

# Checklist for Exploring Entrepreneurship

## Self-Analysis

Going into business requires certain personal characteristics. The following checklist deals with you, the individual. These questions require serious thought. Try to be objective. Remember, it is your future that is at stake.

### Personal Characteristics

Answer **Yes** or **No** to the following questions.

1. Are you a leader?
2. Do you like to make your own decisions?
3. Do others turn to you for help in making decisions?
4. Do you enjoy competition?
5. Do you have will power?
6. Self-discipline?
7. Do you plan ahead?
8. Do you like people?
9. Do you get along well with others?

### Personal Conditions

This next group of questions - though brief - are vitally important to the success of your plan. It covers the physical, emotional and financial stress you will encounter in starting a new business.

Answer **Yes** or **No** to the following questions.

1. Are you aware that running your own business may require working 12-16 hour days - six days a week - and possibly Sundays and holidays?
2. Do you have the physical stamina to handle the workload and schedule?
3. Do you have the emotional strength to withstand the strain?
4. Are you prepared, if necessary, to temporarily lower your standard of living until your business is firmly established?
5. Is your family prepared to go along with the strains they too must bear?
6. Are you prepared to lose your savings?

## **Personal Skills and Experience Assessment**

*(from the U.S. Small Business Administration)*

Certain skills and experience are critical to the success of a business. Since it is unlikely that you possess all the skills and experience needed, you'll need to hire employees to supply those you lack. By answering the following questions you can identify your strengths and weaknesses.

Answer **Yes** or **No** to the following questions.

1. Do you know what basic skills you will need in order to have a successful business?
2. Do you possess those skills?
3. When hiring personnel will you be able to determine if the applicants' skills meet the requirements for the positions you are filling?
4. Have you ever worked in a managerial or supervisory capacity?
5. Have you ever worked in a business similar to the one you want to start?
6. Have you had any business training in school?
7. If you discover you don't have the basic skills needed for your business will you be willing to delay your plans until you've acquired the necessary skills?

## **Assess your Business Experience and Management Skills**

- Determine how you will obtain experience if necessary.
- Are you goal oriented and can you help others determine your vision?
- Do you have the ability to motivate others?
- Create a list of your managerial skills and experience.
- Assess the impact of your entrepreneurial opportunity on your current lifestyle.
- Review and list the technical skills for your business.
- Review your knowledge of the industry in comparison to successful operations.

Additional information on exploring entrepreneurship is available at [www.mindtools.com](http://www.mindtools.com)

## Checklist for Exploring Your Business Idea and Exploring Your Market

1. Research your business idea, industry trends and analysis by visiting:
  - [www.sbdcnnet.org](http://www.sbdcnnet.org)
  - [www.springwise.com](http://www.springwise.com)
  - [www.smallbixtrends.com](http://www.smallbixtrends.com)
  - [www.startupnation.com](http://www.startupnation.com)
  
2. Explore your industry and find your North American Industry Classification System (NAICS) code. NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy at [www.kansas.gov/businesscenter/thinking/](http://www.kansas.gov/businesscenter/thinking/) You can determine your NAICS code at [www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/)
  
3. Evaluate your idea
  - List all advantages and benefits of your idea
  - Evaluate your competition based on the product or service
  - Check your idea for faults, limitations, life cycle and problems
  - Determine the time frame to implementation or distribution
  
4. Visit your local library and determine available resources
  
5. Contact Mid-America Tire Dealers Association at [www.MATDA.org](http://www.MATDA.org) or check out [www.weddles.com/associations/index.cfm](http://www.weddles.com/associations/index.cfm)
  
6. Obtain market information on customer demographics and buying behaviors
  - Check with your business librarian for resources
  - Review the following websites:
    - [www.factfinder.census.gov](http://www.factfinder.census.gov)
    - [www.ipsr.ku.edu](http://www.ipsr.ku.edu)
    - [www.tscpl.org](http://www.tscpl.org)

