

The SpitFire Guide for First Time Business Owners



**THE
SPITFIRE
COACH**

INTRODUCTION

This guide is something I wish someone had given me when I was putting my business together. I'm happy to help you prevent the stumbles and failures I made along the way. Some of this information you may already know (and that's awesome). And hey, if I can help you keep from getting bitten in the butt, why not?

This guide should be used as a supplement when working with a professional and NOT a replacement. Every business, state, and industry is different, so please do your homework for your specific business.

Please use the professionals who know the codes – lawyers, accountants, etc. They know their stuff!

Use this guide to help get informed on the ins and outs of setting up your business before you overspend or get yourself into hot water with the government, other businesses or your significant other.

I'm with you in this, so if you have any questions, please ask me and I'll try to point you in the right direction. Here's my info:

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So, if I haven't scared you off with this warm fuzzy introduction, let's get started.

WHAT I DO: With the freshness of New Jersey and the strategic insight of Washington, DC, I bring clients direct, intuitive and playful feedback to dream, build and expand their businesses. Starting from the foundations of leadership coaching, I work with clients to build their vision and mission, establish their values, set goals, and hold them accountable through each milestone.

WHO I WORK WITH: I work with creative and energetic business leaders who are looking for structure, balance and a trusted resource to develop ideas and strategy. My entrepreneurial-spirited clients are kicking ass and taking names in the tech, apparel, media, graphic design, nonprofit and fitness industries.



WHY I DO IT: Starting from the age of six when I learned how to crochet, I have always been driven by creating, selling and adjusting my approach. This little hobby grew to a full-scale business and supported my tuition expenses while attending Rutgers University. I hung up my hooks for the corporate world in 2005, where I excelled in the ranks, but didn't feel the same creative passion. After co-founding a CrossFit Gym in Las Vegas and coaching professionals, the light bulb went off. I needed to launch people into their awesomeness on a greater scale. After getting certified as a professional coach and reaching the PCC certification level, I combined my 20+ years of entrepreneurial experience with the tools and tactics of a certified coach.

Let's Spit Some Fire!

The 12 Questions You Need to Ask Yourself Before Starting a Business

I attended a government run workshop on Women-Owned Businesses (who will remain nameless) and was horrified when the facilitator jumped into getting financing for your business. I raised my hand and asked, shouldn't we first dig into whether or not we should start a business? She dodged the question by assuming we were all ready to get going and take out a loan.

I've created the questions below not to scare you out of business, but to think thoughtfully about the risk and what's really needed to make your business successful. These are not targeted to any one industry and may seem general, but their purpose is to start a deeper conversation. I'd love to hear your answers and feedback in the comment section.

- 1) **Why are you creating your business?**

- 2) **On a scale of 1 – 5, what is your risk threshold?**

- 3) **How much money do you have available in savings?**

- 4) **Realistically, how long can you live off of that money?**

- 5) **How do you handle stress or bad news?**

- 6) **When do you anticipate being profitable?**

- 7) **How many hours a day/week/month are you willing to put in to make your organization a success?**

- 8) **Who can you affiliate with/collaborate with/sell to in your immediate circle?**

- 9) **Who do you need to get in front of to make your brand known?**

- 10) **Who haven't you called, emailed, and called again?**

- 11) **What stops you or prevents you from being productive?**

- 12) **On a scale of 1 – 5, how ready are you to be a success?**

Take your time on these questions. If you feel any resistance to any of the questions, highlight it and ask yourself where it's coming from. Is it a mental block around money or resources? Are you afraid of success and what this would mean for your relationships? These are all super normal concerns and fears. If you're feeling resistance, coaching may help you address your blocks and come up with a strategy to cope with the change-related stress that comes with opening a business.

Schedule a Session: www.spitfirecoach.com/contact

What Kind of Business Owner Are You?

This will help you to determine your next and necessary steps depending on your involvement in the business.

Day-Dreamer

You plan and plan, but find it more enjoyable to dream about what your business could be. You're not quite sure what you need to know, but you don't like sticking your neck out without more information and a plan.

