

14. STARTUP CONSIDERATIONS

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14.1 Introduction and Summary

The first issue to be considered in starting a new venture is the writing of a Business Plan. In some instances, it will be determined by the counselor that a Business Plan is overkill; the following paragraphs, then, cover as a checklist certain issues that will need attention in any case. The reader is advised to refer to the Business Plan section of this document (Section 2.0,) since many of the considerations described below will be addressed there in greater detail.

14.2 Start-up Cost Checklist

The following comprises many of the factors that should be considered in establishing a cost budget:

14.2.1 One-time Expenses

- Accountant fees, for setting up the system and making initial entries
- Beginning inventory, including office supplies
- Decorating
- Deposits, e.g. for utilities (considered an asset, since it's refundable.)
- Legal fees
- Licenses and permits
- Pre-opening advertising
- Remodeling (leasehold improvements,) when not capitalized (see 14.2.3)

14.2.2 Continuing costs

- Accountant fees
- Insurance
- Leased equipment
- Leased premises
- Legal fees
- Office operating supplies
- Outside services
- Repairs and maintenance

14.2.3 Initial Capital Investments often needed to start up a new venture:

- Decorating
- Equipment
- Leasehold improvements (to be written off over the life of the lease.)

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14.3 General Start-Up Planning

14.3.1 Actions to be considered:

- Registered Fictitious Business Name: Choose a fictitious name that clearly reflects the product or service. Check with County Clerk as to whether the name has been used by others. File the fictitious name before getting a business license.
- Business License. Check with the Business License Office of the County Tax collector.
- Tax ID Number (SS# is okay for individual proprietorship, but with employees you will need a different tax ID #)
- Payment of self employment and income taxes quarterly
- Separate business bank account from personal accounts
- Insurance Coverage
- Partners, investors? Decide on structure, see Section 10.0 Organizational Structure, then develop appropriate legal documents (i.e. partnership, corporation) Typically the choices are:

Sole Proprietorship

Partnership

C Corporation

S Corporation

Limited Liability Company (LLC)

Limited Liability Partnership (LLP)

There are tax issues that need to be considered for each.

- Accounting Records and software therefore
- Selling vehicles. . e.g. Internet
- Bankers or other lenders, bankers. Establish relationship before it is needed.
- Hire professional assistance if required
 - Attorney
 - Accountant
 - Insurance Broker
 - Real Estate and/or Business Broker
- Franchise?
- Real Estate
 - Rent or Buy? If a lease, negotiate terms including sublet clause, renewal, etc. See Section 7.0.
 - Location
 - Amount of Space
- Employee compensation and retention of key players
- Security and theft protection systems
- Accounts receivable collection policy
- Credit Card availability (a must have for retail sales)
- A Budget, see Table 1.0 and 2.0, below (*One-time start up and variable costs*)

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14.3.2 Permit Checklist

- **Check with Zoning** to determine whether your business is compatible with the zoning for area and to see whether any discretionary permits are required. Zoning can also answer questions regarding signs for your business. You will need an exact street address to check with zoning.
- Obtain a **Business Tax Certificate Business License**. All businesses and professions are required to have a Business Tax Certificate.
- File a **Fictitious Business Name Statement**. If your business name is anything other than your legal name you will need to file a statement with the County Recorder.
- **Obtain a Seller's Permit** if your business sells tangible items (clothing, auto parts, etc.) you will need a seller's permit. Some businesses, such as service businesses and wholesalers, may be exempt from this requirement. The Board of Equalization can determine whether you will need one.
- File an Annual Property Statement with the County Assessors Office.
- Check with Department of Industrial Relations, Division of Worker's Compensation concerning worker's compensation regulations and benefits.
- Obtain an **Employer Tax Identification Number** from the State Employment Development Department.
- Obtain an **Employer Identification Number** from the Internal Revenue Service if you are a partnership or a corporation, or if you are a sole proprietorship with employees. Applications are available at the Regional Permit Assistance Center.
- **Determine Federal Requirements** related to employees, includes but is not limited to: employee withdrawmgs, self-employment tax, sole proprietors tax, sole proprietorships and corporation taxes.

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14.3.3 General Business Forms Checklist

- Application for Permit to Operate
- Business Tax Certificate (Business License) (City of San Diego)
- Home Occupation Regulations (City of San Diego)
- Seller's Permit-Individuals/Partnerships
- Seller's Permit-Corporations/Organizations
- Fictitious Business Name Statement
- Federal Tax Identification Number (SS4)
- State of California Employer Registration
 - Community Food and Housing Forms
- Health Permit application-Food Establishment
- Health Permit application package-Food Vendor
- Health Permit application package-Mobile Food Facility
- Approved Headquarters for Mobile Food Facilities
- Food Handler Training Schools
- Plan Submittal and Construction Guide
- Hazardous Materials Management Forms
- Hazardous Waste Management Permit application
- Hazardous Materials Business Plan
- Medical Waste Management Permit application
- Medical Waste Management Plan
- Disclosure of Hazardous Materials Information Bulletin