

# Business Startup Guide

THE BASICS FOR NEW  
ENTREPRENEURS



THE  
THEODORE  
FIRM

# What is your Passion?



## FORMULATING YOUR IDEA

Most visionaries have multimillion dollar ideas, dreams that can change the world and talent that will take the entertainment industry by storm! However, when putting those ideas, dreams and talent into a plan, it is easy to get confused and maybe even discouraged by all the paper work and legal jargon. Let's face it, contracts, agreements and NDAs can be scary. Even a simple Google search of "How To" can lead to a seemingly never-ending To-Do List. Which in turn distracts you from what you are passionate about doing ,creating! Just the way you would call a plumber if our sink clogged up, you should always consult an experienced professional to help navigate the fine print and specifics of your business matters

## BUSINESS PLAN

Every business plan will look different and unique to your particular product or service. Here are a few things every business plan should include:

1. Summary
2. Marketing Analysis
3. Product or Service Description
4. Operating Strategy
5. Management
6. Financial Plan
7. Projections
8. Funding

There are several free online resources that provides detailed instructions on what each area should include.

Resource:

SBA: "How to Write a Business Plan"

Click [here](#) to view

## ENTITY SELECTION

Figuring out the proper legal structure for your business is a peculiar process and if it is done the wrong way initially it can become a hassle to correct. Below is a list of some of the different types of entity structures:

1. Sole Proprietorship
2. Partnership
3. Limited Partnership (LP)
4. Limited Liability Company (LLC)
5. Corporation
6. S-Corporation
7. Non-Profit (501c3)
8. Trust

Be sure to consult a professional about the best way to form your entity - it can save you a lot of time and headache! Find out more about some of the most common entities on the next page..

## SOLE PROPRIETORSHIP

This business formation is typically created by one owner. There can be an exception if the owners are married. Though it is not required to be registered with your state, you should still obtain licensing and proper permitting for the type of service or products you will be providing. Personal assets could be at risk with this type of entity.

## LIMITED LIABILITY COMPANY

LLC's can have one or multiple owners. This type of entity allows the owners' personal assets to be protected from liability. Owners can file Articles of Organization with the Secretary of State in the business' home state. All business should be conducted in the corporate name, and through the company's separate bank account. The organizing document for this type of entity is an Operating Agreement.

## PARTNERSHIP

This type of entity is usually for two or more owners. In a general partnership cost and profit is shared or split between owners, however the owner's personal assets may be at risk. It usually recommended to file either a Limited Partnership (LP) or a Limited Liability Partnership (LLP) in order to shield personal assets from liability. The organizing document for this entity would be a formal Partnership Agreement.

## CORPORATION

This formation is the most complex, and comes in several forms (ex: a C-Corporation or S-Corporation). This entity type requires a board, officers and shareholders. Much like an LLC, or LP, it separates business and personal assets, and shields them from liability. C-Corporations are subject to double taxation, which means the company itself files/pays taxes as well as the shareholders.

# Most Common Entity Choices



# What's in a Name?

## PICKING YOUR BUSINESS NAME

Once you have a business plan and have decided on the structure of your business, it is time to choose the perfect name! Georgia requirements state that if you are doing business as a sole proprietor there is no name filing necessary. However, if you have a trade name, you should file a DBA (Doing Business As), which is typically recorded in the Superior Court of the county where the business resides. If you have structured your business as a Corporation or an LLC you must register your business name (if it is available) with the Georgia Secretary of State.

Another important consideration when choosing a business name is whether that name has previously been protected by someone else via trademark or copyright. You should seek the help of a professional to perform a thorough intellectual property search. Keep in mind that while your name may be available to register at the state level, it may still be trademarked or copyrighted by another party.



# Licenses & ID's

## EMPLOYER IDENTIFICATION NUMBER (EIN)

Getting your 9 digit Employee Identification Number (EIN) from the IRS is next. This number can be used for matters such as payroll and tax filing. Filing your EIN number can be done online and is free. We recommend waiting to apply for your EIN until AFTER your name/Articles have been approved, in case the name you want is not available. This will save you from having to change your EIN information.

## STATE TAX ID (TIN)

Some businesses must also register with the State Department of Revenue to obtain a State Tax Identification Number (TIN). If your business sells products, you will most likely need a Sales & Use Tax ID number to collect and remit sales tax on products sold. Additionally, if you have employees (including yourself as the owner), you will need to obtain a Withholding Tax ID in order to collect and remit payroll taxes.

