

## **Owner's Checklist for Starting a New Business**

List Compiled by Sharmil McKee, Esq. – [sm@mckeeoffice.com](mailto:sm@mckeeoffice.com)

### **Background work**

- assess your strengths and weaknesses
- establish business and personal goals
- assess your financial resources
- identify the financial risks
- determine the start-up costs
- decide on your business location
- do market research
- identify your customers
- identify your competitors
- develop a marketing plan

### **Business transactions**

- select a lawyer
- choose a form of organization (proprietorship, partnership, or corporation, for example)
- create your business (register your name, incorporate the business, etc.)
- select an accountant
- prepare a business plan
- select a banker
- set up a business checking account
- apply for business loans (if applicable)
- establish a line of credit
- select an insurance agent
- obtain business insurance

### **First steps**

- get business cards
- review local business codes
- obtain a lease
- line up suppliers (if applicable)
- get furniture and equipment

- obtain a business license or permit (if applicable)
- get a federal employer identification number (if applicable)
- get a state employer i.d. number (if applicable)
- send for federal and state tax forms
- join a professional organization
- set a starting date

### **Communications**

- a telephone system
- a long-distance phone company
- answering machines or services
- business listing for your phone number
- a facsimile machine
- mail and package delivery

### **Computer**

- Computer Hardware
- Computer Software
- Protecting Your Computer (Virus, Hacking, Theft)

### **Accepting Credit Cards**

- Credit Card Machine
- Merchant Account
- Gateway Account

### **Advertising**

- low- and no-cost advertising
- telephone directories and 800 numbers
- local print ads
- signs and displays
- higher-cost advertising alternatives
- electronic marketing

- direct mail and catalogs
- special advertising opportunities (Trade Shows and Tie Ins with other comparable businesses)

## **Start-up Expenses**

- **Beginning inventory** — this is the amount of inventory that you will need to have in place on the first day you open the doors for business. This could be a significant amount, so make sure you get an accurate estimate. Your suppliers, if you know who they will be, should be able to provide you with some help on required inventory levels for your type of business.
- **Building construction, fixtures, and decorating** — if you plan to build or have site improvements, get bids. In the construction industry, it's customary to provide free bids after you have a design drawn up. Unless your expertise is estimating construction costs, do not try to estimate costs yourself.
- **Cash** — include in this the amount of cash you'll need to run the cash register.
- **Lease payments** — include amounts that will need to be paid for equipment and facility leases before opening. Determine this amount by bids and contracts. Expect to pay several months' worth of lease payments before you open the doors.
- **Fixtures and equipment** — include in this amount all fixtures and equipment needed for your new business. Finance this amount on a long-term basis if possible.
- **Installing fixtures and equipment** — this should be the amount necessary to make all the fixtures and equipment ready for use. This should also be able to be bid in most cases.
- **Decorating** — this will include cosmetic improvements to the new business facility. Usually it is possible to get bids and ideas from interior decorators. Even if you are able to perform the decorating yourself, the bid will give you a good estimate of expected cost.
- **Remodeling** — if your new business location will require any remodeling, include it in this category. Obtain bids from contractors for your remodeling. Contractors will usually provide free bids after you have the plans drawn up.

- **Signs** — signage costs will vary from a small amount to a very substantial cost. Obtain bids from sign companies. Finance this amount through long-term borrowing, if possible, or it will hurt your short-term cash flow.
- **Supplies** — include all office, cleaning, and employee supplies in this amount.

### **Miscellaneous Expenses**

- **Deposits** — include in this all amounts required by the various utilities and telephone companies. The utilities will be able to provide you with an estimate based on the type of business. Some estimates could be significant depending on your business, e.g., if you plan to open a telemarketing company, expect to have a high telephone usage deposit.
- **Licenses and permits** — this amount will include all fees charged by local, state, and federal branches. If your new business is in a highly regulated industry, expect these charges to be somewhat high. For example, an elder-care facility or a company that handles toxic substances will have higher fees than a clothing store.
- **Miscellaneous and other** — this is the catchall for the cash needs that will not fit in other categories. In some instances, your business may have several items that are not included in the rest of the list.
- **Unanticipated expenses** — a good rule of thumb is to compute the unanticipated expenses as 10 percent of the total cost of your startup dollars.

#### **About the Author:**

Ms. Sharmil McKee is a business attorney licensed in Pennsylvania. She focuses her practice on protecting small and mid-sized businesses from future legal problems. Visit her firm's website <http://www.mckeeoffice.com>.