

# Startup KIT



At the NASE, we know what it takes to start, run and grow a small business. After all, we've been helping entrepreneurs achieve their dream of business ownership since 1981.

Our educational resources are geared toward the self-employed and micro-business owners, people just like you who need straightforward information and answers.

That's why we created this NASE Startup Kit: 10 Things You Need To Know To Start A Business. It tells you about the basic things so many entrepreneurs overlook. It shows you what to do to successfully launch your new venture. And it points you toward additional resources you can turn to for more in-depth information.

Congratulations on your new venture. And let us know how we can help.

Mark Nicholson has been an NASE Member since 2006.

## 10 Things You Need To Know To Start A Business

1. Think Of Yourself As A Business Owner
2. Choose The Right Business Structure
3. Know The Legalities Of Operating Your Business
4. Know Your Tax Responsibilities
5. Properly Fund Your Business
6. Develop Good Financial Habits
7. What You Don't Know Can Hurt You
8. Understand The Importance Of Marketing
9. Make A Great Impression
10. Protect Yourself

**Startup Checklist For Entrepreneurs**



# 1. Think Of Yourself As A Business Owner

---

Sounds easy. But, too many entrepreneurs who launch new companies don't know the everyday nuts and bolts of running a business.

"They may be a great plumber or writer. They understand their trade. But they don't know how to run a business," says Gene Fairbrother, the lead small-business consultant for NASE's Business 101 program. "They don't know that they have to market the business, keep track of finances and do all the other things it takes to run a successful business."

Business owners rarely perform only one function. Instead they often juggle numerous tasks. Here's a quick rundown of the necessary chores you can expect to encounter:

- Bookkeeping, record keeping, bill paying and financial reporting
- Client billing and payment collections
- Marketing your business
- Upgrading technology (like computers and smartphones and Wi-Fi)
- Keeping up with federal, state and local regulations
- Completing and filing tax forms as well as making timely tax payments
- Hiring and firing (and following the legal guidelines that come with those tasks)
- Performing customer service
- Taking care of administrative tasks, like buying office supplies and answering the phone
- Planning for your eventual retirement

Add to all of that your actual work—as a graphic designer or landscaper or consultant. The demands on your time and knowledge can seem overwhelming.

As a new business owner, you don't have to master every task. You can hire help. But you have to know enough to ensure that every critical area of your business gets the attention it deserves.

## Develop your business plan

Being a successful entrepreneur requires not only being well versed in the particulars of running a business, but also seeing the big picture. And that means having a business plan.

As a startup, your business plan needs to address:

- Specific descriptions of the products and services you want to offer
- Your target customers and their needs
- How you will market your business to reach those customers and the cost of that marketing
- Your financial projections, including how you will finance the startup, cash flow projections and a break-even analysis
- How you plan to allocate your time and other resources to get the results you want

If you've never seen a business plan, check out more than 500 free ones at [bplans.com](http://bplans.com). You can choose from different categories. Find one closest to your type of business and read it over to see what kinds of information the plan addresses.

But don't get analysis paralysis. Your plan doesn't have to be formal or cumbersome to be effective.

"I'm not a big advocate of detailed business plans that go on and on for 50 pages," Fairbrother says. "But I do think you need a good overview that goes out 12 to 18 months."

## Be aware of your surroundings

Even if you're a solo entrepreneur, you need to know what's going on around you.

That means keeping an eye on what your competitors are doing. It also means understanding what's happening in your city and staying in touch with national policies that could have an impact on your business.

"Pay attention to what is going on in your community, in your state and in our nation's capital," says Kristie L. Arslan, executive director of NASE's Washington, D.C. office.

"Decisions and laws that can affect your ability to start, manage and grow a successful business are made at all levels of government. If you keep abreast of the economic, regulatory and political climate around you, you can weigh in on debates regarding key issues that could affect your business."



NASE Member Ron Wilson: "My business depends on winning and keeping the public's trust."

## THE NASE CAN HELP

Visit the NASE [Legislative Action Center](#) for up-to-date information about national policies regarding small-business taxes, regulations and other legislative priorities.

The consultants at our Business 101 program can answer your questions about business plans and other startup issues.

Learn more about becoming a small-business owner with these articles from the NASE:

- [Learn To Lead: Polishing Your Leadership Skills Can Pump Up Your Business](#)
- [The Delegators: NASE Members Find That They Can't Do It All](#)
- [Words Of Wisdom : NASE Members Offer Advice For New Business Owners](#)
- [Back To Basics: NASE Members Find Ways To Make Old-Fashioned Business Basics New Again](#)

## 2. Choose The Right Business Structure

Almost every new business owner asks this question: **What's the best legal structure for my business?**

Unfortunately, there's no single answer, says Gene Fairbrother, the lead micro-business consultant for NASE's Business 101 program.

"For the majority of individuals starting a business, this is an area where you will need to get professional guidance," Fairbrother says.

That guidance should come from an attorney and a tax professional. But, you should go into those consultations armed with knowledge.

### Choices to consider

You have four choices for your legal structure:

- Sole proprietorship
- Partnership
- Corporation
- Limited liability company

"From a tax standpoint, the entity form you choose is not going to make a material difference in the amount you pay," says NASE National Tax Advisor Keith Hall. "Choosing the correct structure should not be a tax decision but is more about liability issues, employee issues, how you see your company in the future and other issues. It's all about planning."

Each type of business structure provides advantages and disadvantages. The only way to know which structure will work best for your new business is to review financial, personal and tax liabilities as they apply to you.

### Sole proprietorship

This is a business owned and operated by one person. The simplicity of the sole proprietorship makes it an attractive option for new businesses.

The sole proprietor may or may not have employees. Creating a sole proprietorship requires minimal paperwork. The owner of a sole proprietorship reports business income and expenses on Schedule C, Profit or Loss from Business, which is filed with your personal tax return.

