

Once you have decided on the business you would like to start, follow these steps to avoid common mistakes and problems:

1. **Structure space and time.** Home businesses often require Star-trek type bending of space and time to find more of both than you thought you ever had. Whenever possible, a separate space and some uninterrupted time each day is ideal. Even if you can only partition off a small part of a room, setting boundaries as much as possible will help. A computer, internet connection, separate phone line, and a filing cabinet are the basic equipment you will need. You may want to check IRS requirements before making any decisions if you want to be able to write off part of your household expenses as business expense.

2. **Gather your business team.** Every business will need some advice from a lawyer, accountant, and banker. They can help immensely in the next step to help make sure you are taking everything into consideration. Bandycoop is an excellent resource for finding team members who really understand your need for business flexibility (after all, they're in the same position). Check out our Member Profiles to find just the right help.

3. **Write a detailed business plan.** This should include your mission statement, business objectives, financing plan, who your customers are and how you will market to them, risk analysis, competitive analysis, expansion plan, and exit strategy.

4. **Check out zoning restrictions** for your area, especially if clients or customers will be coming to your home. Also understand local or neighborhood regulations regarding noise, chemical use, etc. Start at City Hall and go from there. Your lawyer may also be able to give good information in this area.

5. **Pick a business name** and file it with the county you live in. They can tell you if that name is already in use, and prevent others from assuming that name in the future. It should only cost a few dollars.

6. **Choose a legal form and address** for your business. The three most common types are sole proprietorship, partnership, and corporation. Here's another place where your lawyer can advise you. If you do not want to use your home address for business correspondence, ask your post office about a P.O. Box. Some people might be suspicious of a company with only a post office box so you might want to check into a mailbox service which lists their actual address as your address with a suite number indicating your mailbox.

7. **Get a tax ID number.** If you are the sole proprietor and have no employees, you can use your own social security number. If you are a partnership or corporation, or will be having employees, you should consider getting a tax identification number (EIN) for the business. Do this by filing form SS-4 at your nearest IRS center. Also, familiarize yourself with Schedule C, Schedule SE,

and Schedule 1040ES. Depending on your business you may have to file estimated quarterly taxes as well. Your accountant can help guide you here.

**8. Obtain business licenses and permits.** Call your local City Hall and explain what type of business you will be running. They can tell you what the requirements are in your area. Your lawyer can help out here as well.

**9. Obtain Sales Tax Permit.** Your local tax agency will be able to tell you if you need a sales tax permit for your type of business. Also, if you are a non-profit agency, you can apply for sales tax exemption status.

**10. Set up a business checking account and accounting system.** Talk to your local banker about the type of business you are planning and the expected cash flow needs. You can either purchase an accounting package for your PC like Quickbooks or Quicken Home Business, use a hosted software solution like Quickbooks on-line, pay a bookkeeper/Accountant, or use the old paper file system. Your banker may advise you on software programs that integrate with their on-line banking services for added ease.

**11. Choose a phone setup.** Think about the amount of phone traffic you expect from your business to determine if you will need a separate business phone line. While this is a cost, it is also tax deductible and can help you appear professional when clients call. In addition to calling your local phone company for options, check into VoIP services (Voice over IP) from your internet provider or others like SKYPE and Vonage. Some VoIP vendors offer 1-800 numbers as well as hosted IPX services.

**12. Purchase necessary insurance.** Check with your homeowner's policy about a business rider or the need to purchase separate business insurance. Make sure it covers equipment and location of your home office in order to take advantage of the tax breaks. If you have employees you will need worker's compensation insurance. You may also be interested in medical and life insurance plans for yourself and your employees. Many small business associations offer plans at group rates.

**13. Design your company logo and obtain business cards, stationery, and marketing materials.** Company logos can be designed by freelance graphic designers (check our Member Profiles), on-line logo companies like logoworks.com, or as part of your web development if you are using a website. If you are designing your own website or using a pre-made template, have a graphics designer design the logo first, then upload it to your website. If you hire a webmaster to design your site, logo design may be included. For a professional, cohesive look, you can try a branding company that will design your company logo, business cards, stationery, multi-media presentations, marketing materials, and/or website.