



Starting a Business? 10 Steps Every Entrepreneur Needs to Know

by Caron Beesley, SBA Community Moderator

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Starting a business? Confused about the planning, legal and regulatory steps you should follow?

Did you know that home-based businesses are required to hold permits to operate legally in most states? What about incorporation? Many new businesses assume they need to incorporate or become an LLC from the get-go – but the truth is, more than 70 percent of small businesses are owned by unincorporated sole proprietors (although even this group is required to register their businesses).

So, variables aside, there are still some fundamental steps that any business needs to follow to get started. SBA has compiled 10 steps that can help you plan, prepare, and manage your business – while taking care of the startup legalities. Not all these steps will apply to all businesses, but working through them will give you a sense of what needs your attention and what you can check off.

Step 1 – Write a Business Plan

Yeah, yeah, you know you should write a business plan whether you need to secure a business loan or not. The thing is, a business plan doesn't have to be encyclopedic and it doesn't have to have all the answers. A well-prepared plan – revisited often – will help you steer your business all along its growth curve. Try to think of your business plan as a living, breathing project, not a one-time document. Break it down into mini-plans – one for marketing, one for pricing, one for operations, and so on. Take a look at [SBA's Business Planning Guide](#) for more ideas.

Step 2 – Get Help and Training

Starting a business can be a lonely endeavor, but there are lots of [free in-person and online resources](#) that can help advise you as you get started. Check out what's offered at your [Small Business Development Centers](#); [SCORE](#) (which offers free mentoring services); [Women's Business Centers](#), or your [local SBA office](#).

Step 3 – Choose Your Business Location

Where you locate your business may be the single most important decision you make. Many factors come into play such as proximity to suppliers, the competition, transportation access, demographics, and zoning regulations. Check out SBA's [Tips for Choosing a Business Location](#) and this blog: [How to Choose the Best Location for your Business](#).

Step 4 - Understand your Financing Options

You may choose to bootstrap, fall back on savings, or even keep a full-time job until your business is profitable, but if you are looking for an external source of financing, these [resources](#) explain your options.

Step 5 – Decide on a Business Structure

Going it alone or forming a partnership? Thinking of incorporating? What about an LLC? How you structure your business can reduce your personal liability for business losses and debts. Some choices can give you tax benefits. To help you determine the right structure for your business, here's an [overview of your options](#) and some information on [how to file the necessary paperwork in your state](#) and the [tax implications](#) of your decision. You might also want to read:

- [LLCs Explained: A 101 for Small Business Owners](#)
- [Should You Incorporate Your Freelance or Consulting Business?](#)
- [“Working Together” – How to Start and Formalize a Business Partnership](#)

Step 6 – Register Your Business Name (“Doing Business As”)

Registering a “Doing Business As” name or “trade name” is only needed if you name your business something other than your personal name, the names of your partners, or the officially registered name of your LLC or corporation. Here's how to register your [“Doing Business As”](#) name.

Step 7 – Get a Tax ID

Not every business needs a tax ID from the IRS (also known as an “Employer Identification Number” or EIN), but if you have employees, run a business partnership, a corporation or meet certain [IRS criteria](#), you must [obtain an EIN from the IRS](#). You'll also need to start paying estimated taxes to the IRS; this [blog](#) explains more about this process.

Step 8 – Register with Tax Authorities

Employment taxes, sales taxes, and state income taxes are handled at the state-level. Learn more about your [state's tax requirements](#) and how to comply.

Step 9 - Apply for Permits and Licenses

All businesses, even home-based businesses, need a license or permit to operate. This [guide](#) explains more and includes a handy [“Permit Me”](#) tool that lets you determine what your permit and licensing needs are, based on your zip code and business type.

Step 10 - Hiring Employees

If [you're hiring employees, follow these 10 steps](#). If you're working with a contractor or 1099, read [5 Things to Know About Hiring Independent Contractors](#).

Related Resources

Check out [SBA's Starting and Managing a Business](#) for more tips and guides.