



## Checklist to Starting a Business

**So you want to start a business? The first thing you are going to need is a real plan and the drive to see it through. Consider the following to get started:**

**Knowing your competition is vital to the success of your business.**

**Is anyone else already doing what you want to start doing? If yes, how can you become better? If not, is there a good reason why no one else is in this space?**

**What makes you shine? Why is your product or service unique? What advantage do you have over your competition? **Figure out your competitive advantage.****

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**It's time to put pen to paper and make this dream a reality!**



**Choose a business structure** (LLC, corporation or a partnership, to name a few.)



**Business name** - Obtain this name through your local Recorder/County Clerk Office.



**Federal tax ID** (also known as an Employer Identification Number or EIN) this a unique number assigned to a business or organization by the state where the business operates and is used for filing taxes and hiring employees. You can apply for this number at [www.irs.gov](http://www.irs.gov).



**Permits** - Depending on the type of business you have, you will be required to obtain different types of permits from various different regulatory agencies, such as Health Department Permits or Sales Tax License.



**Business bank account**



**Trademarks, copyrights or patents.** You can find more information about this process at the United States Patent and Trademark Office at [www.uspto.gov](http://www.uspto.gov).

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**WRITE A BUSINESS PLAN.** Studies show that start ups who have a written business plan have an increased chance of business viability!

*Let's Practice:*



## **Trash to Treasure - The Nitty Gritty**

**Fill in the following information for the business idea you came up with during the Brainstorming activity.**

**Company Name:**

**Your names, roles, and brief job descriptions:**

**How is your company structured and why did you choose that structure?  
(Sole Proprietorship, Partnership, LLC, or Corporation)**

**What materials and supplies you need to get started? Where, specifically, will you get them?**

**What licenses and permits might you need to get started?**

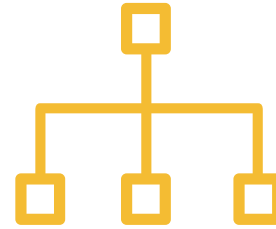
**What type of insurance will you get? Where will you sign up for that insurance?**

**Where will you go to get a federal tax ID number? That website mentions you need a "responsible party." Who will be your responsible party?**

**Will you have a website? Who will make it?**

**How will you keep track of your accounting (how much you spend and make)?  
If using a professional or software, how much will this cost you?**

# Launch Hack BUSINESS STRUCTURES



The business structure you choose influences everything from day-to-day operations, to taxes, to how much of your personal assets are at risk. You should choose a business structure that gives you the right balance of legal protections and benefits!

## Sole Proprietorship



**Not a legal entity. All legal and tax consequences fall squarely on you!**

### Pros

- easy to start and dissolve
- can use personal assets
- complete control over decisions

### Cons

- proprietor assumes all legal liability
- hard to hire employees
- can't use equity to raise capital

## Partnership



**When two or more people come together and agree to run a business.**

### Pros

- easy to establish
- employees easier to hire b/c of shared ownership
- simple tax process

### Cons

- partners assume all legal liability for business
- profits must be shared
- limited ability to use equity to raise capital

## LLC (USA Only!)



**A middle ground between partnerships and corporations in terms of ease of administration and how you deal with tax and liability.**

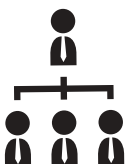
### Pros

- limited legal & tax liability for partners
- unlimited shareholders
- simpler taxes than corporation

### Cons

- more regulatory/filing requirements
- longevity of LLC is limited in some states
- less control over decisions

## Corporation



**Allows a business to be seen as a "person" in terms of legality. Most large companies you hear of are corporations.**

### Pros

- provides legal liability & protection for owners
- higher ability to raise capital through equity
- no time limit on existence

### Cons

- complex & expensive filing & admin. requirements
- higher tax rates
- higher regulation by gov't





## Facilitator's Guide:

# Checklist to Starting a Business

### THE GOAL:

- Provide students with tangible next steps in starting a business
- Practice thinking through the details of starting a business
- Practice thinking through and composing elements of a business plan

### THE LOGISTICS:

- This activity is designed to follow completion of the Brainstorming "Trash to Treasure" activity.
- Begin with a recap of the businesses created in Brainstorming - Trash to Treasure. Have the groups share what they do, who their competition is and what their competitive edge is.
- Ask the students if they know what it takes to start a business. Brainstorm as a group and record their answers on a whiteboard or flip chart.
- Review the various types of business structures together (use Business Structures Launch Hack). Give the student various business scenarios and ask them what the best structure would be for each (suggest to do this in an interactive quiz format, such as using Kahoot, Poll Everywhere or similar; sample businesses are provided)
- Split students into groups to work on condensed business plans.
- **OPTIONAL:** Have groups present their business plans. Provide a prize for the group who presents most creatively. Ask why groups chose a particular structure. Discuss differences and similarities in the plans across the group.

### THE ITEMS:

- Launch Guide (one per student)
- Business Structures Launch Hack (one per student)
- Business Structures Quiz (sample businesses/scenarios provided, may put into slides or interactive quiz for a group quiz)
- Whiteboard or flip chart for brainstorming

### THE WRAP UP:

- There are many steps to starting a business, which can seem overwhelming at times. Reach out to your network for guidance and try to identify a mentor that you can bounce ideas off of and check in with. Consult with a lawyer regarding the legal aspects of the business set up and structure.



## SAMPLE BUSINESS STRUCTURES QUIZ

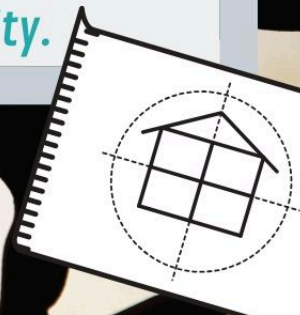
*You want to make some money this summer and decide to start your own lawn mowing business in your neighborhood. You use your own personal equipment and money to get started. The best part is, you're the boss and don't have to answer to anyone!*



*You're a doctor and have been working at a clinic for almost 10 years. You love medicine, but you're ready to have control of the business side. You and a co-worker decide to set up a practice together and split the profits. You want to structure it as simply as possible so you can open soon!*



*You've had a successful career as an investment manager for many years, creating wealth for your family. You want to open a side business with a friend that focuses on your passion: interior design. You want the set up and structure of the company to be simple, but worry about protecting your family and your personal assets from any liability.*



*You and a friend have an idea to create a tour guide app for travelers, highlighting attractions based on geolocation. You've done some research and you will need to raise a significant amount of capital to fund the app build and development.*