Potential Risk: None

Financial Investment: None

Potential Reward: None

Hobbyist

You dabble on the weekends and when you get requests from friends. You're not wanting to put more than a couple of hours in a month. It provides some play money, but you're not ready to leave your job and take the plunge.

Potential Risk: Low

Financial Investment: Low – Depending on Project. If you're into tech, this can get costly.

Potential Reward: Low – Spending Money

Side Hustler

Every ounce of free time outside of your 9-5, you're working on your business idea. You're putting in 10-40 hours a week on this and love what you're doing. It's only a matter of time before you take it to the next level and do it full time.

Potential Risk: Mid-Level, Depending on Industry and Project

Financial Investment: More than Hobbyist, but Not as High as the All-In Entrepreneur. You may invest your revenue back in your business

Potential Reward: Mid-Level, Could Provide Financial Security and Additional Lifestyle Options

All-In Entrepreneur

You have taken the courageous step into self-employment and walked away from your corporate security blanket. You are ready to give this everything you've got to make it successful. This is your dream and you know you can build an amazing company.

Potential Risk: High

Financial Investment: High

Potential Reward: High

Which Kind of Business Owner Are You? _____

What Kind of Business Are You (On Paper)?

When you start your business, you will have to decide on which type of business entity you will be. The most common forms of business are Sole Proprietorship, Partnership, Corporation, S-corporation and Limited Liability Company (LLC). This is where the lawyers come in and can be super helpful. Below is a chart that breaks down the pros and cons of each legal business structure from www.smallbusiness.findlaw.com

	Main Advantages	Main Disadvantages
Sole Proprietorship	<ul style="list-style-type: none"> • Easy to create and maintain • Business and owner are legally the same entity • No fees associated with the creation of the business entity • Owner may deduct a net business loss from personal income taxes 	<ul style="list-style-type: none"> • Owner is personally liable for any debts, judgments or other liabilities of the business • Owner must pay personal income taxes for all net business profits
Partnership	<ul style="list-style-type: none"> • Easy to create and maintain • No fees associated with creation of the business entity • Owners may report their share of net business losses on personal income taxes 	<ul style="list-style-type: none"> • All owners are jointly and personally liable for any debts, judgments or other liabilities of the business • Owners must pay personal income taxes for all net business profits
Corporation	<ul style="list-style-type: none"> • Owners of the business enjoy limited liability for the business' debts, judgments and other liabilities • Some benefits may be deducted as business expenses • With good accounting, owners and business may be able to pay lower taxes by splitting the business profits among owners 	<ul style="list-style-type: none"> • More expensive to establish than a sole proprietorship or partnership • Complicated paperwork that must be filed with the secretary of state • Corporation must pay its own taxes as a separate tax entity

<p>S Corporation</p>	<ul style="list-style-type: none"> • Owners of the business enjoy limited liability for the business' debts, judgments and other liabilities • Owners share the net profits of the business and report their share on personal income taxes • Owners share the net business loss and can offset other income by reporting this loss on personal income taxes 	<ul style="list-style-type: none"> • More expensive to establish than a sole proprietorship or partnership • Paperwork is more complicated than the paperwork required for a LLC, but similar advantages • The ownership interest of the various owners determines their respective incomes from the profits of the business • Some benefits are only given to owners that have more than 2% of the business' shares
<p>Professional Corporation</p>	<ul style="list-style-type: none"> • Owners are not personally liable for the malpractice of other owners 	<ul style="list-style-type: none"> • More expensive to establish than a sole proprietorship or partnership • The paperwork and filings may be onerous to owners • Every owner must be in the same profession as all other owners
<p>Nonprofit Corporation</p>	<ul style="list-style-type: none"> • Corporation does not pay income taxes on money it receives for a charitable purpose • Donors that give for a charitable purpose may deduct their donations from income taxes • Some benefits may be deducted as business expenses 	<ul style="list-style-type: none"> • The full tax benefits and advantages can only be utilized by businesses that have been incorporated for a charitable, educational, scientific, religious or literary purpose • If property is transferred to the nonprofit corporation, the property must stay with the corporation. Even if the corporation ends, the property must go to another nonprofit

