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THE ULTIMATE NEW BUSINESS FORMATION CHECKLIST





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Starting a new business is one-part passion and two-parts paperwork.

Entrepreneurs can quickly get overwhelmed by the vast federal, state, and local requirements in place to regulate the formation of new businesses. Furthermore, focusing on requisite steps can distract new business owners from asking astute questions and doing critical market research to hone their business ideas. However, starting a new business without a comprehensive plan in place to prioritize and organize requirements can result in substantial time delays, cash shortages, and even serious legal implications.



Working through a business startup checklist will ensure that all important steps are addressed in a logical order to stay ahead of the process. Additionally, it allows a new business to plan for future operations to increase its long-term chances for success. Here is the checklist to help you get started:

1. Verify Business Idea

In the rush to file all the correct new business paperwork and meet other regulatory criteria, many entrepreneurs forget the critical first step of analyzing the viability of their idea. Sometimes, an idea makes sense on paper, but is destined to fail in execution. Taking the time to do market research and objectively verify that the idea can be profitable is an essential first step to avoid wasting time and money.

Ask yourself the following questions that experienced venture capitalists use as criteria for funding new businesses:

- What are you really selling? (This may seem like an obvious question, but sometimes consumers are not buying the product that is being sold as much as they are the experience or image.)
- Who is your target customer?
- How big is the market? How much market share is available?
- How much will the cost of goods sold (COGS) be?
- Where will you need to price your offerings to make a sustainable profit? Will anyone pay this?
- Who will your competitors be?
- Are there gaps in competitors' offerings that can provide opportunities for your business to succeed?
- What will set your business apart from the rest of the industry?

If the answers to these questions prove that the business idea is not viable, it is best to either walk away from the venture or modify the business premise.



2. Determine How to Fund It

Funding is typically one of the most stressful components to starting a new business, especially when founders need to secure outside funding. Whether owners will fund the business themselves from savings, loans, or investment draws, starting the funding process early is a shrewd way to avoid delays later in the process. The business loan process can take several months or longer depending on the individual bank's requirements.

Additionally, if a lack of funding proves to be an insurmountable barrier, it is best to know that early on instead of further into the process after time has already been spent to meet other business requirements.

Start looking for small business grants and approaching investors once the business idea has been developed. Remember that lenders will likely require a business plan to move forward, which means that you should begin this step early on as well.

3. Find Support

By their nature, entrepreneurs tend to be independent self-starters, but that does not mean that they can build successful businesses alone. Finding a mentor and rallying friends and family behind the idea is crucial in building the support network needed to get the business off the ground.

4. Pick a Name

When selecting a DBA (i.e. a business name) it is important to consider both the print and digital arenas. Research which names are already in use or trademarked, paying attention to any similar names as well. Choose a name that is unique to avoid a trademark infringement lawsuit and ensure that the domain name is available as well.

Avoid domain names that could be misinterpreted as a different name when capitalization is removed. Remember, buying multiple domain names (especially for misspellings) and redirecting them to the main page is a smart way to capture all traffic meant for your business once the site launches.

5. Select a Business Structure



Choosing the right business structure for your new entity is a decision that has tax and legal implications. Assessing business risk ahead of time can protect business as well as personal assets in the case of legal action. A small business attorney can help aspiring business owners navigate business entity types to make an informed selection.

6. Appoint a Registered Agent

A registered agent is a person at an address in the same state where the business is located that can serve as a point of contact for the business to receive legal documents. This address is where tax forms, correspondence from the Secretary of State, service of process notifications, notice of lawsuits, and other official items will be sent. Many business owners forget to set a registered agent, assuming the business address will suffice for this function. However, new businesses may move locations frequently, which means that a registered agent (typically the owner at his/her home address) should be designated to ensure that important documents are not lost in the mail.

