

Everything You Need To Know To Start a Business

About Today's Leader

Howard Levine has helped start almost 100 businesses and organizations – including his own CPA firm. He continues to consult with diverse entities, such as employees, attorneys and students who want to “strike it out on their own”, restaurants and National nonprofit organizations. He has served on countless Boards of Directors and is a Professor here at Valley College.

Note – For the online version of this outline, including the links found here, go to www.lavc.edu/levine/

Ask yourself these four questions:

- *Do you (honestly!) have the necessary skills?*
- *Do you understand the responsibilities of ownership?*
- *Have you set your business goals?*
- *Are you ready to change your lifestyle?*

Ways You Can Get Started

- Buy an Existing Business
- Purchase a Franchise
- Talk to Friends and Family
- Talk to Existing Customers
- Find an Unmet Need (but not a trend!)

When Buying An Existing Business...

- *Search strategically.*
- *Use a business broker.*
- *Consider what you can't buy*
- *Pay for a second opinion.*

When Considering A Franchise...

Advantages:

- You get a proven brand.
- Franchisor gives you start-up and technical assistance.
- Less risk of failure.

Disadvantages:

- Franchise fee (\$10,000 up to \$500,000).
- Ongoing royalties and advertising fees.
- Conform to the franchisor's rules.
- Will need an attorney to review!

Put Some Real Numbers Together

What Is The Right Price?

- Ask what others are paying.
- Look at trade journals that show going rates.
- Just look at what other companies are selling the product or service for.

Know Your Costs

- Look at the direct cost of the product plus any infrastructure (office, telephone, and advertising).
- Whatever your current salary is, multiply by 1.5 to estimate the cost of health insurance, self-employment taxes and insurance.

Write A Business Plan

- Run it by somebody you trust for a “reality check”.

Finance The Business

Save Up

- Don't count on outside investors or family until you have a track record.
- Sock away as much as you can in advance (now!).
- Home equity loans may be fine, but be cautious of credit card borrowing.

Be Realistic About Crowd Support

- You can try pitching your idea on Kickstarter, but you will need at least 6,000 followers and be extremely social-media savvy.

Know How Much You Need

- Plan on at least 12 to 18 months until generating steady cash.
- Have at least two years of living expenses in the bank to reduce the stress.

Form A Business

- *Proprietorship*
- *Partnership*
- *Corporation*
- *LLC*

How To Form A Corporation or LLC

- *Do It Yourself*
 - [California Secretary of State \(Just pay filing fees\)](#)
 - [Nolo Press - Form Your Own Corporation \(\\$49 + fees\)](#)
 - [LegalZoom \(\\$149 + fees\)](#)
- *Ask an attorney friend*
- *Hire an attorney*

Once You Are Ready...

Chose a Name

- If not using your name file a dba with L.A. County [L.A. County fictitious business name facts](#)

Open A Bank Account

Find A Location

Obtain License(s)

- Professional
- City Business [L. A. City business license information](#)

Obtain Permits

Sales [Board of Equalization](#)

Other

Obtain Insurance

Hire Employees

Employee vs. Independent Contractor

They are an employee if:

- You have the right to control their work
- They use your tools (or office)

[Independent Contractor Facts](#)

Register with IRS and Employment Development Department

[IRS Employer ID Application](#)

[EDD Employer Registration](#)

Obtain Workers Compensation Insurance

Pay the Employees

- Employer withholding obligations
- Employer payroll obligations

Keeping Books and Records

- *Who Cares?*
- *Bookkeeping Methods*
- *Spreadsheet*
- *Computer Program*
- *Outside Bookkeeper*

Taxes

- *Proprietorship*
- *Partnership and LLC*
- *Corporation*

Final Questions

- Do you really want it?
- Can you find the right business?
- Can you finance it?
- What form of organization is right?
- Did you pick a great name that is also available?
- Did you open a bank account?
- Did you get the right permits and licenses?
- Are you paying your employees properly?
- Are your books telling you exactly what you want to know?
- Will you be filing all of your taxes promptly?

**If the answer to most of these is “YES”
Go for it!**