But there is a rather big drawback: personal liability. The owner of a sole proprietorship is personally liable for all business debts and obligations, including litigation.

### Partnership

A partnership is a legal entity with more than one owner. It offers many of the same benefits and drawbacks as a sole proprietorship.

## *Choosing the correct business structure should not be a tax decision but is more about liability issues.*

Owners can be either:

- General partners, with each liable for all debts and actions of the company
- Limited partners, where liability is limited to the extent of the individual's investment in the company

Written agreements are a must-have for partnerships. A partnership agreement will spell out how control is divided among the individual owners. A buy-sell agreement is necessary for business continuity of the partnership in case one of the partners dies, becomes disabled or wants to leave.

Profits and losses from the business pass through to the partners, who report that information on their personal tax returns.

### Corporation

Business owners who choose to incorporate cite two main reasons:

1. Personal liability for losses is limited
2. Certain tax advantages

But there is no guarantee that either of those benefits will apply to you.

Whether you can take advantage of the benefits offered through incorporation depends on your type of business and your particular facts and circumstances. Again, consult a tax professional and an attorney.

If you decide that incorporation is right for your business, you must also decide which type of corporation will work best for you:

- C corporation—May have an unlimited number of shareholders and may issue various classes of stock (e.g., common, preferred).
- S corporation—Is limited to 100 shareholders and may issue only one class of stock.

Shareholders of S corporations report the pass-through of income and losses on their personal tax returns. This avoids the potential double taxation of C corporations, where income is taxed once at the corporate level and again at the individual level when it is passed through to shareholders in the form of dividend income.

There are other important differences, too. A tax professional and attorney can help you decide which structure will work best for you.

When forming a corporation, you must follow strict legal formalities, such as:

- Preparing and filing articles of incorporation with your state's secretary of state
- Payment of filing fees to the state
- Drafting formal bylaws governing the operations of the corporation

All shareholders of the corporation (even if that's just you) must also follow corporate rules and observe corporate formalities, such as holding annual meetings of shareholders.

### Limited Liability Company

An LLC is a hybrid structure that falls between a sole proprietorship or partnership and a corporation.

LLCs can have one owner or an unlimited number of owners. The owners are called members. The LLC structure protects members from personal liability for the company's obligations and debts.

Like a partnership or sole proprietorship, the profits and losses of an LLC will pass through to the LLC members who report this information on their personal tax returns, if the LLC chooses to be taxed as such. An LLC can also choose to be treated as a C or S corporation, but it will lose the pass-through taxation benefits afforded partnerships and sole proprietorships, and the number of members is limited.

Sound confusing? It can be. That's why getting help from professionals is so critical.

### THE NASE CAN HELP

These NASE resources will help you learn more about choosing the right business structure for your new business:

- **Business 101 Experts**

Gene Fairbrother, the lead micro-business consultant for NASE's Business 101 program answers questions about starting a business, strategic development and more. Ask your specific question online and get a confidential answer.

- **TaxTalk Experts**

NASE National Tax Advisor Keith Hall, a certified public accountant, answers tax questions related to startup expenses, tax responsibilities and more. Ask your specific tax question online and receive a confidential answer.

- **Tax Resource Center**

Learn about your tax responsibilities. Find links to helpful information. Use the online calculators. It's all available at the Tax Resource Center.

# 3. Know The Legalities Of Operating Your Business

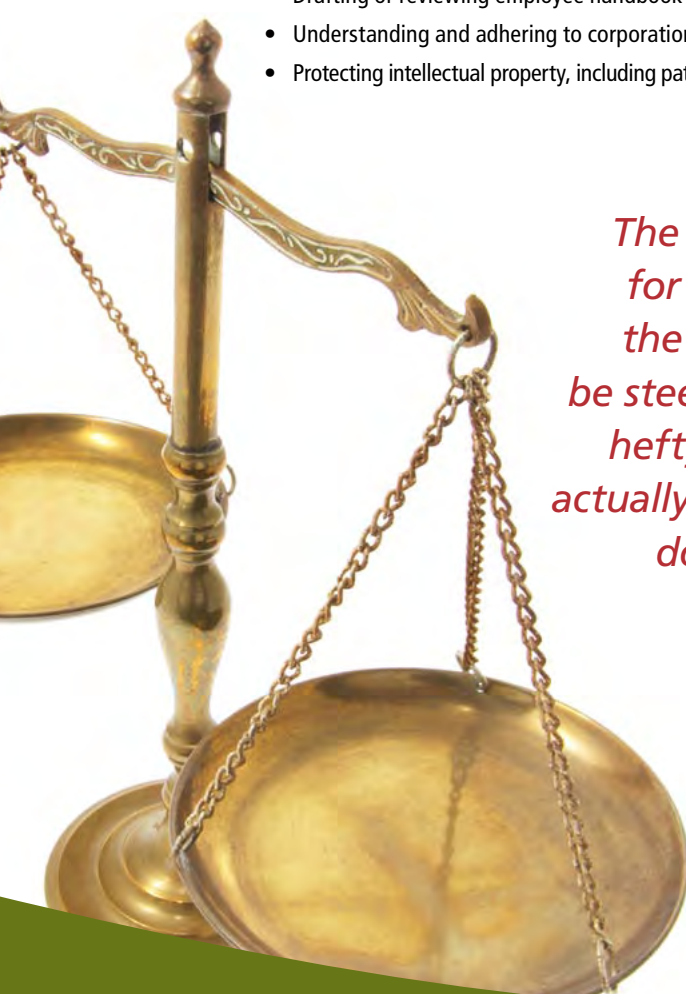
Many new business owners are shocked at the number of actions they need to take to open and maintain a legitimate business.

Legal issues aren't something you want to ignore or neglect. On the other hand, not every legal matter requires the assistance of an attorney.

"There are some things you can probably do yourself," says Jim Ferguson, a licensed attorney and NASE legal consultant. "But, there are other more complex issues for which you'd be better off using an attorney who is an expert in business law."

