

## Before You Even Start Up Your Startup – Back to Basics

**So you're starting a new business? So many details, so little time!**

Whether you decide to handle your startup details yourself or hire an outsource company



to help you, setting up your basic documentation and systems for your company is something that requires attention to detail and a high level of accuracy. If you make the wrong choices, it can cost in both time and money, so better to do it right the first time, which may mean that you need some help.

Most entrepreneurs like you are driven by the passion of their ideas. You don't want to get bogged down in the paperwork or the minutiae, yet you are savvy enough to know that certain legal, tax and accounting details simply have to be in place for your business to be able to function at all, let alone in an efficient manner.

So, what are the most important factors in creating your new startup company and how do you get them done?

Here are a few key considerations as you prepare to start up your new business:

- 1. What type of entity or legal business structure will you use?** There are quite a few options here and choosing the right one can make or break your business down the road. Asset protection, ownership structure and the entire company future starts with choosing the right entity for the type of business and the owner (or owners) involved. Will you choose Sole Proprietorship, Limited or General Partnership or LLC? What about corporations? Should you choose a C-Corp or an S-Corp? Have you heard that there is a new entity type called the *B-Corp*? Maybe that's an option for your business, too. These are all questions that require some serious consideration it can pay handsomely in tax structure and potential deductibility of startup expenses (not to mention peace of mind) if you choose wisely. [Consider a consultation](#) with a legal, tax and corporate consulting professionals before making these important decisions.

2. **Fictitious Name Statements** – Oftentimes referred to as DBA's ("Doing Business As"), this is the trade name or business name (or names) under which you will operate your business and many times this is different than the actual name of your legal business entity. Filing the necessary paperwork for a DBA is required in order to properly set up bank accounts and credit card merchant accounts in your business name. In addition, consider the marketing and trademark issues right of the start when choosing a DBA name.
3. **Federal and State Tax ID Forms** – Your new business will require a Federal Tax ID and usually state-level documents as well, which can include a resellers permit (for sales taxes), an employer account number (for payroll) and depending upon your state, many other possibilities exists. In California, a CA EDD Employer Account Number is required in order to track and manage your payroll. A State Board of Equalization Reseller number to track and file your sales taxes and exempt your business from sales tax on items purchased for resale is also required if your business offers items for direct sale to the public. -
4. **Accounting Systems and Procedures** – One of the first systems you should create in your business is the accounting and bookkeeping system. What software will you use to manage your books? What reports will you need to run? What do you want to track to get the performance reporting you want to see. . What systems will be in place for money in, money out, payroll, expenses, time tracking, investments, etc.? As anxious as you may be to frame that first dollar and hang it on your wall, one of the first things that tends to fall by the wayside for most entrepreneurs is tracking their money. Be sure to set up your systems in advance (along with the people to run the systems), so you can focus on your vision and passion in your business!

Of course, you will also want to make sure that you have [professional advisors](#) on board to guide your path along the way. Do what you do best, and hire others (or outsource) to do the rest! That is a key to a successful and growing business that also keeps you happy.

With the right consultant or advisory team on your side, you will be sure you are covered in all those important areas that you don't want to focus on personally. Your accounting and financial systems, payroll, tax advice and planning may not be most exciting part of your business but they are the foundation that supports your success.