

THE 10 **CRITICAL STEPS** **TO BUILDING A** **THRIVING** **BUSINESS FROM** **THE START**



WELCOME ENTREPRENEUR!

I am so excited that you have decided to build a thriving business from the start. I know you are excited too! And this guide will ensure that you have indeed made the right decision.

Before I jump into the steps, let me tell you a little about myself. I have been in the financial services industry for over 15 years. And one day I also made the decision, just like you did, to become a small business owner. The first four years of my career I moved around a bit from one public accounting firm to another. It was at these various firms that I gained the skills and knowledge of preparing individual income tax returns and performing small audits from start to finish. In 2001, I joined a local Maryland CPA firm and broadened my skill-set to include the world of construction accounting and job costing.

I also perfected my skills at bookkeeping, corporate and business tax preparation, and small business accounting analysis. In addition, I became an expert at QuickBooks training and installation. This firm's focus was on small business owners, not large corporations and that's what excited me. I enjoyed providing personalized, detailed attention to each and every client on each and every engagement. My attentiveness and dedication to my clients helped them to make the necessary changes they needed to make in order to grow their businesses.

Outside of the office, personal acquaintances, and other entrepreneurs I came in contact with, were starting their own small businesses and reaching out to me for advice and tax preparation assistance. This gave me a taste of owning my own business and I secretly enjoyed it. I managed these individual projects as if I were running my own business but I never took the necessary steps to actually **create** by own business. Even though I interacted with these new found personal clients as though I were running my own business, I treated the business itself like a hobby or side hustle. It wasn't until I was hired by a local small business owner with whom I had no personal ties that I realized the full potential of what I had to offer. It was at that point that I went back to the drawing board and change the structure of my business. I began to do things the right way.

Now I am a successful small business owner, and my goal is to ensure that other small business owners don't make the same mistakes that I did. Don't try to grow your business overnight; take the time and the necessary steps to build a strong and robust business; which is why I created the 10 Critical Steps to Building a Thriving Business From The Start. This guide will help you kick start your business and guide you down the successful path you are destined to be on.

Let your thriving journey begin...

Sherrell



THIS GUIDE IS FOR YOU ...

- ✓ If you are a small business owner whose business is becoming stagnate and you don't know why.
- ✓ You are operating as a business but your business is not a registered entity.
- ✓ If you are an entrepreneur who has made the non-negotiable decision to start your own business and you don't know where to begin.
- ✓ If you are operating several small businesses and none of them are properly set up.
- ✓ If you are ready to take your business, which is your passion, to the next level and you want to know where to begin.
- ✓ If you are a direct sales representative who has been running your business as a sole proprietorship.
- ✓ If you are a direct sales representative and you want to be sure that your new business is protected.

CHECKLIST

- ✓ Run your business like a business.
- ✓ Know what type of business you want to run
- ✓ Register with the IRS.
- ✓ Register with your state.
- ✓ Open a separate business bank account.
- ✓ Create Your Business Plan.
- ✓ Acquire Start Up Resources.
- ✓ Be Properly Insured.
- ✓ Reinvest In Your Business.
- ✓ Market Your Business.

1. Run your business like a business

There really is not much to say to this. If you want to be a successful business owner you have to act like a successful business owner; dress like a successful business owner; and talk like a successful business owner. If you expect to succeed in your business you must take it seriously. Every day when you wake up you need to prepare yourself for this business as if you were going to work for someone else. This doesn't just help you and your mindset but it also creates an image to everyone else that you in fact mean business. No more jeans and t-shirt attire. No more email accounts such as funnybunny23@yahoo.com. Take the time to get a URL for your business and set up your own email account that says "I'm a professional." The same goes for your social media pages. You might want to consider re-naming them or creating new ones all together.

What do I need to change to start running my business like a business?