# Checklist for Obtaining a Business Loan

## Create a Personal Financial Statement

1. Form SBA 413 is available through the Small Business Association online at [www.sba.gov](http://www.sba.gov) Search for the "Personal Financial Statement".
2. Obtain and verify your credit score from all three credit reporting agencies.  
(Charges may apply.)
  - Equifax            1-800-685-1111
  - TransUnion        1-800-916-8800
  - Experian            1-800-397-3742
3. Have available copies of tax returns for the last three years
4. Familiarize yourself with the **5 C's of Credit** ([www.citicards.com](http://www.citicards.com)):
  - 1) Credit History
  - 2) Capacity (to repay your debt)
  - 3) Collateral
  - 4) Capital (cash and assets)
  - 5) Character
5. Obtain resumes for all business owners or partners
6. Review life insurance to cover anticipated debt levels
7. Create a detailed analysis of the required start up funding and working capital
8. Complete a business plan for review

# Legal and Registration Requirements

## Determine Your Business Structure

### **Sole Proprietorship**

A business structure in which an individual and his/her company are considered a single entity for tax and liability purposes. A sole proprietorship is a company which is not registered with the state as a limited liability company or corporation. The owner does not pay income tax separately for the company, but he/she reports business income or losses on his/her individual income tax return. The owner is inseparable from the sole proprietorship, so he/she is liable for any business debts.

### **Partnership**

A type of unincorporated business organization in which multiple individuals, called general partners, manage the business and are equally liable for its debts; other individuals called limited partners may invest but not be directly involved in management and are liable only to the extent of their investments. Unlike a Limited Liability Company or a corporation, in a partnership each partner shares equal responsibility for the company's profits and losses, and its debts and liabilities. The partnership itself does not pay income taxes, but each partner has to report their share of business profits or losses on their individual tax return. Estimated tax payments are also necessary for each of the partners for the year in progress. Partnerships must file a return on Form 1065 showing income and deductions. Estimated tax payments are also required if they expect their income to be greater than \$1,000.

### **LLC (Limited Liability Corp.)**

Limited Liability Company. A type of company, authorized only in certain states, whose owners and managers receive the limited liability and (usually) tax benefits of an S Corporation without having to conform to the S corporation restrictions.

### **Corporation**

The most common form of business organization, and one which is chartered by a state and given many legal rights as an entity separate from its owners. This form of business is characterized by the limited liability of its owners, the issuance of shares of easily transferable stock, and existence as a going concern. The process of becoming a corporation, call incorporation, gives the company separate legal standing from its owners and protects those owners from being personally liable in the event that the company is sued (a condition known as limited liability). Incorporation also provides companies with a more flexible way to manage their ownership structure. In addition, there are different tax implications for corporations, although these can be both advantageous and disadvantageous. In these respects, corporations differ from sole proprietorships and limited partnerships.

Registration is required for LLC's and Corporations with your Secretary of State.

Visit [www.kssos.org](http://www.kssos.org) "File a Business" > "File Formation Documents" *Fees are listed by type.*

### **File for a Federal Tax Number**

Obtain a Federal Employer Identification Number (FEIN) by going to [www.irs.gov](http://www.irs.gov)  
Search "SS4 Online" or "EIN Online"

### **Complete Kansas Business Tax Application for State Tax ID**

Visit [www.ksrevenue.org/business.htm](http://www.ksrevenue.org/business.htm)  
Click "File Business Taxes On-Line" Form CR-16

### **Obtain Necessary License and Permits**

- State Level Permits and License  
Visit [www.networkkansas.com/entrepreneurs/register-your-business](http://www.networkkansas.com/entrepreneurs/register-your-business)  
[www.sba.gov/content/search-business-licenses-and-permits](http://www.sba.gov/content/search-business-licenses-and-permits)
- Check on County and City Level Licenses and Permits  
Visit local city and county web sites or call clerks' office for both city and county. Check on license and permits for your type of business.

### **Obtain Business Insurance**

- Review property, casualty and commercial liability for your industry
- Workers Compensation must be secured with employees and payroll of more than \$20,000
- See: <http://www.ksinsurance.org/consumers/smbusiness.htm>

## Choosing a Name for Your Business

Your business' name will frame its identity. Sometimes it's trickier than you might think. Keep alternatives in mind during your selection process. Here are some tips to consider when choosing a name.