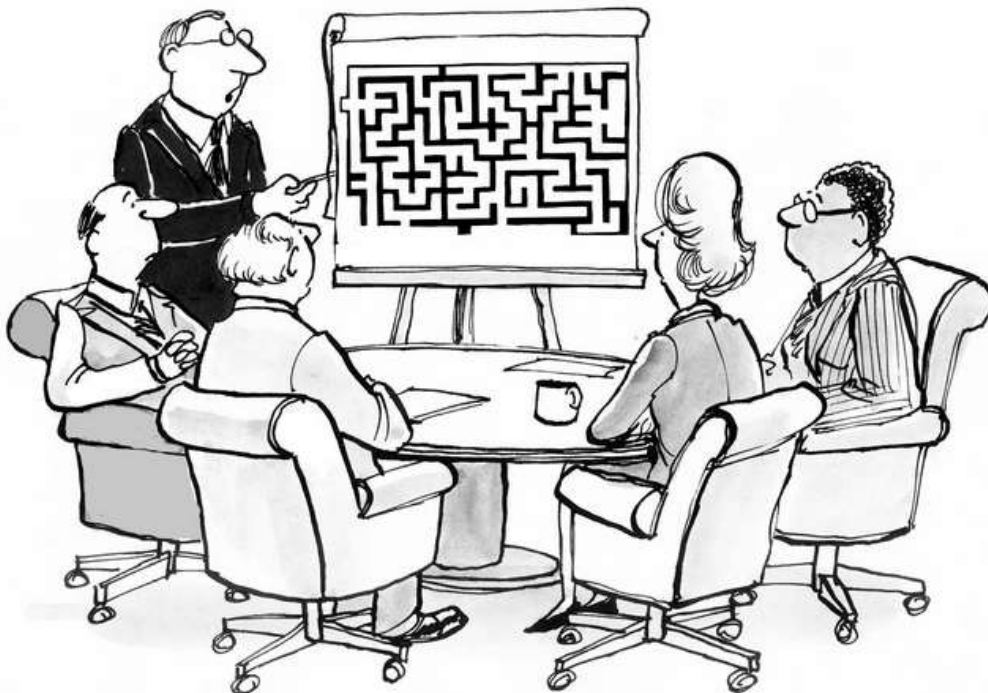
- ✓ [Registered agent info for Washington State >](#)
- ✓ [Registered agent info for Oregon State >](#)

7. Write a Business Plan

Every new business needs a business plan to guide day-to-day operations, especially in the startup phase. This living document sets goals and objectives that ongoing metrics can be compared against to adjust strategy during the lifetime of the business. A business plan should evolve with the business, reflecting strategic changes as operations are scaled up during growth phases and curtailed during downturns. Depending on the depth of the business plan, it may also outline industry benchmarks that will be used to measure the business's success against.

8. Assign Responsibilities

When there are multiple founders, responsibilities should be assigned among individuals to make operations more efficient. Setting clear expectations from the beginning ensures that steps will not be duplicated or overlooked in the formation process. Moving forward, these roles will allow each founder to share a stake in the growth of the business.



“What we’ve done is make it dramatically easier to navigate the corporate hierarchy.”

9. **Apply for an EIN (Employer Identification Number)**

A [FEIN](#) (Federal Employer Identification Number) or EIN, as it is more commonly known, is mandatory for corporations, LLCs, Partnerships, and Sole Proprietorships that have employees. This is required to open a bank account, pay employees, and file taxes. The paperwork needed to obtain an EIN is simple, and it can be completed online to expedite the process. Online applicants can get an EIN immediately, whereas filing by mail can have up to a 5-week turnaround time.

✓ [Apply for an EIN online here >](#)

10. **Set Up a Website**

Creating a business logo and designing a website is crucial for any business. Whether or not the business will sell anything online, a web presence is vital for customer acquisition, reputation building, and community support.