<p>Limited Liability Company (LLC)</p>	<ul style="list-style-type: none"> • Owners of the business enjoy limited liability for the business' debts, judgments and other liabilities, even if the owners engage in significant control of the business • The business profits and losses can be allocated to the owners along different lines than ownership interest (for example, a 10% owner may be allocated 30% of the business' profits) • Owners can choose how the LLC will be taxed, either as a partnership or a corporation 	<ul style="list-style-type: none"> • More expensive to establish than a sole proprietorship or partnership
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Which Kind of Business Do You Want to Create? _____

Do I Need a Business Plan to Have a Business?

Short answer – it depends. If you're looking for funding from a bank or VC, they're going to want to see a formal business plan or a pitch deck (for the VC world). If you're looking to get started and have paying customers or people ready to give you money for your services, you don't need a formal business plan, but I would suggest spending some time on the following areas:

Your Business Name:

Your Business Location:

Your Services & Pricing:

Your Target Customer:

Your Competition:

Your Unfair Advantage:

How Can People Find Your Business?

How Are You Promoting Your Services?

What Do You Need to Break Even? Be Profitable?

If you'd like to put together a formal business plan, there are tons of templates in Microsoft Word and online. The key areas are:

1. **The Executive Summary.** This is a concise one- to four-page summary illustrating the key points that are detailed in each section of the ensuing business plan. The Executive Summary should stand on its own as a separate document.
2. **Business Overview.** Offer a description of the business, including:
 - The legal structure
 - Business formation history
 - The type of business
 - Location
 - Means of doing business (Internet, storefront operation, mail order)
3. **Operations Plan.** Offer an explanation describing how the business will function, including the physical setup and responsibilities for specific tasks.
4. **Market Analysis.** Include an overview of the market as a whole, with specific data and charts or graphs, if appropriate. Define your target market and your plans for catering to this specific audience.
5. **Products and Services.** Describe the products manufactured or sold or the services offered. Classify the different types of products or services and provide a brief description of each.
6. **Sales and Marketing.** Outline pricing and sales information. Include rationalizations for why your audience will buy your products or services and how you will reach them through marketing and advertising efforts.

7. **Competitive Analysis.** Analyze the strengths and weaknesses of your direct and indirect competitors. Demonstrate how you will gain a competitive edge against your competition.

8. **Management Team.** Provide pertinent, concise background information on all key players involved in the business.

9. **Financial Plan.** Include all financial information, from startup costs to balance sheets. The financial section should outline:
 - The amount necessary to start or maintain the business
 - The amount needed over the next two, three, and even five years
 - Plans to use funds
 - Anticipated need for additional funding
 - Ongoing business expenses, including salaries, insurance costs, promotional expenses, etc.

10. **Projections.** Provide projected income statements and balance sheets for at least two or three years.

Why Do I Need to Have a Budget Now?

Starting a business can get pricey especially when you don't know everything that's needed. Below is a sample budget for you to plug in your information. If you know your costs, plug them in. If you're unsure, go out and research them for your area. These are only costs to get established as a registered business.

According to the Small Business Administration, most micro-businesses can get started for under \$3,000. <https://www.sba.gov/blogs/how-estimate-cost-starting-business-scratch>

Why Should I Track My Numbers Before Starting a Business?

These are the costs involved in preparing to open a business and may include things like market research, the mileage costs involved in researching a location, advertising, training, wages, and any fees paid to professionals or consultants such as a lawyer or accountant.

Many (but not all) of these costs are tax deductible, up to \$5,000 in the first year of doing business. The remaining costs are then amortized (meaning you deduct them in equal installments) over a period of 180 months (starting with the month in which your business opens).

If you decide not to open a business after doing all your research, the deduction benefit goes away. Instead, these expenses are considered personal costs and aren't deductible.