Ferguson recommends getting the assistance of an attorney for legal matters such as:

- Determining the right business structure for your company
- Drafting partnership agreements
- Reviewing commercial leases
- Understanding employment laws
- Drafting or reviewing employee handbook provisions
- Understanding and adhering to corporation formalities
- Protecting intellectual property, including patents and trademarks



*The penalties for breaking the rules can be steep—from hefty fines to actually shutting down your business.*

As your business grows, you'll encounter many other legal matters that will benefit from the guidance of an attorney, matters such as confidentiality agreements, succession planning or the sale of your business.

But in the meantime, here are few startup legal matters that attorney Ferguson says you can probably handle on your own.

## Choose a business name

In the business world, DBA stands for "doing business as." It's known in some states as an "assumed name certificate." A DBA is the official, legal recognition of your business.

You don't necessarily need a DBA to do business under your own name, such as Sue Smith. But if you want a more descriptive name, such as Sue Smith Financial Services, then you need a DBA.

For sole proprietors, getting a DBA is the easiest and least expensive way to legally operate under a business name. But, DBAs are also handy if you operate a legal business entity such as an LLC. DBAs permit a single business entity to operate multiple businesses without creating a separate legal entity for each business.

A DBA can also prevent other businesses from using your name. In many instances, a DBA is required before you can obtain a state or local business license.

If you decide that an assumed name is right for your small business, here's the process you should follow to register a DBA:

- Choose a name for your business.
- Confirm the name is available. In some states, DBA registration is handled through the secretary of state. In other states, you register your assumed name with the county clerk's office. Whichever agency conducts the registration can tell you about the procedures that are required.
- File your DBA. This usually requires submitting a simple form and paying a nominal fee. Filing your DBA gives you legal claim to the business name.

With a DBA, you can use your assumed business name to open a business bank account, apply for business credit cards, get a telephone listing and handle other legal matters.

## Get a federal employer identification number from the IRS

Most small businesses benefit from having a federal employer identification number, or EIN.

Sole proprietors are not required to get an EIN unless they have employees. Instead, they use their Social Security number as their tax identification number. Most other business entities are required to have an EIN.

Getting one is easy and shouldn't require the help of an attorney.

You can [apply online for an EIN](#) at the IRS website. You simply answer a few questions, and after validations are completed, the IRS will immediately issue you an EIN. You can download, save and print your EIN confirmation notice.

This EIN is your permanent number and can be used immediately for most of your business needs, including opening a bank account and applying for business licenses.

## Apply for state and local business licenses

Local business licenses are usually handled by your city or county.

But depending upon your business type and location, you may be required to get a license through your state. Ferguson recommends that you learn about state licenses by visiting the website for your secretary of state.

For many states, simply type [www.sos.state.StateInitial.us](http://www.sos.state.StateInitial.us) in your Internet browser. So, if you're in Texas, type [www.sos.state.tx.us](http://www.sos.state.tx.us). If you're in Georgia, type [www.sos.state.ga.us](http://www.sos.state.ga.us). The state website should tell you how business licensing is handled.

## THE NASE CAN HELP

Learn more about keeping your startup legal with these NASE resources:

- **Business Law Experts**

Let the NASE Business Law Experts answer your questions about many of the legal issues facing new business owners.

- **Business Strategy Experts**

Gene Fairbrother, the lead micro-business consultant for the NASE Business 101 program, answers questions about getting a DBA, a tax identification

number and more. Ask your specific question online and get a confidential answer.

- **You Can Go Home Again: Know The Rules Before You Swap Commercial Space For A Home Office**
- **Local Politics: How To Make City Hall Work For You**



# 4. Know Your Tax Responsibilities

Planning for taxes can spell the difference between success and failure of your small business.

That's why every startup needs to understand their tax responsibilities.

Depending on your type of business, the business structure you choose and the location of your new business, you may be responsible for:

- Self-employment taxes, which includes Social Security and Medicare
- Estimated taxes
- Federal and state income taxes
- State and local sales taxes
- Federal and state unemployment taxes

## Self-employment taxes

Perhaps the most overlooked tax responsibility for startups is the self-employment tax.

"Most people have heard about self-employment taxes," says NASE National Tax Advisor Keith Hall, a certified public accountant. "But, they've never had to do anything about them. The employer did everything. So for new business owners, the biggest tax surprise is usually self-employment taxes."

When you had a corporate job, your employer sent an amount equal to 15.3 percent of your wages to the federal government to cover taxes for Social Security and Medicare (also known as FICA). Half of that total came out of your pocket. The other half came from your employer.

Now that you have your own business, you get to pay the whole share of FICA.



NASE Member Caren Williams: "I had to get really creative and think outside the box to reach people."

## THE NASE CAN HELP

The NASE offers books, blogs, webinars, online consultants and other educational resources to help you learn about your tax responsibilities.

### TaxTalk Experts

Read answers to questions asked by other micro-business owners and ask the CPAs specific tax questions about your new business.

### NASE Tax Resource Center

- Up-to-date tax news
- Quick tax calculators
- Schedule C planning tool
- Interactive tax calendar
- Prepare your taxes online and e-file
- Links to IRS forms and publications

### Tax Webinars

- Are startup costs deductible?
- Estimated tax payments
- How do you pay yourself?
- Using a business account
- And more

### Schedule C: from A to Z; The Sole Proprietor's Guide to Tax Savings

If you're a sole proprietor, this book will give you straightforward answers for preparing and filing your income tax returns. The book was written by two certified public accountants, NASE President Robert Hughes and NASE National Tax Advisor Keith Hall. You'll find a line-by-line breakdown of the Schedule C and home office deduction tax forms.

## Estimated taxes

If you worked for a boss, your employer would withhold part of your wages and send it to Uncle Sam to pay your federal income taxes, much like the withholding of FICA taxes.

But as a self-employed business owner, you're the boss, which means you're responsible for paying those income taxes.

