

# **SMALL BUSINESS SET UP**

## **~How to get started on a shoestring~**

This overview will give you the necessary basic steps and information to quickly set up your own small business. These tips are some of the cheapest ways we know of to start up a legitimate business. This information does not take the place of professional legal or financial advice. It is a compilation of the most economical steps and tools used by myself and many of my clients and colleagues when we established our own small businesses.

The business model we'll be discussing today is the sole proprietorship. For other kinds of set-ups such as corporations or non profits, you would be best served contacting the fine folks at either the SBA (Small Business Administration) or SCORE (Service Corps of Retired Executives). They are the free or almost free go-to experts for guidance and resources for setting up those kinds of business structures. Both organizations provide low or no cost advice and practical resources to the budding entrepreneur.

I cannot recommend SCORE enough. They are thorough, realistic and very professional. Most of their considerable services are free of cost. They have a comprehensive collection of business plan templates, numbering the hundreds, available for use. They can also help in the creation of your business plan, and to guide you through the sometimes daunting first steps of making your business profitable and robust.

### **RESEARCH RESEARCH RESEARCH!**

One of the most important pieces of advice I can give you is to do your homework. The more you know about your business/product, the marketplace, your competition and your costs, the better your plans are. The better you plan right from the start, the more successful you are likely to be.

The very WORST thing you can do is "wing it". That will cost you precious time, money and energy that could be better spent elsewhere, or just saved altogether.

Before you spend the time and money to do the next outlined steps, please please please take the time to do a preliminary business plan. This step has saved many of my clients (and myself) a LOT of time, money, and heartache. There are many short easy-to-use business plan templates out there, some only one or two pages long. When filled out, your business plan will give you the basic information that you'll need to know to be sure you can go forward with confidence and have a better chance at being successful in your endeavor.

There are some simple steps to take to make your business real in the world, and here they are:

## **BUSINESS NAMES**

You're going to need a business name. If your business name is also your real name (i.e. Jim Butler Consulting) you will not need to file for a fictitious business name. If you DO want a fictitious business name, it's cheap and easy enough to get.

## **GETTING A FICTITIOUS BUSINESS NAME**

### **RESEARCH**

Google "fictitious business name search" for your county area. In San Francisco, you can go to <http://services.sfgov.org/bns/start.asp>. You will be able to find out online if the name you've chosen is available in your area. If it is, groovy. You'll need to file a fictitious business name form, and send them a minimal fee (usually around \$30). They will, in turn, send back a few copies of their completed forms that will enable you to get a bank account, a business license, any resale license you might need, and useful things like that.

### **PUBLISH**

You will need to publish your intent to use a fictitious business name. The Clerk's Office that sent you the completed forms will also send a list of newspapers in your area that will file and publish your fictitious business name intent ad for you. The costs vary by area and newspaper, but are generally about \$20-40. Research again pays off big time on this step, as different local newspapers charge wildly different rates for the same service. Use the cheapest one. The newspaper you choose will send you a copy of the completed publishing for your records. This step secures your business name for 5 years, at which time you'll need to renew it.

## **TAX ID NUMBERS**

You can use your Social Security number for your business, or you can apply for a Tax ID number. A federal tax identification number (also know as an employer identification number or EIN), is a number assigned solely to your business by the IRS. Your tax ID number is used to identify your business to several federal agencies responsible for the regulation of business.

To set up a federal tax ID number (also called an Employer Identification Number, or EIN), contact your nearest Local IRS Field Office, or call the IRS Business and Specialty Tax Hotline at 800-829-4933.

The form you'll need to fill out is IRS Form SS-4 (.pdf).

## **BUSINESS LICENSES/REGISTRATION**

Every city and county has different requirements for obtaining a local business license, but it's usually a very simple, inexpensive and straightforward process.

Call your local city government offices and ask them what you need to do to set up a business license. OR go online to your local city or county government offices and they will have a section devoted to setting up your business licenses. You can usually fill them out online, or download the forms needed and mail them back with your check or money order.

Business licenses vary greatly in cost, depending on location mostly, but sometimes on type of business, as well. San Francisco is one of the most expensive cities in which to obtain a business license, it can cost 3-5 times what surrounding areas charge. For this reason, it is recommended that you set up a business address or office in a nearby community where the licensing fees are less costly.

Examples of fee ranges for sole proprietor businesses by city:

Brisbane: \$50+up  
San Francisco: \$25 to \$500 annually plus special permits, if applicable  
Fresno: \$15.00  
Oakland: \$50+ up  
Berkeley: \$51-77  
San Mateo: \$31+up  
Carmel: \$1.00 per \$1000 income  
Monterey: \$26+up  
San Jose: \$150.00+up

## **BANKING**

It is in your best interests to get a separate bank account for your business. You will need a copy of your fictitious business name form (it will be earmarked specifically for bank use in the packet you get back from the fictitious business office people) and your business license, and some money. Call ahead to make an appointment, or you might have to wait a while to get served at your branch. I recommend using Washington Mutual, as they have free business checking accounts, complete with business checks.

## **RESALE PERMITS**

To sell products in the state of California, you must obtain and maintain a resale tax permit. This is usually free to get. Contact the agency below for specific information.

State Board of Equalization  
121 Spear Street, #460  
San Francisco, CA. 94105  
(800) 400-7115 or (415) 356-6600 or try [www.bo.ca.gov](http://www.bo.ca.gov)

## **SPECIAL PERMITS**

You may need a special permit to make and/or sell food or beverages, as well as other products and services. Check your local county clerk's office or city clerk's office for more information on codes and fees that might pertain to your business.

## **WEBSITE**

In this day and age, you're missing the boat if you don't have a website. It doesn't need to be elaborate, but it does need to be clean, clear and tell people what it is you do, and what it is you've got to offer them.

One of the cheapest ways to get a website up yourself (that is, without paying a web designer) is to obtain the domain name you want through [www.godaddy.com](http://www.godaddy.com) and

then you'll be able to get their free template driven website (no extra charge) that you can immediately use to help you generate business.

## **BUSINESS CARDS**

You're going to need business cards, and maybe even some stationery. Let's start with business cards. You can get FREE business cards online at [www.vistaprint.com](http://www.vistaprint.com). They have a nice variety of templates to choose from in all sorts of designs, for all kinds of businesses. Their step by step process makes designing your own card very simple.

Be sure to include the following information: The name of your business, your name and title, your email address, your website address, and your phone number(s). A tagline or logo is a nice touch, but if you don't have one, don't sweat it right now. It's not necessary for getting started. In this electronic age, you may or may not wish to include your street address. This is a matter of business style and practicality.

If you're not the best designer in the world, GET SOME HELP. You undoubtedly doubt know someone who has a great eye or design sense that you admire, ask their opinion. If you're computer illiterate, ask a kid you know. They'll take you through it in no time.

One small caveat: remember that free advice is always worth what you paid for it. Trust your own instincts to tell you if the design and information on your business card reflects you and your business clearly and accurately.

Okay, so now you've got a business license, a fictitious business name, a website, bank account and business cards. You've got a few resources for helping you make your business into a going concern. This is all you really need, other than a great idea/product and lots of focused energy, to make a go of your own small business.

Best of luck to you!



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