Market Research _____

Business Filing _____

Legal Fees _____

Your Time _____ (This can't be written off, but should be taken into consideration when trying to determine if you should do it yourself or hire someone to do it)

Once you've estimated your expenses, you can better compare the DIY v. a "Delegate and Pay Someone Else to Do It" option.

What Paperwork Do I Need to Fill Out?

You've answered all of the questions and you're ready to go! Nothing can stop you until you realize you've got some paperwork to fill out. Below is a brief description on what's needed to file as a legal business entity.

What's in a Name? Pick One!

What do you want your business to be called? If you're unsure you can use your name and apply what's called a DBA (does business as) to your business license filing when you're ready. For example, my business is registered as Lauren LeMunyan Coaching LLC and I registered SpitFire Coach as a DBA. This allows me to collect checks under both names after I've set up a business bank account.

Get an Employer Identification number (EIN).

What is an EIN? An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. You will need this when you apply for a credit card, business bank account and anything needing to verify you as a business.

Below are convenient links to apply for an EIN. According to the IRS the application is free. So yay!

If your business is a for profit, <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

If your business is a non-profit <https://www.irs.gov/charities-non-profits/obtaining-an-employer-identification-number-for-an-exempt-organization>

Register Your Trade Name.

What is a Trade Name? A Trade Name is also known as a DBA or Does Business As.

Sometimes, a business owner wants to operate under a name other than the company's legal name. A trade name is different from a business' legal name. Business owners can use a trade name for advertising and sales purposes. The trade name is the name the public sees, like on signs and the internet.

A Trade Name is NOT a Trade Mark. You'll need to fill out different paperwork for that sucker.

How Do I Register a Trade Name? This is dependent upon your state. Below is a list of states and websites to dig in.

I researched each state government website to save you a bit of time. Why? Because when you search on Google you'll be flooded with services and deals willing to take on this task for you. I encourage you to do your research first. If you don't want to do the process yourself at least you'll know what's needed in the future.

Alabama: <https://revenue.alabama.gov/audienc/e/businesses/>

Alaska: <https://www.commerce.alaska.gov/web/cbpl/BusinessLicensing.aspx>

Arizona: <https://www.azdor.gov/Business/LicensingGuide.aspx>

Arkansas: <http://www.arkansas.gov/business/>

California: <http://businessportal.ca.gov/Registration-Permits/Registering-A-Business>

Colorado: <https://apps.colorado.gov/apps/jboss/cbe/index.xhtml>

Connecticut: <http://www.ct.gov/drs/cwp/view.aspx?a=1509&q=266240>

Delaware: <https://corp.delaware.gov/howtoform.shtml>

DC <https://dcra.dc.gov/page/business-licensing-corporate-registration>

Florida: <http://www.stateofflorida.com/corporations.aspx>

Georgia: <https://dor.georgia.gov/videos/new-business-registration-video>

Hawaii: <http://cca.hawaii.gov/breg/registration/>

Idaho: <https://business.idaho.gov/>

Illinois: <http://www.revenue.state.il.us/Businesses/register.htm>

Indiana: <https://secure.in.gov/dor/3744.htm>

Iowa: <https://tax.iowa.gov/starting-business>

Kansas: <https://ksrevenue.org/busregistration.html>

Kentucky: <https://onestop.ky.gov/start/Pages/default.aspx>

Louisiana: <http://www.revenue.louisiana.gov/Businesses/BusinessRegistration>

Maine: <http://www.maine.gov/portal/business/starting.html>

Maryland: <https://egov.maryland.gov/businessexpress>

Massachusetts:<http://www.mass.gov/hed/business/start-business/new-business-steps.html>

Michigan: www.michigan.gov/taxes/0,4676,7-238-43519_43521_69027_69032-155361--00.html

Minnesota:<http://www.sos.state.mn.us/business-liens/start-a-business/how-to-start-a-business-in-minnesota/>

