometimes the best way to find your next job is to create it. Sure the hours can be long, the pay low in at least the early years, and the possibility of failure daunting, but there's something about growing your own business that can make the effort worthwhile in the long run. However, it's important to get off on the right foot to better your chances for success.

Here's a checklist of issues to consider if you're jumping into the land of the self-employed.

- **Choose the appropriate entity.** A lot of people start out with a sole proprietorship because it's the simplest and doesn't require the costs of forming a separate entity. However, a single-member LLC (if you're the only owner) is also a popular choice because it provides a measure of liability protection similar to a corporation without much of the complexity. If there will be multiple owners, your choices include a partnership, LLC, S corporation, or C corporation.
- **File the necessary legal documents.** Based on your choice of entity, work with your attorney to make sure all of the appropriate legal documents have been filed with the various government authorities.
- **Develop your financing plans.** For most start-ups, this means your own funds and personal borrowing power, with perhaps a loan from friends or family members. A Small Business Administration (SBA) loan may also be a possibility (try www.sba.gov).
- **Select your tax year.** Most small businesses use the calendar year, but a fiscal year can sometimes be a better choice.
- **Pull together budgets**—both for the business and for your family. Things are probably going to be tighter than you'd like for the foreseeable future, but it's better to know that in advance and plan accordingly than to be surprised by a cash flow problem.
- **Sketch out your business objectives and marketing plan.** In other words, you should develop a written plan that lays out what products or services

you are going to offer and how you are going to convince people to buy them.

- **Check out any applicable laws or ordinances.** It is important to find out if there are any zoning, EPA, licensing, or permit requirements applicable to your type of business.
- **Identify any restrictions on the right to use your intended business name, trademarks, service marks, etc.** You don't want to grow and develop business goodwill and customer loyalty under one name, only to find out later someone already owns the rights to the name. If you have visions of expansion outside your own area, it's generally better to make sure the desired business name is available in all the locations where your business could potentially grow.
- **Determine your insurance needs.** This includes property and liability insurance and perhaps business interruption insurance as well. If you don't have health insurance coverage through a working spouse, you also need to determine how you're going to provide coverage for yourself and any family members.
- **Obtain a federal (and, if necessary, state and local) ID number for the business.**
- **Set up an appropriate accounting and record system**—one that hopefully can grow with you. It generally costs at least twice as much to recreate records several months down the road as it does to set things up right to begin with.
- **And finally, if you'll have co-owners, make sure a buy/sell agreement is in place.** If you neglect to do this and later have a problem, it generally will be too late at that point.

Conclusion

While this list is by no means exhaustive, it's a good first step in successfully launching a business. Call GO! at 212.931.8000 if you'd like additional guidance.