The government expects those taxes from you every quarter. They're called estimated taxes. And if you don't pay them on time or if you underpay, you'll also owe the government penalties and interest.

"Estimated taxes can be confusing, especially for business owners who are new to self-employment," says Hall. "But figuring them correctly and paying them on time is critically important."

Sole proprietors, partners, LLC members and even S corporation owners who receive pass-through profits may be required to pay estimated taxes, depending upon their total tax liability for the year.

Generally, if you expect to owe \$1,000 or more in taxes for the year, you must make quarterly estimated tax payments.

"Whether or not you need to make estimated tax payments is determined by your family's total tax position, not just the business," explains Hall. "For example, if your spouse works and has enough withholding from that job to cover your tax liability, then you would not have to make estimated tax payments."

Your estimated taxes should reflect your family's total expected tax liability. That tax liability will depend on many items, including:

- Amount of family income
- Itemized deductions
- Withholding from an employer
- Number of dependents
- Amount of business profit or loss

For more information about calculating estimated taxes, download [IRS Publication 505, Tax Withholding and Estimated Tax](#) from the IRS website, and visit the [NASE Tax Resource Center](#).

## Tax planning

There are a host of other taxes your business may be responsible for paying, such as:

- Sales tax, if you sell taxable goods
- Business property taxes, depending on the tax regulations in your state
- Federal and state unemployment taxes, if you hire employees

The sheer number of different taxes can be overwhelming to new business owners.

“The biggest mistake new business owners make with regard to taxes is lack of planning,” says Hall. “If you do the planning, you won’t be surprised by your tax responsibilities.”

By planning, you’ll be more likely to pay your taxes on time so you can avoid paying penalties and interest. Tax planning also makes you aware of credits and deductions that can change each year, says Hall.

“If you don’t plan, you can’t take advantage of many tax credits, deductions and other opportunities that will save you money.”

Hall recommends that new business owners get these IRS publications for starters:

- Publication 334, Tax Guide for Small Business
- Publication 463, Travel, Entertainment, Gift, and Car Expenses
- Publication 505, Tax Withholding and Estimated Tax
- Publication 587, Business Use of Your Home

## 5. Properly Fund Your Business

Money gets your new business up and running. It keeps it running. Money also keeps a roof over your head and feeds your family while your new business finds its legs.

“You need to do the proper financial projections to start your new business,” says Gene Fairbrother, the lead micro-business consultant for NASE’s Business 101 program. “For example, if you just get \$15,000 to start your business, but you actually need \$50,000, then you have to bootstrap.”

As Fairbrother explains, bootstrapping means getting along with less. It’s a way of funding your business with the cash that your company brings in. That means only spending as your cash flow allows. And cash can be tight when you’re just getting started.

So rather than bootstrapping, Fairbrother recommends trying to acquire a loan to get your new venture started.

Here are some financing options to consider.

### Traditional lenders

A traditional lender should be the first financing source to consider. Think banks, credit unions and non-bank lenders such as finance companies.

Most lenders have a small-business department. Some also administer SBA loan programs. Start with the bank or credit union where you have your business accounts.

### Venture capitalists

Venture capitalists want to make money for their firms and their investors. So it makes sense that they look for firms with high, fast profit potential. If you think that describes your startup, a reputable place to begin your information search is at the National Venture Capital Association.

### Government sources

Don’t forget Uncle Sam when you’re looking for cash.

The federal government offers programs that:

- Assist women, minorities and military veterans
- Provide short-term capital needs
- Help fund exporters



*Don't forget  
Uncle Sam  
when you're  
looking  
for cash.*





## THE NASE CAN HELP

Learn more smart ways to finance your startup business. These NASE articles can help:

- [The BEST Financial Decision I EVER Made! NASE Members Reveal Their Smartest Financial Moves](#)
- [Working In The Trenches: Military Veterans Get Entrepreneurial Help](#)
- [Bootstrap Your Way To Business Success: Do-It-Yourself Financing Is Back!](#)

- Stimulate business development in enterprise zones
- And more

Begin your search for a loan program online at the [U.S. Small Business Administration](#). At the website you'll find information about the different types of loans, application requirements and more.

You can also use the [Loans and Grants search tool at Business.gov](#) to get a list of financing programs for which you may qualify.

## SBA Microloans

The [SBA Microloan Program](#) provides small, short-term loans.

The SBA makes funds available to specially designated intermediary lenders, which are nonprofit community-based organizations. These intermediaries make loans to eligible borrowers. The maximum loan amount is \$50,000, but the average microloan is about \$13,000.

You can use microloan funds for:

- Working capital
- The purchase of inventory or supplies
- The purchase of furniture or fixtures
- The purchase of machinery or equipment

## Small-time cash

If your financial needs are so modest that you can't interest a lender or get a microloan, you have other financing options.

For instance, you may be able to secure a personal loan from a lender. You might also consider borrowing money from family and friends. If you opt for this route, be sure to put all agreements in writing. The document should specifically address the schedule of repayment, interest rate and consequences of default.

Credit cards can be a financing tool, too. But be careful. Only use the cards to purchase materials or equipment that you can pay off quickly so you don't incur enormous interest payments.

## NASE Growth Grants™

The NASE can help you launch your business with a business development grant worth up to \$5,000. These grants can be used for marketing, advertising, hiring employees and to meet other specific business needs.

The grants are available to NASE Members in good standing, and you must meet other eligibility requirements.

Learn more at [NASE Growth Grants™](#).

# 6. Develop Good Financial Habits

**For many new business owners, managing finances is the last thing they want to do.**

In reality, it should be at the top of your to-do list.

"The biggest mistake that puts people out of business is poor financial habits," says Gene Fairbrother, the lead micro-business

consultant for NASE's Business 101 program. "They don't track income, expenses, taxes, revenue, profit or cash flow. They need to have monthly financial statements. They need to use an accounting program. And they need to crunch the numbers."