Mississippi:<http://www.sos.ms.gov/BusinessServices/Pages/default.aspx>

Missouri:<https://missouribusiness.net/article/licenses-registration-checklist/>

Montana:<http://sos.mt.gov/business/startup/index>

Nebraska:<https://www.nebraska.gov/osbr/index.cgi>

Nevada:<http://nvsos.gov/sos/businesses/start-a-business>

NewHampshire:<https://www.revenue.nh.gov/faq/register-business.htm>

NewJersey:<http://www.nj.gov/njbusiness/registration/>

NewMexico:<http://www.tax.newmexico.gov/Businesses/register-your-business.aspx>

NewYork:https://www.businessexpress.ny.gov/app/portal/content/start_a_business

NorthCarolina:<https://www.nc.gov/services/starting-business-nc/business-registration>

NorthDakota:<http://sos.nd.gov/business/business-services>

Ohio: <http://business.ohio.gov/starting/>

Oklahoma:<https://www.sos.ok.gov/business/infoSB.aspx>

Oregon:<http://sos.oregon.gov/business/Pages/register.aspx>

Pennsylvania:<http://www.uc.pa.gov/Pages/Start-a-Business.aspx>

RhodeIsland:<http://sos.ri.gov/divisions/Business-Portal/Start-Or-Qualify-A-Business>

SouthCarolina:<http://www.sc.gov/business/Pages/STARTINGABUSINESS.aspx>

South Dakota <http://sd.gov/business.aspx>

Tennessee:<http://www.tn.gov/veteran/topic/start-your-business>

Texas <https://businessintexas.com/start-business>

Utah:<https://www.utah.gov/business/starting.html>

Vermont:<http://www.vermont.gov/portal/business/index.php?id=87>

Virginia:<http://www.bos.virginia.gov/starting.shtml>

Washington:<http://bls.dor.wa.gov/startbusiness.aspx>

West Virginia <http://sos.wv.gov/business-licensing/Pages/default.aspx>

Wisconsin:<https://www.revenue.wi.gov/Pages/Businesses/New-Business-home.aspx>

Wyoming:<http://soswy.state.wy.us/Business/StartABusiness.aspx>

Get a Business License.

What is a business license? A business license is a type of legal authorization to operate a business in a city, county, or state. A license may even be required on a federal level. Typically issued in document form, the license gives a business owner the right to conduct entrepreneurial activities as set forth in the license application.

Requirements for a business license vary by state and municipality. Some locations require anyone conducting a business to obtain a license. On the other hand, some areas allow smaller home businesses to operate without the need for a license. Such small businesses could include consulting, web design, or typing services.

Whether or not you need a business license may depend, in certain areas, on the type of business you plan to operate. Therefore, it is important to put some time and energy into researching the requirements for your particular area. Finding such information is usually relatively easy, involving a phone call or visit to your city or state's government office. Often, these offices are located in a local courthouse.

What is a Registered Agent?

A *registered agent* is a responsible third-party who is *registered* in the same state in which a business entity was established and who is designated to receive service of process notices, correspondence from the Secretary of State, and other official government notifications, usually tax forms and notice of lawsuits.

There are services that you can pay for (~\$150 a year). In most states you can have a business owner in your state become your Registered Agent. Make sure you check with your state to see what your options are.

Complete a Business Personal-Property Tax Form (if necessary).

What is a business personal-property tax? In some states there is a tax on business owned personal property which is imposed and collected by the local governments. Responsibility for the assessment of all personal property throughout state may rests with the Department of Assessments and Taxation.

Personal property generally includes furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory and any other property not classified as real property.

Check with your state or industry related trade association for more information.

Ask your Locality About Other Permits.

You'll need to get a federal license or permit if your business activities are regulated by a federal agency.

Check to see if any of your business activities are listed here, and then check with the right federal agency to see how to apply.

Requirements and fees depend on your business activity and the agency issuing the license or permit. It's best to check with the issuing agency for details on the business license cost.

Check with your state or industry related trade association. SBA has a list of Federal and State Permits here: <https://www.sba.gov/business-guide/launch/apply-for-licenses-permits-federal-state>

Get a Certificate of Resale (if necessary).

What is a certificate of resale?