Setting up a website and online presence is a bit risky. It is easy to get carried away with something bigger than is needed. Website designers are on every virtual street corner and can appear to have the character and expertise you need. (trust, but verify)

Working with web designers and developers early in the startup process can prevent delays later because of the lead time required to go through design iterations and website functionality testing. You will have an opportunity to go through a vetting process.

11. **Open Social Media Accounts**

Social media profiles should be opened in conjunction with creating the website. Having a uniform name across platforms provides a seamless brand experience that consumers appreciate. Securing the company name across popular platforms like Facebook, Instagram, Twitter, and Pinterest before the site is launched keeps name squatters and competitors from tying up this important online real estate.



12. **Apply for a Sales Tax Permit**

While service providers are exempt, businesses selling products in the state where they do business are required to collect sales tax. In states like [Washington](#), where some say are [complicated local taxes laws](#) as well, tax permits grant businesses the authority needed to collect tax from customers and pay that tax to governing authorities properly. [Oregon](#) does not collect sales tax but most businesses operating in or selling in the state of [Oregon](#) are required to purchase a resale certificate annually.

13. **Open a Business Bank Account**

Regardless of the type of business entity, keeping personal and business finances separate is vital to avoid being audited and penalized. Opening business savings and checking accounts allows separation of finances to ensure that business funds are used solely for business purposes and taxed appropriately. While requirements vary widely from bank to bank, each institution will have a set list of requirements that business owners must adhere to in order to open an account.

14. **Get a Merchant Account**

To process credit card payments online or in-person a business needs a merchant account and a way to accept credit cards. Card swiping, dipping, or tapping technology that attaches to existing devices (like a Square for your smartphone) or standalone credit card terminals give customers a way to use cards remotely or in-store. Typically, the same merchant account can be used to process online transactions securely with reduced risk of fraud.

15. **Obtain Industry-Specific Licenses/Permits**

To operate a company needs a general business license, but in some cases federal licensing requirements may apply as well. While this is a rarity, some occupations require specific state licensing and permits. State licensing may regulate the overall industry, or the types of products being sold (such as alcohol, lottery tickets, and firearms)

16. Forecast Revenue and Expenses

Organizations need [budgeting](#) at every life stage, but budgeting poses a unique challenge for new businesses because there is no historical data to consult. Estimating upcoming expenses and expected revenue for the first year provides a solid foundation for ongoing business planning. It also informs potential funders of cash needs and expected returns.

17. Get Equipped

Purchasing the specific equipment needed to operate is obviously a crucial step when launching a new business. However, downloading the [apps](#) needed to run the business from anywhere is almost as important. Finding the right accounting, data storage, and scheduling apps, for instance, gives founders a way to control these essential business functions while on the go. The apps won't replace a bookkeeper but can improve communication.

18. Write Your Pitch

The classic “elevator pitch” is not dead. In fact, understanding your business well enough to synthesize a short explanation that includes the core idea and the differentiating value proposition is a key step for business owners. This pitch can be used for everything from approaching financiers and recruiting talent to converting customers and establishing partnerships.

19. Utilize Existing Networks

Reaching out to professional and personal contacts for ideas, advice, recommendations, and referrals is a common way to grow a new business. These networks can generate suppliers, partners, and vendors to build the business, not to mention kindle early-stage brand buzz. Using the aforementioned business pitch is an easy way to inform connections and garner buy-in among industry influencers.

20. **Line Up Suppliers and Providers**

Knowing where materials and services will come from, how much they will cost, and what the schedule to receive them will look like is a vital component for starting a business. Lining up suppliers and service providers ahead of time affords the opportunity to negotiate terms and rates where possible.

Additionally, services from providers like attorneys and [accountants](#) can be instrumental throughout the steps involved in setting up the business. We have a team of accountants and bookkeepers in [Washington](#) and [Oregon](#) who are committed to your success.

21. **Purchase Business Insurance**

Business insurance coverage can be tailored to fit a wide range of budgets and assets. Items like vehicles and technology should always be covered by an insurance policy but other business assets may be covered as well. Insurance does not simply cover asset loss and damage, it also safeguards against customer lawsuits.