## Open separate business accounts

The first financial rule for new business owners: Don't co-mingle your personal accounts and your business accounts.

"There is no formal IRS requirement that your business maintain a separate bank account," says NASE National Tax Advisor Keith Hall, a certified public accountant. "However, keeping your personal activity and the activity of the business separate is critical to maintaining accurate accounting and tax records."

## Keep good records

Timely and accurate record keeping is the only way to know how your new business is performing financially.

For that reason, a shoebox is not the appropriate place to store your business receipts. You need a filing method that lets you keep all receipts in an organized fashion. If your accountant or the IRS asks you to produce a receipt to prove income or expenses, you need to be able to find that piece of paper.

A software accounting program is an excellent way to track the financial progress of your new firm. And there are dozens of reasonably priced programs to choose from. Be sure to get a program that lets you:

- Input income and expenses
- Produce reports and financial statements
- Manage accounts receivable and payable
- Create a budget for your business

## Understand financial statements

The foundation of good financial habits is learning to understand the basics of financial statements. They consist of three main components:

- Balance sheet
- Income statement (also known as the profit and loss statement)
- Cash flow statement

Think of a balance sheet as a snapshot of your business' financial position at a particular time, such as the first of every month or the end of every quarter. It shows what your company owns (assets) and what you owe (liabilities). Current assets include such items as cash reserves and accounts receivable. Current liabilities are the short-term expenses necessary to finance the operation of your business, such as payroll and accounts payable.

The income statement tells you how much money you made (or lost) during a given period of time, such as a month or quarter. It subtracts all your expenses and taxes from your revenue to show you your net income.

The cash flow statement ties the balance sheet and income statement together. It shows the changes in your balance sheet

## THE NASE CAN HELP

These NASE articles can help you learn more about good financial habits for small-business owners:

- **Smart Money: Everything You Need To Know About Profits**
- **Being Fort Knox: 3 Steps To Protecting Your Money**
- **Read The Fine Print: 4 Steps To Stay Credit Card Savvy**
- **Fatal Errors: 9 Financial Mistakes To Avoid**



from the beginning to the end of the period being measured, such as a month or a year. The cash flow statement shows how and when your business produced inventory, made sales and received payments.

## Be vigilant with cash flow

Cash flow is the life blood of a small business.

If you make hundreds of sales to customers, but you don't collect the money you're owed for those sales, then you have no cash. And you need cash to pay business expenses.

You can (and should) take steps to optimize your cash flow. Try these:

- Bill customers as soon as possible (such as when you deliver a product or complete a project)
- Develop strict payment policies (such as, "payment due within 30 days")
- Make your customers aware of your payment policies
- If a payment becomes overdue (even by one day), contact the customer

## 7. What You Don't Know Can Hurt You

"The most dangerous question is the one you don't know exists," says Gene Fairbrother, the lead micro-business consultant for NASE's Business 101 program.

Fortunately you have hundreds of resources at your fingertips, either online or probably a short drive from your office.

Start with the [NASE Succeed Scholarship™](#) program. These scholarships are designed to help NASE Members pay for continuing business education. Members can apply for a scholarship of up to \$4,000. You can use the funds for continuing education through college courses, to attend training programs for business certification and licensing, or to participate in conferences and seminars that will help you launch and grow your new business.

Another option for training is your local Chamber of Commerce. Also look into seminars and training workshops offered through industry trade associations and professional organizations.

Fairbrother recommends reading small-business books so you can find out what other entrepreneurs have done when starting their own businesses. Look for books "written by people who have already made the mistakes and learned how to succeed," he says.

Another training aid high on Fairbrother's list is your local college.

"Just about every college has continuing education courses for budding entrepreneurs that offer street-savvy knowledge," Fairbrother says. "That knowledge will put you light-years ahead of the also-rans who think they can figure it out as they go."

You'll find these types of business courses through continuing education programs:

- Sales training
- Communications
- Business management
- Financing a business
- Accounting and bookkeeping
- Marketing
- Human resources and personnel

### Government training

The federal government also reaches out to help new entrepreneurs. The training services are usually available for free or at low cost.

### U.S. Small Business Administration

The SBA offers free online courses that teach you the basics of starting and running a small business. You'll find self-paced, easy-to-use courses dedicated to:

- Starting a business
- Managing a business
- Financing a business
- Contracting with the federal government
- Disaster assistance
- Exporting your products
- And many more topics

The SBA website also features [SBA Direct](#), an interactive tool that lets you personalize the type of information you get on the site.

You can customize your browsing of the SBA site according to your company's geography, industry and needs. Using that information, SBA Direct delivers search results that are relevant to your business. The resulting information covers all aspects of operating a business, such as the steps involved in getting started or how to stay compliant with current regulations.



Gary Perkins has been an NASE Member since 1993.

The SBA Direct feature gives you one-click access to the information you need. It even integrates content from [Business.gov](https://www.business.gov) to include a variety of guides and tools that collate information from across government agencies. This integration not only helps you comply with laws and regulations, but also helps you take advantage of government programs.

You'll also find interactive location-based maps that help you quickly locate small-business resources in your area, including local SBA offices and other sources of training and support.

## Small Business Development Centers

Small Business Development Centers (SBDCs) provide management assistance and educational services for small-business owners and aspiring entrepreneurs. The centers are administered by the SBA and are partnerships between the government and colleges/universities.

SBDCs offer one-stop assistance at branch locations in all 50 states as well as the District of Columbia. Services include assisting small-business owners with:

- Marketing
- Financial
- Feasibility studies
- Production
- Organization
- Technical issues

## Public Seminars

Many private, for-profit groups offer seminars and workshops for business owners. The seminars address topics from communications and marketing to startup financing and networking.

You'll find the seminars in major cities across the country. Fees range from under \$100 for a half-day workshop to thousands of dollars for a multiple-day seminar.

Here are a few places to look for workshops and seminars.