- ✓ Business Name
- ✓ Email Address
- ✓ Social websites
- ✓ My attire
- ✓ Speech etiquette

2. Know what type of business you want to run

Before you do anything else, you need to know what type of business you are going to run. And by that I don't mean the products and services your business will offer. What I mean is HOW are you going to operate? As a limited liability company (LLC) or as a corporation? Will you be the sole owner or will you have partners? These questions are important in helping to determine the necessary forms you need to file to establish your company as a business. Be sure to do your due diligence to determine which type of entity will be best for you and your business; there are advantages and disadvantages of both.

- ✓ **Sole Proprietor:** single owner; files schedule c; provides no protection over personal assets
- ✓ **Limited liability company (LLC):** 1 or more members; pass-thru entity; provides protection over personal assets
- ✓ **Partnership:** 2 or more partners; pass-thru entity
- ✓ **S-Corporation:** 2-75 shareholders; pass-thru entity
- ✓ **C-Corporation:** unlimited number of shareholders; double taxation

Entities Characteristics	Sole Proprietor	LLC Limited Liability Company	Partnership	S Corporation	C Corporation
Ownership	One owner	Unlimited number of members allowed	Two or more partners allowed	Up to 100 shareholders; only one class of stock allowed	Unlimited number of shareholders; no limit on stock classes
Rules	One owner	Unlimited number of members allowed	Two or more partners allowed	Up to 100 shareholders; only one class of stock allowed	Unlimited number of shareholders; no limit on stock classes
Personal Liability of the Owners	Owner is personally liable for business debts	Generally no personal liability of the members	Owner is personally liable for business debts	Generally no personal liability of the shareholders	Generally no personal liability of the shareholders
Tax Treatment	Not a legal entity; taxed on net profit and losses on schedule C	The entity is not taxed (unless it elects to be taxed as a corporation); profits and losses are passed through to the members	The entity is not taxed (unless it elects to be taxed as a corporation); profits and losses are passed through to the members	With the filing of IRS Form 2553, a corporation becomes a S Corporation, where the profits and losses are passed through to the shareholders	Corporation taxed on its earnings at a corporate level and shareholders are taxed on any distributed dividends
Key Documents Needed for Formation	No documents needed; generally owner can use their own SSN	Articles of Organization / Certificate of Formation; Operating Agreement	Articles of Organization / Certificate of Formation; Operating Agreement	Organizational Shareholder and Board Resolutions; Stock Certificates; Stock Ledger; IRS (& sometimes a state) S Corporation election	Articles of Incorporation; Bylaws; Organizational Shareholder and Board Resolutions; Stock Certificates; Stock Ledger
Management of the Business	The owner is the sole manager of the business	The Operating Agreement sets forth how the business is to be managed; a Member (owner) or Manager can be designated to manage the business	The Operating Agreement sets forth how the business is to be managed; a managing partner can be designated to manage the business	Board of Directors has overall management responsibility; Officers have day-to-day responsibility	Board of Directors has overall management responsibility; Officers have day-to-day responsibility
Capital Contributions	The owner typically contribute money or services to the business	The members typically contribute money or services to the LLC and receive an interest in profits and losses	The partners typically contribute money or services to the LLC and receive an interest in profits and losses	Shareholders typically purchase stock in the corporation, but only one class of stock is allowed	Shareholders typically purchase stock in the corporation, either common or preferred

3. Register with the IRS

Once you have determined the type of business you want to operate you need to obtain a federal identification number with the IRS. If you have done step #2 already, you can properly answer the questions on the federal identification application. These questions help establish your year end and the type of tax forms that need to be filed annually. One thing to keep in mind is depending on the type of business you establish you may not need a separate federal identification number, such as with a sole proprietorship. However, I recommend it because it helps establish your business as a separate entity from you and your personal life.

Along with the type of entity, some of key questions you will need to answer are:

- ✓ What day will the company begin operating?
- ✓ Highest number of employees expected?
- ✓ Date first payroll will be paid?

