Business Startup Checklist

☐ Summarize Your Idea
Make sure your idea is focused so that you can express it clearly in 50 words or less.

☐ Test Your Idea
Market research doesn’t have to be complicated or expensive, but you must do it. Test your idea with potential customers and others who can offer constructive feedback and be prepared to make changes based on the responses.

☐ Protect Your Idea
Don’t worry about protection so much that it interferes with your test marketing and test development—but be discrete about revealing details of your business idea, particularly with competitors. If you think your idea qualifies for legal protection, speak with a lawyer.

☐ Create a Business Plan
For those inexperienced in creating a business plan, free assistance is available from a variety of nonprofit sources, including SCORE “Counselors to America’s Small Business” and local Small Business Development Centers.

☐ Choose a Structure
For legal and financial purposes, you must have a formal structure for your business. Your four basic choices are Sole Proprietorship, Partnership, Incorporation, and Limited Liability (LLC).

☐ Designate a Registered Agent
State laws require that you have an “agent” of the corporation or LLC who is responsible for receiving and forwarding vital legal and tax documents. If you form a corporation or LLC, then the designated registered agent must be a resident of the state of the corporation or LLC formation. The address of the agent must be a physical address, not a post office box, and it must be open during all normal business hours.

☐ Lock In Your Location
Ask yourself some key questions: Will you be doing business in one state or several states? Do you plan to go public? Will you seek venture capital? What is the state’s corporate income tax, if any? What is the state’s personal income tax, if any? What are the state’s filing fees and annual franchise tax? Are there capital requirements for incorporating in that state?

☐ Focus on Funding
A written financial plan—whether for a bank or internal use—is a major step in the right direction. A financing plan helps you avoid the causes of cash flow problems, anticipate financing needs (for growth or for survival) and helps keep your total borrowing under control.
**Build a Team**

For your new business to have a chance to grow, it must have good people.

- Consider outsourcing first. With employees comes payroll tax, HR issues and recordkeeping.
- When it is time to hire, look for those who: a) share your values and goals for the business, and b) have winning attitudes and track records.
- Approach investor relationships with caution.
- Use outside advisers such as an accountant, a lawyer, a mentor and a board of advisers.

**Pin Down Your Company Name(s)**

Early in your incorporation or LLC formation planning, choose—and reserve—the company name that will be included in your articles of incorporation, as well as the Internet domain name. You should have several alternative names in case your first choices are unavailable.

**Setting Up Shares**

If you plan to incorporate your business as a C or an S status corporation, you have to indicate in the articles of incorporation the number of shares and classes of shares the corporation is authorized to issue. Each share of stock represents ownership in the company.

**Five Steps To Compliance**

1. Keep your corporation or LLC in good legal standing.
2. Keep proper corporate records.
3. Do not commingle personal assets with business assets or make personal use of business property.
4. Operate your corporation at arm’s length.
5. Always identify your business by a corporate name.

**Control Cash and Credit**

1. Age your receivables.
2. Calculate your collection period and apply the “40-day/30-day” rule of thumb to see if you have a problem.
3. Identify slow-paying customers.
4. Pursue delinquent accounts vigorously.
5. Identify fast-paying accounts and try to increase their number.

**Chart Your Business Progress**

Areas to consider for performance measures include:

- Sales growth (number of calls, close rations, etc.)
- Cash management (accounts receivable/payable, cash balances, inventory levels, future projections)
- Profit measures (key drivers of profitability)
- Customer feedback scores (e.g., service ratings)
- Employee feedback scores (periodic surveys measuring morale, commitment, communication, etc.)

Our Incorporation Specialists are ready for your questions. Call us at 800-818-6082 or email info@incorporate.com.