- **National Seminars Training**

Find seminars geared for many different industries and professions. You can search by your ZIP code or by seminar category.

- **SeminarInformation.com**

Research and register for hundreds of seminars, workshops and training sessions on every conceivable area of small-business management.

- **American Management Association**

Explore a wide range of management seminars for members and nonmembers. The association also offers webcasts, webinars and live online seminars.

- **Learning Tree International**

Find seminars focusing on management and technology.

## THE NASE CAN HELP

Educate yourself about business ownership with these articles from the NASE:

- **30 Things Every Business Owner Should Know**
- **Business School: Student Consultants Can Deliver Bright Ideas For Your Company**
- **Think Like A Project Manager: Get More Done In Less Time With Fewer Hassles**
- **Buddy System: How To Build Strategic Alliances To Boost Your Business**
- **How To Keep Pace: NASE Members Give Tips On Staying Competitive In The Business World**

# 8. Understand The Importance Of Marketing

## How important is marketing to your new business?

"Marketing brings money into the business," says Gene Fairbrother, the lead micro-business consultant for NASE's Business 101 program. "The driving force for every revenue dollar is marketing."

Marketing is the way you tell potential customers about your products and services. Through marketing, you:

- Build awareness about your new business

- Create an image for your new business
- Deliver messages about you, your products and your services
- Develop a customer base

Marketing isn't just placing an ad in a newspaper or launching a website or putting a banner sign in your store's window. It's all of those things—and more.

“Advertising is part of marketing. But marketing is also customer service. It’s knowing who your customers are,” says Fairbrother. “Marketing brings it all together.”

Marketing can cost thousands of dollars or very little, depending on how you choose to market your business. And spending more money doesn’t necessarily equate to more results.

## Identify your target customers

The more you know about your ideal customers the better you’ll be able reach them. Answer questions such as:

- Is your ideal customer an individual or another business?
- What products and services does your customer currently buy? Where do they shop?
- What problems does your customer face and how do your products or services solve those problems?
- Which newspapers, magazines or blogs does your customer read?
- Which websites do they visit?

## The NASE can help

Find more marketing information and ideas in these NASE articles:

- **Surprise! Direct Mail Isn’t Dead!**
- **Schmoozing For Sales: Social Networks Give Micro-Businesses More Marketing Muscle**
- **Unlock The Promotional Power Of Trade Shows**
- **Cheers! Here’s to Green Drinks and Other Eco-Friendly Groups that Can Boost Your Business**
- **The Great Outdoors: Outdoor Advertising Could Bring More Customers Into Your Business**
- **Oops! How To Fix Costly Marketing Mistakes**

## Know your marketing options

Before you can decide how, when and where to market your business, you have to understand the tools at your disposal.

Here’s a quick list of a few marketing tools you can deploy:

- Print advertising—newspaper, magazine and local newsletters
- Online media—e-newsletters, search engine ads and websites
- Social media—blogs, [Facebook](#), [Twitter](#) and [LinkedIn](#)
- Direct mail—postcards, newsletters, coupons and sales letters
- Trade shows—local as well as national
- Broadcast—radio and television (don’t overlook local cable channels)
- Signage—in your store, on your vehicle, on billboards
- Promotional products—mugs, pens, magnets and other items that promote your business
- Word of mouth—get satisfied customers to tell their friends (and remember to ask your customers for referrals)
- Networking—at the Chamber of Commerce, at trade and industry organizations, even at social events

The most effective marketing uses a variety of these vehicles.

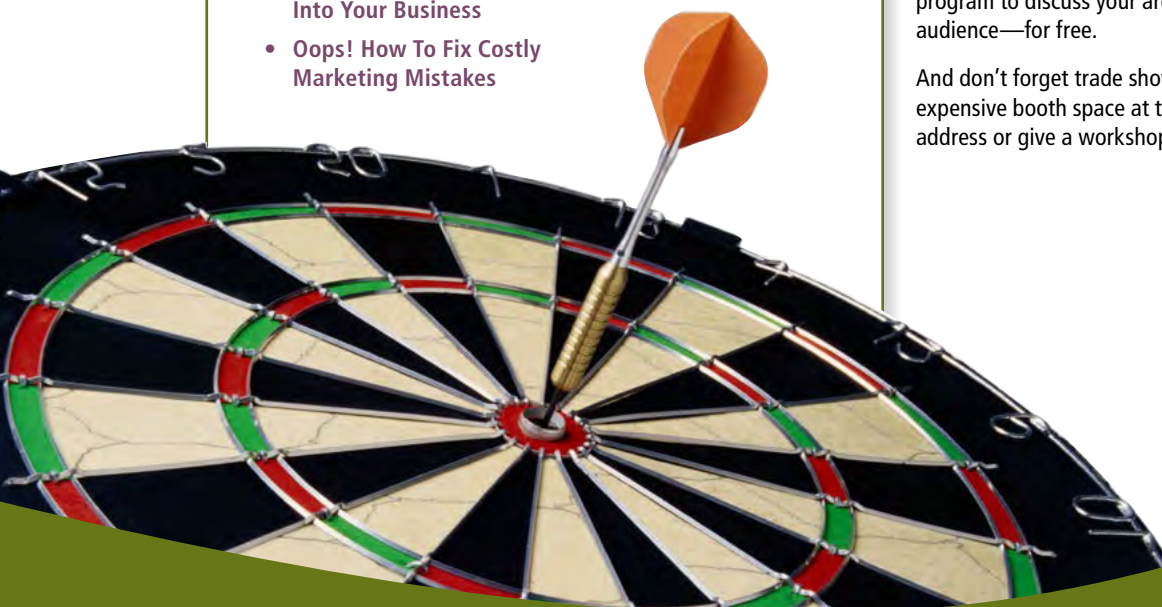
## Don’t overlook free PR

Many new business owners depend on advertising and other expensive marketing tactics while ignoring some of the free, most effective alternatives, like public relations.

