



The FindLaw Guide to Starting a Business:

FIRST STEPS TO START YOUR OWN BUSINESS

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Starting a business always begins with an idea – but entrepreneurs need more. They must also be savvy about devising business plans, securing loans, and making any number of critical moves. Without the proper information, your business may be doomed before it even begins. Here is some information that can help.

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Introduction

Thinking of a great business idea and writing an amazing business plan is one thing, but actually getting your business off the ground is another. Many people get intimidated by the amount of startup work that goes into starting a business and never follow through.

But before letting a business structure decision or licensing requirement throw you off course, know that FindLaw and its directory of attorneys can assist you in having a smooth and legally smart start.

Writing a Business Plan

Every successful business needs a business plan, which maps out your company's goals and method of execution. The business plan not only helps keep everyone in the organization on the same page, but also serves as your company's resume and can help with funding efforts.

The basic components of a business plan include a current and pro forma balance sheet, an income statement, and a cash flow analysis. A business plan helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application or presentation to potential investors.

Choosing a Legal Structure

After writing a business plan, you will want to choose the structure of your business. Your choice of business structure is probably the first major legal decision you will make. Common choices for legal structures can include sole proprietorships, partnerships, limited liability companies (LLCs), and corporations.

Which option you choose should depend upon liability issues, tax obligations, investment needs, and other factors.

Generally, sole proprietorships and partnerships are the simplest of all the different types of business structures. Unlike LLCs and corporations, there are usually no papers to file and no fees to pay in order to set up. However, you are personally liable for the debts of your business and you will pay taxes on any business profit as income on your personal taxes.

LLCs and corporations are a bit more complicated and expensive to establish, but they provide their own benefits. For example, you can limit your personal liability with either structure and there are different tax implications as well.



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Choosing your legal structure is a personal decision that depends on the type of business you run and the amount of exposure to risk that you are willing to face. Besides the types of structures discussed, there are many variations that may fit your business needs. If you are unsure which structure is best for you, you may want to speak with a small business attorney.

STOP

Should I Talk to an Attorney?

Having a great business plan is the first step to starting your business. You should know that putting an idea on paper into practice is often a very complicated step that involves many legal pitfalls.

If you need advice about what legal structure your business should take, what permits or licenses are needed for your business, or want to know the legal steps to properly maintain a workforce, you should speak with a small business lawyer. An effective lawyer can help educate you on these issues so you make an informed decision and lessen your chances of violating some law that can derail your business.

You can locate an employment lawyer now by visiting www.findlaw.com and choosing among several quality-assured lawyers in your area.

firearms). Bear in mind that regulations vary by industry. Carefully investigate the licensing and permit requirements that affect your industry, and avoid any temptation to ignore these important regulatory details. Being out of licensing and permit compliance could leave you unprotected legally, may lead to expensive penalties, and can jeopardize your business. Talk to an attorney if you are unsure which licenses apply to your business.

Hiring Employees

Workforce management is among the most difficult tasks for small business owners, from the hiring process and wage issues to workplace safety, discrimination and the termination of employees. There is a patchwork of federal, state and local laws that govern employment law and other aspects of workforce management. Employees are a common source of litigation against business owners and you will want to be prepared for your first hire.

For More Information

Regarding starting a business, please visit our website at <http://smallbusiness.findlaw.com/>

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Applying for Licenses and Permits

It may seem strange to you that your small consulting service or home-based business would need to comply with numerous local, state and federal licensing and permit requirements, but in all likelihood it will, so it is important to understand what to expect.

Business licenses and permits can range from the general (a basic license to operate a business within, property use permits), to the specific (a state permit to sell alcohol or

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