Imagine how the potential name will

- Look (on business cards, advertisements & logos)
- Sound (ease of pronunciation)
- Be Remembered (connotations the name may incite)
- Distinguish you from your competitors (avoid trademark infringements)

You will want to avoid

- Embarrassing Spellings, abbreviations, profanities, potentially offensive undertones
- Implied Associates with organizations/people the business is not connected with

Once you have decided on the perfect business name, you'll want to ensure it is secure and protected. Be aware that laws may vary from state to state, so check with your own Secretary of State to comply with regional policies.

### **Research Your Chosen Business Name**

- Search Yellow Pages and Google
- [www.kssos.org](http://www.kssos.org) "File a Business" then "Search Name Availability"
- Search for Trademarks for national coverage at [www.uspto.gov](http://www.uspto.gov)

Set aside some time to research your proposed names. Be diligent in checking both registered and unregistered trademarks. A quick scan on an internet search engine can save you valuable time, energy and money by ruling out existing businesses with similar names and/or services.

Trademark law prevents businesses from operating under names that are likely to be mistaken for the name of an existing competitor. If you violate trademark law, you may be required to pay monetary reparations and change your business name.

If you find a business operating under your proposed name, you may still be able to use it, provided your business and the existing business offer different goods/services or are located in different regions.

## **Registrations**

Once you have cleared your proposed business name, you must register it. There are also optional registrations available to business owners to ensure legal name protection.

### **Required Registrations**

If your business name is not your own personal name, it's referred to as an assumed or fictitious name. Registrations of this kind may also be known as a DBA, or "Doing Business As." Depending on where you live, this registration can be obtained from a state agency or a city or county clerk's office.

For corporations, LLC's or Limited Partnerships, often business names are registered when the articles of incorporation/organization or statements of limited partnerships are returned to your state filing office. If operating under a fictitious/assumed/DBA name, fictitious name statements may be required by the state and county where the business is located.

### **Optional Registrations**

Registering for a trademark is not required, but it often provides valuable protection of your business name. If your business will operate in more than one state, you may want to apply for a federal trademark.

See your state Secretary of State (for state) and the U.S. Patent and Trademark Office (for federal) trademark registration.

### **Choose a Business Domain for a Web Site**

- Use a business registry site to check for domain registration availability.  
Example: [www.godaddy.com](http://www.godaddy.com)
- Register your domain and consider as all versions of your domain. Example: org., .net, .com, etc.
- Consider registering your domain for multiple years
- Consider domains for uniquely named products and services

## Checklist for Hiring Employees

- Obtain an Employer Identification Number (EIN) at [www.irs.gov](http://www.irs.gov) and search "EIN Online"
- Set up your records for withholding taxes based on Form W-4 at [www.eftps.gov](http://www.eftps.gov)
- Obtain a completed form I-9 found at [www.uscis.gov/I-9](http://www.uscis.gov/I-9)
- Register with your state's new hire reporting system  
ie: [www.uitax.dol.ks.gov/newhires.asp](http://www.uitax.dol.ks.gov/newhires.asp)
- Review Workers Compensation requirements at [www.dol.ks.gov.wc.about.html](http://www.dol.ks.gov.wc.about.html) and download "Practice and Procedure Guide"
- Register and set up unemployment insurance payments by obtain a copy of "Unemployment Insurance Employer Handbook" available at [www.kansasemployer.gov](http://www.kansasemployer.gov)
- Post required notices. Find the posters and requirements at [www.dol.ks.gov/es/posters/html](http://www.dol.ks.gov/es/posters/html) (Up to nine are required.)
- Get organized and keep yourself informed of changes in filing requirements and labor laws. Sign up for the KDOL Connections - Employer Newsletter at [www.kansasemployer.gov](http://www.kansasemployer.gov)
- Understand Contractor or Employee designation by doing to [www.irs.gov](http://www.irs.gov) and seeing Publication 1779