

ANDERS STARTUP

BUSINESS STARTUP ROAD MAP

Starting a new business is no easy feat. A tremendous amount of planning and time goes into transforming an idea or concept into a business. The more due diligence and planning you perform during the beginning stages of starting your business, the smoother the entire process will be. Utilizing the business start-up road map is the first step in creating a successful business.

STEP 1: PREPARE YOUR BUSINESS PLAN

"I have an idea for a business. What is my plan to turn my idea into reality?"

AUDIENCE

Who is your business plan directed towards? Is the plan internal - the content is to better help yourself create your business? Is the plan external - the content is directed towards investors and other business partners? Determining "who" is the first step in developing your plan.

CONTENT

The content of your plan should identify goals and formulate a path to achieve them. Content sections can include:

- Business Description
- Company Analysis
- Industry Analysis
- Marketing Plan
- Operations Plan
- Financial Plan

PRESENTATION

While some businesses begin on the back of a restaurant napkin, they should end as a quality document. A business plan is one of your first official documents and is crucial to guiding you towards your goals. Third parties may reference your plan, so it should be a professional document.

PROGRESSION

Refer to your plan often to make sure you are on track to achieve your goals. As you progress through the development steps of your business, make sure you are not missing any important elements you need to accomplish each step. Revise your plan as your business evolves.

STEP 2: SELECT A CPA AND ATTORNEY

"Who can I trust to advise me and my business?"

KNOWLEDGE

CPAs and attorneys possess the knowledge needed to convert a business idea into reality. An attorney can help you draft an operating agreement and register for any applicable copyrights, trademarks, or patents, while a CPA will help you select a business entity type and get your accounting systems set up.

FIT

When selecting a CPA or attorney, make sure they are a good fit for you and your business culture. They will be acting as business advisors to your company so you want to feel comfortable with them and trust their advice. Many CPAs and attorneys will become close partners with your business.

GUIDANCE

As your business grows the accounting will become more complicated and you may run into intricate legal issues. Finding a CPA and attorney that are attentive and interested in your success are essential.

TALK WITH AN ADVISOR TODAY.

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STEP 3: COMPLETE HOUSEKEEPING ITEMS

"I've developed a business plan and selected advisors. What's next?"

SELECT BUSINESS ENTITY

State law offers several different types of business entities to select from when forming your business. There are many tax and legal factors that come into play when determining whether you should begin your business as a sole proprietor, S-Corporation, C-Corporation, LLC, partnership, etc. Your CPA and attorney will help you with this selection process.

APPLY FOR BUSINESS IN YOUR STATE (CITY)

Your state will require you register with them, and often pay a small fee in order to transact business in the state. You will also solidify your business name on the state legal documents.

OBTAIN FEDERAL AND STATE I.D. NUMBERS

You must request an employer identification number from the IRS. Your state will also require that you apply for a state identification number. These ID numbers will allow state and the federal governments to identify your business.

OPEN A BANK ACCOUNT STRICTLY FOR BUSINESS

Separating business transactions from personal transactions is imperative. Opening a separate business account will make recordkeeping and accounting functions simpler, as there will be no intermingled personal transactions. This also applies to credit cards.

SELECT ACCOUNTING AND RECORDKEEPING SOFTWARE

Keeping detailed track of your business transaction from the very beginning will save you headaches down the road. Your accounting and recordkeeping software will allow you to generate financial reports used to aid in making important business decisions. If you are not comfortable managing the accounting functions, a CPA specializing in outsourced accounting services can be very valuable in this area.

STEP 4: FINANCING

"How will I finance my business?"

EQUITY

Receiving money in exchange for equity in your company is another way to finance your business. This is a popular finance method for many new businesses because there is no interest to be paid. Every dollar counts when a company is first getting off the ground and making interest payments could be crippling to a start-up business. The downside of trading equity for cash is the loss of ownership in the company. The equity founders will get a portion of earnings and appreciation leaving less for the original business founders. The equity partners may also obtain decision making power depending on the amount of ownership given away.

OWNER FINANCED

The best way to finance a new business is with owner provided funds. These funds include money and cash the founders saved and set aside to fuel the business. There is no interest to pay on the cash and there is no equity in the company relinquished. This is not always possible because of the large amount of cash needed. Owner capital is generally the first money invested in a company.

DEBT

Debt is borrowing money that will eventually be repaid with interest. No equity in the company is lost to the lender. Debt payments can be planned for and budgeted. The downside to using debt are interest payments. Debt can come in various forms including credit cards, bank loans, home equity loans, loans from individuals, and convertible debt.

STEP 5: OPERATIONS

Your business is now ready for operation. Items to remember when you begin operations include:

- Researching health insurance options
- Researching general business insurance options
- Deciding on office space
- Understanding various accounting and tax rules
- Seeking a business mentor

Continue to consult with your CPA and attorney throughout all stages of your operation. They will be able to offer you expert advice and allow you to focus on what you do best to generate the most profit for your company. Refer back to your business plan often. Your business plan is your road map to achieve success and will help you stay on track and stick to your goals.