4. Register with your state

The next step is to register your business with your local state office. Just like establishing your business with the IRS, this also will help you understand what state filings you need to maintain. In addition, in most if not all states, registering with the state allows you to ensure that you are the only business in that state operating under the name you chose for your business. You don't want to be using a company name that already has a reputation, especially if it is not a good reputation.

Secondly, a business license and/or permit is required for most businesses and in most states. These licenses give you the legal right to operate your business in that state. There are a few exceptions, such as businesses that require a professional license, that a business licenses may not be required.

Thirdly, you will need to register to pay your employees. These filings include state withholding and unemployment filings. Often times these filing get over looked by a new business and they end up going under due to the amount of taxes that accumulate as a result of this one business requirement that is missed. Note, the federal payroll tax forms will be set up by the IRS at the same time they issue you a federal identification number.

WORD OF ADVICE: If you do not plan on hiring employees within the next immediate 12 months, make sure you check the box on the forms that says exactly that. You do not want to be required to file these forms unnecessarily because YOU WILL FORGET; that is until you get a letter stating you owe a penalty for failure to file a return.

5. Open a separate business bank account

One of the **BIGGEST** mistakes new business owners make is to not set up a separate business bank account. Co-mingling the company funds with your personal funds is a big NO NO! Yes it's all your money, but not only will you be putting your personal assets at risk but you also will not be able to ascertain how much cash your business is really generating or expending. This is because in most cases, if the business owner is co-mingling their funds, they are also NOT maintaining good accounting records.

The number one rule of accounting **CASH IS KING!** This basically means that you are bound to have some sort of documentation that supports all income received and expended through your bank account. The bank statement is the easiest way to determine your financial stability. Which bank you chose to open an account with is totally up to you.

We only make one recommendation, go for the **FREE** business checking account when you first start out. No need in getting a bigger account just because it earns 1% in interest income if you don't have enough cash flow to earn interest income on. Those accounts also charge larger fees if you don't maintain the minimum balance requirements. Again go for the FREE checking account.

Most times the FREE account also offers the account analysis feature which charges you a fee based solely on your daily account activity and is usually a low cost fee.

Things to consider when looking for a bank for your small business include:

- ✓ Monthly bank fees
- ✓ Annual interest earned
- ✓ Minimum monthly balance required
- ✓ Limited number of transactions
- ✓ Online banking
- ✓ Importing transactions ability
- ✓ Bank hours
- ✓ Location
- ✓ Reputation

6. Create Your Business Plan

This really should be in the top five. In fact it should probably be number one. It's the number one mistake potential business owners and entrepreneurs make - they don't have a plan. Having a business plan is ESSENTIAL! If you start with a plan, everything else will fall into place. It is the key to understanding everything there is to know about your new business. This plan will include details of the following information:

- ✓ An **executive summary** describing all of the fundamentals of your business as though you were doing a quick interview. Nothing too long or detailed because you will go into detail in subsequent sections.
- ✓ A description of the **company in general**. This will let others know the mission, goals and objectives of your company. This section may also explain the company's legal set up, the industry and the target audience
- ✓ A **products and services** section will help explain in detail what your business will offer.
- ✓ A **marketing plan** describing how you will promote your business and generate clients.
- ✓ An **operational plan** should be established to explain the daily operations of the businesses people, processes and technology.

- ✓ **Management and organization** will cover who will run the business on a day-to-day basis.
- ✓ A **personal financial statement** of each owner and major stockholder to validate the potential financial stability of the company.
- ✓ **Start-up expenses and capitalization** to help you fully understand how much it will cost to get this business up and off the ground.
- ✓ **Financial plan** for the next three to five years showing what you expect your income and expenses to be as well as the financial position you expect the company to be in at the end of each year. You will need an accountant to properly prepare this section of your business plan.
- ✓ Any **additional documents, handouts, or brochures** that will help further explain everything else listed above.

7. Acquire Start up Resources

Now that your business plan is in place, you know how much it will cost to get your business up and running and you know how you plan on obtaining the capital the next step is to obtain the funding. Look at your business plan and start reaching out to the various resources you intend to obtain funding from.