A resale certificate is a document a registered business uses when it purchases goods it intends to resell. This document serves as a written statement that the business owners and operators won't use the goods purchased for personal use instead of selling them. It is also intended to show that the business will not use the goods before reselling them. It may also be used when purchasing certain services for resale.

Without a resale certificate, a business or individual is typically required to pay sales tax. With this document in hand, however, a business can buy wholesale goods and some services without paying the taxes typically required in the area. To purchase goods and services without paying the normal tax amount, a business must typically present the certificate to the seller before purchasing the items or within a reasonable amount of time thereafter. The seller is typically required to keep a copy of the document on hand for some period of time after the sale, often several years.

The form that this document must take depends on where the business is owned and operated. In some places, there may be an official form to fill out, while other jurisdictions will allow letters or notes. Some even allow memorandums. Most places do require the form or letter to include the name of the purchaser and his address as well as the number of his seller's permit. ***Check with your state or industry related trade association for more information.***

Get a Business Bank Account and Set Yourself Up with an Accounting System Like QuickBooks.

Notice how this is the last step. You can collect funds as you're building your business, but make sure you're noting those funds, so you can move it over when you're ready to open a business account.

Keep in mind that most business bank accounts will require a minimum balance to avoid incurring monthly fees. My monthly fee was \$14/month before I got my balance up. A client of mine said the minimum balance at Citi Bank was \$5,000, while Wells Fargo was \$7,500. As a new business owner, this is a lot of money that you use in other ways to build your business.

Make sure you talk to a bank representative to see if there are ways to avoid these fees. I remember my contact told me if I made five debit purchases (no minimum amount) I could work around the fee. Of course, I didn't do it and learned the hard way each month.

What Are My Next Steps?

Once your business paperwork has been filed, you are considered an open and operational business. Even if you don't conduct business, you will be responsible for submitting annual filings. Check with your state on this to see when they are due. For DC, they are due on April 1st and if you don't submit for two years your license will be revoked and you'll have to pay some hefty fees to get it reinstated.

- 1) Fill out your handy dandy Checklist on the next page and keep it somewhere convenient to reference to throughout your process.
- 2) Make sure you know when your business filings are due and set a few reminders in your calendar. (The fines are NOT pretty.)
- 3) Research necessary insurance to conduct business. (As a coach I have an insurance policy that cover \$1M for the year for about \$400. It's worth it and a lot of physical properties will require it for renting.)
- 4) Have a small business lawyer and accountant on the ready to answer any technical questions. (If you need recommendations, reach out to small business groups. Don't Google and use the first one you see even if they have amazing reviews. Don't use your cousin Melvin because your Aunt Silvie says so either.)
- 5) Get involved with a Meet Up or group of like-minded business owners to help you through the stress. Not only is this a great platform to brainstorm, they also have a wealth of knowledge and resources that cost you nothing.
- 6) Contact me to put your vision into action!
www.laurenlemunyan.com/take-action

Your No BS Business Set Up Check List

- Biz Owner Type: _____
- Biz On Paper Type: _____
- Company Name: _____
- EIN: _____
- Business License: _____
- Registered Agent: _____
- Permits: _____
- Additional License: _____
- Budget for Set Up: _____
- Business Plan
- Accounting Set Up: _____
- Bank Account: _____
- Next Steps: _____

THANK YOU!

Thank you for reading through The SpitFire Guide for First Time Business Owners. I hope you have learned a ton and feel confident take the next step in your business ownership process. Knowledge is power - and you are now a Powerhouse!

If you're ready to go to the next level of your business planning or launching, I would love to hear from you. I've worked budding entrepreneurs looking to create a plan to established businesses wanting to focus their website and marketing to attract in their ideal customer.

It all starts with you as the leader. When you feel confident to make decisions, your business reflects it. This should be an excitingly terrifying time, but if you know why you're doing it, it's all worth it.

You now have me as a resource, so know that you aren't in this alone. I hope to work with you in the future. Please don't be a stranger!

Keep being awesome!

Lauren LeMunyan

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