## LOCAL BUSINESS LICENSE

Nearly all business are required to have a local business license, also referred to as an Occupational Tax Certificate. This business license is separate and apart from filing your Articles with the Secretary of State, and is issued by the city or county where the business resides.

## BUSINESS BANKING

Once you have filed your Articles with the Secretary of State and obtained your EIN from the IRS, you can then open a business bank account at the Institution of your choice. All funds that are placed into the business banking account should be remitted in the name of the business and will become business property. It is a good idea to simultaneously establish a business savings account.

# Insurance

Making sure your business is properly insured is a critical step during the startup process of any company. Below are a list of some common types of insurance businesses will need:

## GENERAL LIABILITY

General liability, as the name suggests covers a company's liability when performing services or selling products. This coverage includes matters such as errors and omissions. This coverage may also be referred to as miscellaneous professional liability that includes business income coverage.

## COMMERCIAL PROPERTY

Commercial property insurance covers actual building or property damage as a results of crime or catastrophic events.

## PROFESSIONAL LIABILITY

Professional liability, also referred to as indemnity insurance protects your business in the event that their is a suit for negligence filed against your company.

## WORKERS COMPENSATION

In Georgia, all businesses with three or more employees must carry workers compensation insurance. Workers compensation covers employees (including an owner-employee) if they are hurt or get sick because of their job, It covers things such as medical bills, lost wages, and even ongoing care such as physical or occupational therapy.



# Build Your Team

Here are three professionals (not the only three) you should consider adding first:



## ATTORNEY

An attorney can assist in ensuring that your business is properly filled with local and state departments. They can also assist with Trademark and copyright issues. Additionally, an attorney can help lower your risk of legal liability in your business by drafting solid contracts, reviewing your policies and procedures, and required notices and documents in a timely fashion.



## ACCOUNTANT

Accountants are trained in assisting business owners with managing their finances. Having a knowledgeable accountant can decrease the chances of an audit by maintaining proper bookkeeping throughout your fiscal term. Also, a good accountant can help your business save money through proper advance tax planning.



## MENTOR

Everything great starts with a blueprint. This is why it is important to have a mentor! Mentors have the wisdom of experience in their area of expertise. Having someone in your corner that has done what you are doing can offer fresh perspective during difficult or confusing times. Mentors can also help entrepreneurs to build their professional network.

# Funding Your Business

Securing business capital is important in the start-up phase. After counting up the cost, next is deciding how you plan to fund your venture.

Here are some of the most common funding sources.



## LOANS

A commercial loan from a traditional lender can be a good option but can be difficult to obtain for a business just starting out. Consider applying for a small business SBA loan.



## GRANTS

Grants are similar to a loan except they are not required to be repaid. Look for grant opportunities tailored to your business (ex: minority owned, woman-owned, etc.)



## INVESTORS

Many businesses seek investors as a way to raise capital. It is critical to talk to an attorney before taking investor funds in order to make sure you are not violating any state or federal securities laws in doing so.



**NATIONAL WOMENS BUSINESS COUNCIL**  
<https://www.nwbc.gov/>

**MINORITY BUSINESS DEVELOPMENT AGENCY**  
<https://www.mbda.gov/>

**SERVICE CORPS OR RETIRED  
EXECUTIVES ("SCORE")**  
<https://www.score.org/>

**GEORGIA CORPORATIONS DIVISION**  
<https://ecorp.sos.ga.gov/>

**GEORGIA CHAMBER OF COMMERCE**  
<https://www.gachamber.com/>

**GEORGIA DEPARTMENT OF REVENUE**  
<https://dor.georgia.gov/>

**GEORGIA DEPARTMENT OF LABOR**  
<https://dol.georgia.gov/>

**SBA FREQUENTLY ASKED QUESTIONS**  
[https://www.sba.gov/category/advocacy-  
navigation-structure/faqs](https://www.sba.gov/category/advocacy-navigation-structure/faqs)

**U.S. PATENT & TRADEMARK OFFICE**  
<https://www.uspto.gov/>

**IRS SMALL BUSINESS PORTAL**  
[https://www.irs.gov/businesses/small-  
businesses-self-employed](https://www.irs.gov/businesses/small-businesses-self-employed)

# We're here to help.

The Theodore Firm prides itself in being a premier law firm for entrepreneurs. We know the ups and downs that come with operating a business, and it is our mission to help our clients navigate the terrain of the entrepreneurial landscape. Feel free to contact us if you'd like to schedule a consultation with an attorney.

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