Comparing quotes from several providers as well as various coverage options is always encouraged. While business insurance should be purchased immediately after the business is formed, the policy can always be re-written later to achieve customized coverage that grows with the business.

22. **Build Brand Awareness**

Providing a seamless brand awareness requires printed collateral like business cards and company letter head as well as digital assets like templates. Investing in these branded items ensures that every customer touchpoint will align to present a cohesive image.

23. **Market the Business**

Creating a marketing plan to unite online and offline marketing tactics not only helps guide these efforts, but also identifies required inputs. Understanding your audience is the first step of any viable marketing plan, which then culminates in the strategies needed to reach them.

24. **Rent Retail Space (if Applicable)**

For a brick-and-mortar store location is key, so finding a well-located rental space can help bring in revenue right away. The location should be the right fit for your target demographic and located where it will be easily accessible for customers. For non-traditional retail spaces, check local zoning laws to make sure business can be conducted there.

25. **Hire Employees**



While additional employees may not be necessary at first, business growth will typically necessitate the hiring of employees eventually. Register with state agencies to get workers' compensation insurance and unemployment insurance. Health, disability, and life insurance may also be purchased for full-time employees.

26. **Learn About Employment Taxes**

Understanding state and federal expectations allows employers to withhold the correct amounts from employees' paychecks and make the proper deposits on behalf of employees. The risk of not learning about [employment taxes](#) in conjunction with hiring employees and executing that knowledge correctly is being fined or assessed penalties.

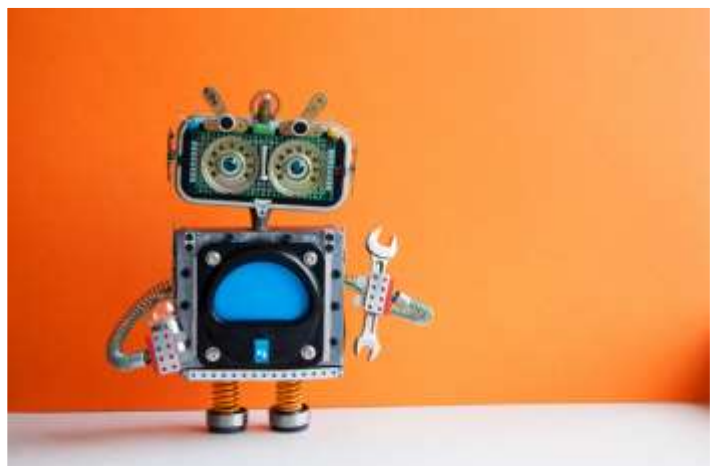
27. **Implement an Accounting Solution**

An [accounting system](#) helps organize receipts, invoices, quotes, and other important bookkeeping components. Maintaining these in one area facilitates [bank reconciliations](#) for better cash flow management. Additionally, an accounting solution allows financial documents like balance sheets and P&L statements to be generated regularly with minimal effort. [We have a team of professionals](#) to help you implement an accounting system at any stage of your business.

28. **Implement Automation**

Many business owners wait to implement automation until the business has grown and they need technology to help scale the business. However, analyzing areas to look for automation opportunities in the early stages of the business allows business owners to work smarter from the start.

Automation can eliminate tedious work to foster efficiency. Furthermore, integrating automation provides a way for business owners to delegate roles and generate a backup plan to keep operations running when they are not there.



29. Rent Office Space

Finding office space is one of the last things a new business should do.

New business expenses add up quickly and lease payments further restrict cash flow. If office space is required for client interaction and a staff, coworking space may be an option.

This list is not all inclusive. There are other items to consider on a start-up checklist. Patents, local regulations, market research and as some will say an exit strategy should be on the list. Where you start and the order you follow will depend on your particular business.

Best of luck!

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