For example, instead of buying ad space in a magazine, perhaps you could write a short article for free and present it to the magazine’s editor. Include your credit line at the end of the article. That credit line might state your business name and website address. Presto! You get the attention of readers without spending a dime.

The same goes for radio or television. Instead of buying a costly advertising spot, offer yourself as a guest on a local talk program to discuss your area of expertise. You reach the same audience—for free.

And don’t forget trade shows or conferences. Rather than purchase expensive booth space at the show, deliver a dynamic keynote address or give a workshop for attendees.



## 9. Make A Great Impression

As a new business owner, you are the company. Your reputation, your manners, your physical appearance all contribute to the impression you give potential customers.

“Customers buy your image just as much as they buy your products and services,” says Gene Fairbrother, the lead micro-business consultant for NASE’s Business 101 program. “If you can’t present a quality image, you need to go back to the drawing board before you open your doors.”

Image goes across your entire business, from your business cards, website and marketing materials to the way you answer your phone and the cleanliness of your office.

Use these tips to make sure you put your best foot forward.

### Buy the best you can afford

You don’t need to go into debt when purchasing image products and services for your new business. But you do need to aim for the best quality you can afford.

“Don’t make the mistake of cheapening the image you present to customers,” Fairbrother says.

That might mean having business cards professionally printed rather than running them off of your inkjet printer. Or it might mean paying a graphic artist to create a business logo instead of drawing one yourself.

The same goes for services. You may be a talented writer who can churn out material for your company’s website. But perhaps it would be smart to hire out the design of your website.

### Mind your P’s & Q’s

Etiquette is simply the set of social rules that help people get along. Whether in person, on the phone or online, practicing proper etiquette will improve your image.

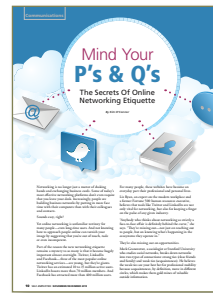
Be punctual. It conveys respect. Return phone calls on time. Answer emails promptly. Arrive on time for business meetings or lunches. And most of all, deliver products and services when they’re promised.

Say please and thank you, just like your mom taught you.

At business lunches or dinners, be polite to the wait staff. Treating the staff with disrespect might prompt potential clients to wonder if you’ll treat them the same way.

### The NASE can help

Get more tips on polishing your image with these NASE articles:



- **Lasting Impressions: NASE Members Know How To Wow Customers**
- **Mind Your P’s & Q’s: The Secrets Of Online Networking Etiquette**
- **Retail Redo: Wring More Sales Out Of Your Showroom With A Store Makeover**

Give people your attention. It’s the respectful thing to do. That means turn off your cell phone when you’re in a meeting or having a business meal. It means not texting while having a conversation with a client or colleague.

If in doubt, remember this: When it comes to business etiquette, courtesy and politeness are the bottom line.

Unsure about your social skills? Take a seminar or workshop to brush up on etiquette. You’ll gain confidence as you learn how to professionally handle introductions, table manners, small talk and other pleasantries.

### Tidy up

Check the appearance of everything that comes in contact with a customer or potential client:

- Yourself
- Your vehicle
- Your house (if you have a home office)
- Your storefront

Everything should be clean, organized, welcoming and ready for business. After all, that’s how you want customers to see your new company, right?

Home-based business owners accustomed to an informal atmosphere need to be especially vigilant. Just because you work at home in your favorite faded jeans doesn’t mean they’re appropriate attire for the next Chamber of Commerce meeting. You can dress casually yet professionally—and command respect for doing so.



## 10. Protect Yourself

When you start your own business, you put everything on the line—from your reputation to your income. This is not the time to risk it all.

Many pundits say that entrepreneurs are risk takers. The truth is, successful entrepreneurs take calculated risks. They weigh the pros and cons of their decisions and their actions. And they protect themselves whenever possible.

Here are just a few ways you need to protect yourself when you launch your new venture.

### Guard your information

Your business generates stockpiles of valuable information—from customer data and financial numbers to pricing strategies and marketing statistics. All can be lost in an instant, whether you store that information in paper files, on computer drives or in your smartphone.

Back up that information or make hard copies. Encrypt it or lock it down. Do whatever you have to do to make sure that if the information is lost, you can find a way to retrieve it.

### Get the right insurance

The type and extent of the coverage you need will depend on your business. But in general, you should make sure that you have property insurance to cover your business assets in case of theft, natural disasters or accidents. Assets include vehicles, facilities, equipment and tools. You may also need liability, errors and omissions, health insurance and other types of policies.

### Prepare for emergencies

If something can go wrong, be prepared to deal with it. Hurricanes and blizzards have stopped many successful businesses in their tracks. Those who had contingency plans in place survived. Know what you plan to do if the power goes out for a week or a flood prevents employees from getting to the office.

### Defend your reputation

Your good name is a springboard for business success. Client referrals are earned by consistently delivering what you promise.

Today, online review sites have taken word-of-mouth marketing and multiplied it by thousands. Satisfied or dissatisfied customers can post good reviews or negative comments about their experiences with your business. Make sure you take all possible steps to generate positive buzz for your business.

### Stay Healthy

You are your business. The success of your business depends on you being in tiptop shape—mentally, emotionally and physically.

Taking time off away from your business may seem like one of the hardest things to do, but it's also one of the most important. Find a balance between work and play. Take action when health issues arise so they don't worsen and put you out of commission. At the [NASE Health Resource Center](#), you can find a wealth of health information geared specifically to the self-employed.

### Safeguard your future

As a new business owner, you're not only in charge of your working days, but you're also in charge of your golden years. That means you need to plan and save for retirement.

There are a multitude of retirement programs available to the self-employed. The plans differ on tax consequences, contribution rates, withdrawal rates and other issues. It's up to you to sort it all out and decide what will work best.