Start the process right away. Some applications and the processing times are lengthy. And remember step #5; once you receive the funds, deposit them into a business bank account not your personal bank account.

8. Be Properly Insured

The worst thing that could happen is that you take the time to build your successful business and someone decides to sue you. You may be thinking that it's too early to be thinking about someone suing you but the fact of the matter is it's never too early to protect yourself. This type of catastrophic event can happen at any time. So prepare yourself.

As a small business owner, at a minimum you should have some sort of liability. This insurance will cover you in case someone files a lawsuit against your business and ultimately what's the lawsuit to include you personally. (Remember whether or not this can occur depends on the type of business you have established.)

In addition to that, some service based professionals should or must obtain certain liability insurance that will cover you in the event that you misrepresent a client by way of an unintentional error that causes that person financial disaster.

9. Re-Invest In Your Business

One thing I hear from small business owners all the time is "It's all my money." So they spend the revenue their business is earning on a lot of personal expenditures. Yes technically it is all your money, but if you expect your business to grow, keep the funds you earn in the business – at least a percentage of it.

Don't spend it on numerous meals and trips and call them "meetings." Don't withdraw every deposit made to cover personal home and vehicle expenses. If you must make withdrawals to continue to maintain your lifestyle, implement a system that will ensure that your business will continue to grow at the rate you want it to grow. Set a standard percentage that you will always reinvest into your business no matter what. Also set a percentage to keep personally so that you can enjoy the fruits of your labor.

My suggestion of a good percentage is 60% - 75% should go back into your business and 25% - 40% should go to yourself. The money you reinvest will grow and allow you to maintain the cash flow necessary to run your business. Once you start withdrawing funds you will never put them back, no matter how many times you say you will, and slowly your business will disappear.

10. Market Your Business

Now that you have completed steps one through nine, it's time to do the last and final step which is to promote your new business. Get out into the world and network with this equation in mind. $V+C=P!$

Visibility. Become visible to your target audience. In order to gain clients they have to know you exist. Create marketing materials that let prospecting clients know you are and expert at what you do and how they can work with you.

Creditability. Knowledge is the key. Use what you know to build creditability with potential clients. Provide them with knowledgeable information that not only teaches them something but also says "I know what I'm talking about."

Profitability. Once you become visible more people will see you and become aware of you. Once you become creditable, those you are visible to begin to pay attention to what you are saying. And if they like what they hear then profitability occurs. These potential clients will do one of two things: use your services themselves or refer you to someone they know who can benefit from your services.

WHAT´S NEXT ?

Now that you have implemented these 10 Critical Steps to Building a Thriving Business from the Start and your business is off and running - what's next? Some of you have everything you need from this guide to get your business off to a successful start. Some of you will want to know how you can get assistance with implementing these steps.

I would like to offer you a complimentary 30 minute Get Acquainted session to determine if working with Empower 2 Thrive is a good fit for you.

During this session, we will help you discover what challenges you are facing in starting your business successfully. This session will also help you discover the solutions we have that will help your business continue on the path of success.

HERE´S WHAT OTHERS ARE SAYING ABOUT US ...

“

Sherrell has done an excellent job in addressing and helping me to further identify the best course of actions to take to further grow my business.

Small Business Owner - Suitland, MD

“

Sherrell, your expertise, flexibility, commitment, professionalism and willingness to work with me through my array of problems was priceless and never to be forgotten.

Small Business Owner - Clinton, MD

“

Sherrell I am constantly impressed with the level of service Empower 2 Thrive provides. We will be a client for life.

Small Business Owner - Fort Washington, MD

“

Sherrell I worked with Sherrell and was impressed with her technical skills and intellect. She is a highly motivated individual who can grasp the big complicated picture while keeping an eye on the details.

Corporate Client - Washington, DC

To schedule your discovery session TODAY contact us at info@Empower2Thrive.com

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