The NASE consultants can help you identify your retirement needs and find ways to get your retirement planning on track:

- **Business 101**—business consultants who can help you identify the right retirement plan
- **TaxTalk**—certified public accountants who will answer questions about the tax issues surrounding different retirement plans
- **Retirement & Estate Planning**—licensed attorneys who will show you how your micro-business fits into your retirement planning

### The NASE can help

Learn more about protecting yourself with these articles from the NASE:

- **Don't Risk It All: Proper Insurance For Home-Based Businesses**
- **Unprepared For Your Golden Years? Round Up These Resources For A Financial Fix**
- **Look Who's Talking: Are Online Reviews Helping Or Hurting Your Micro-Business?**
- **Risky Business: Risk Management Steps Keep Your Business Running Smoothly**



# Startup By The Numbers: A CHECKLIST FOR ENTREPRENEURS

The NASE developed this interactive checklist so you can track your progress as you launch your new business. Following this checklist will also ensure that you don't overlook any critical actions in getting your business started.

For more details about any of these actions, refer to the NASE Startup Kit: 10 Things You Need To Know To Start A Business.

## 1. Think Like A Business Owner

- Purchase office technology, which might include computer, telephone and printer.
- Develop your business plan.
- Identify competitors.
- Sign up for NASE's [Washington Watch e-newsletter](#) for the latest information about national policies regarding small-business taxes, regulations and other legislative priorities that could impact your new business.

## 2. Choose The Right Business Structure

- Visit the micro-business consultants at NASE's [Business 101 program](#) to get an understanding of the pros and cons that accompany corporations, sole proprietorships and other business structures.
- Visit the certified public accountants at [TaxTalk](#) to learn about the tax planning strategies for different types of business structures.
- Visit the licensed attorneys at NASE's [Business Law Experts](#) who can answer many of your legal questions.
- Find an attorney and a tax professional who can help you decide which structure is right for your circumstances.

## 3. Know The Legalities Of Operating Your Business

- Seek the assistance of an attorney to help you handle legal issues such as drafting partnership agreements, reviewing commercial leases and protecting intellectual property.
- Choose a business name and register your DBA.
- Obtain a federal employer identification number from the IRS.
- Apply for state and local business licenses.
- If you start a home-based business:
  - Find out about the zoning regulations in your city.
  - Check your homeowners' association rules for operating a home business.
  - Check with your city and county health departments to see if there are restrictions on your type of business.
- Visit the licensed attorneys at NASE's [Business Law Experts](#) for legal guidance about your startup.

## 4. Know Your Tax Responsibilities

- Learn about the different types of taxes you may be responsible for, such as self-employment taxes and estimated taxes.
- Seek out a tax professional who can help you with tax planning for your new business.

- Visit the [NASE Tax Resource Center](#) for details about your tax obligations.
- Visit [TaxTalk](#) where certified public accountants can answer tax questions about your new business.
- If you are a sole proprietor, download the book [Schedule C: from A to Z; The Sole Proprietor's Guide to Tax Savings](#) for straightforward answers about preparing and filing your income tax returns.

## 5. Properly Fund Your Business

- Investigate these types of startup financing options to decide which is best for you:
  - Traditional lenders
  - Venture capitalists
  - Government sources
  - SBA Microloans
  - Personal loans from a lender
  - Borrowing money from family and friends
  - Using credit cards
- Apply for an [NASE Growth Grant](#) of up to \$5,000
- Visit the micro-business consultants at NASE's [Business 101 program](#) to get ideas about how to finance your startup.



## 6. Develop Good Financial Habits

Managing finances should be at the top of your to-do list. Start with these actions.

- Open business bank accounts.
- Develop a filing method that lets you keep all receipts in an organized fashion.
- Choose a software accounting program to track the financial progress of your new firm.
- Learn how to use financial statements, including your balance sheet, income statement and cash flow statement.
- Take steps to optimize your cash flow.
- Turn to the micro-business consultants at NASE's [Business 101 program](#) for more information about the finances for your startup.

## 7. What You Don't Know Can Hurt You

You have hundreds of resources at your fingertips—either online or probably a short drive from your office. Look into these resources.

- Apply for an [NASE Succeed Scholarship](#) of up to \$4,000 for continuing business education.
- Your local Chamber of Commerce.

- Seminars and training workshops offered through industry trade associations and professional organizations.
- Small-business books.
- Local community colleges that offer continuing education courses for entrepreneurs.
- [U.S. Small Business Administration](#), which has free online courses.
- [Small Business Development Centers](#), which provide management assistance and educational services.
- Public seminars and workshops offered by for-profit groups.
- The NASE consultants can answer all of your questions; just visit the [NASE Business Learning Center](#).

## 8. Understand The Importance Of Marketing

Marketing is the way you tell potential customers about your products and services. Take these steps to get started.

- Identify your target customers.
- Learn about your marketing options, such as advertising, social media and direct mail.
- Find out how to make the most of free PR.
- Develop a marketing plan and a marketing budget.

## 9. Make A Great Impression

Use these tips to make sure you put your best foot forward.

- Purchase the highest quality marketing materials you can afford to present a top-notch image.
- Get training to learn proper business etiquette, including how to handle yourself with online social media.
- Tidy up by checking the appearance of everything that comes in contact with a customer or potential client.

## 10. Protect Yourself

Here are a few ways you need to protect yourself when you launch your new venture.

- Develop ways to guard your information, including customer data, pricing strategies and marketing statistics.
- Get the right insurance, such as property insurance, liability policies, errors and omissions coverage, and [health insurance](#).
- Prepare for emergencies by making contingency plans for power outages and natural disasters.
- Make your health a priority. Visit the [NASE Health Resource Center](#) for health information geared specifically to the self-employed.
- Choose a retirement plan. The NASE consultants at the [Business Learning Center](#) can help you sort out your options.





**National Association  
for the Self-Employed**

P.O. Box 241

Annapolis Junction, MD 20701-0241

(800) 649-6273

[NASE.org](http://NASE.org)