

SelfInformed

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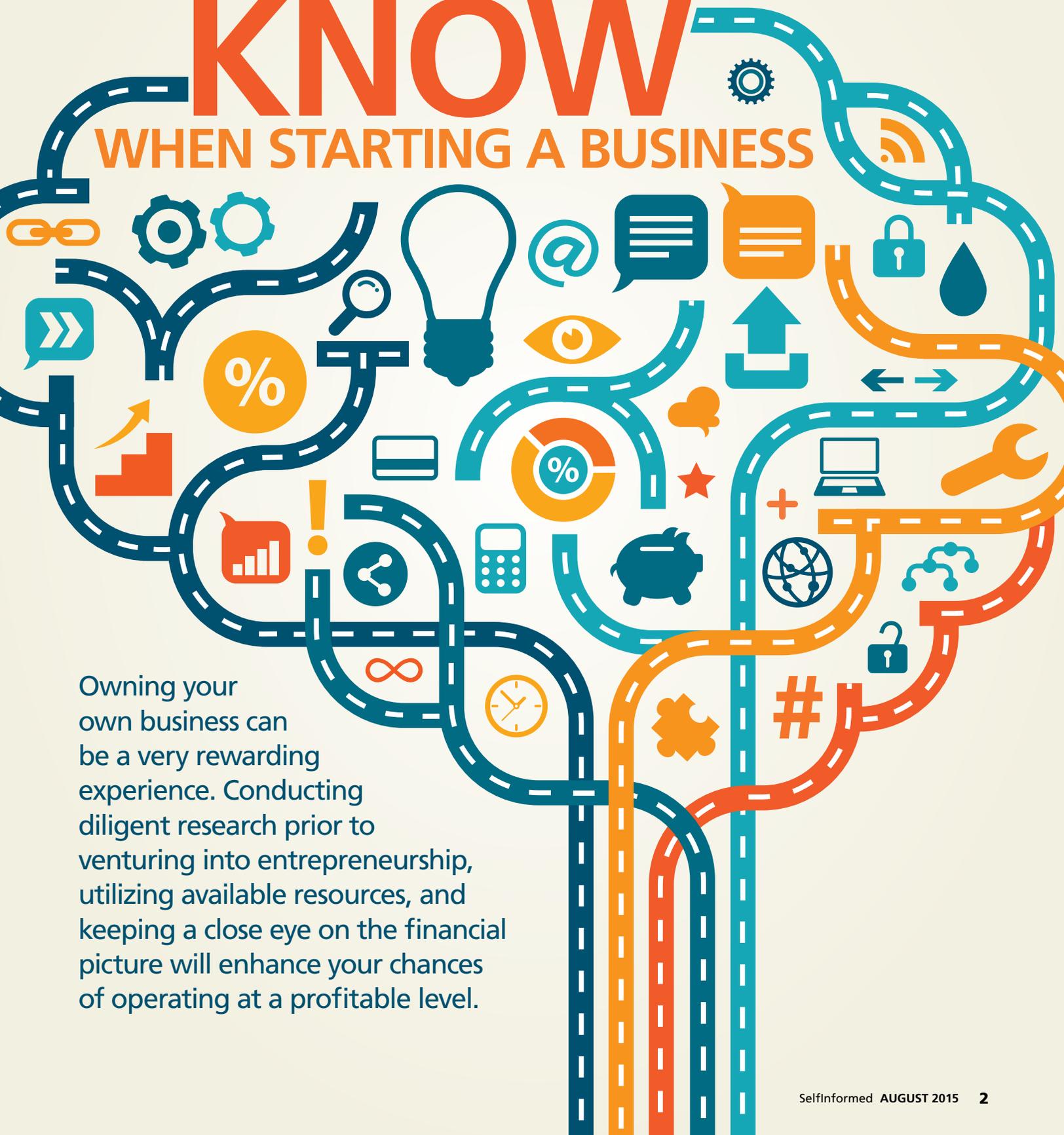
August 2015

*NASE Member
Bridgette John*



10 THINGS YOU NEED TO KNOW

WHEN STARTING A BUSINESS



Owning your own business can be a very rewarding experience. Conducting diligent research prior to venturing into entrepreneurship, utilizing available resources, and keeping a close eye on the financial picture will enhance your chances of operating at a profitable level.

The **U.S. Small Business Administration** classifies a small business as a venture with fewer than 500 employees. According to the U.S. Census Bureau, that accounts for 99.7% of all businesses in the United States.

Statistics show that only about 50% of start-ups make it beyond the first 2 years. The most common reasons for a business to fail are:

- › inadequate research
- › insufficient capital
- › poor financial management

1. USE RESOURCES, AND GET SOME HELP.

There are numerous resources available that can help you getting off to a successful start. Free and low-cost training and confidential counseling is available through these organizations.

- › **America's Small Business Development Centers** (a premier partner with the NASE)
- › **U.S. Small Business Administration**
- › **National Association for the Self-Employed (NASE)**

A great deal of information is compiled in the **NASE Start-up Kit**

It is also a good idea to select a certified public accountant (CPA) and/or attorney for advice during the course of your business. This will also help with staying compliant with tax requirements and other government regulations.

A benefit of NASE membership is 24/7 access to **ASK THE EXPERTS**, advice from professional experts from a variety of industries.

2. DETERMINE THE LEGAL STRUCTURE.

Depending on your type of business, some legal forms of business are more suitable. You could operate as a sole proprietor, partnership, or incorporate. To find the right structure it is a good idea to meet with a CPA and/or an attorney to get guidance.

NASE benefits include connection to partners that can help with determining of legal structure, and actual incorporation services.

› **Legal Zoom**

› **BizFilings**

Don't forget to check available web domain names when choosing a legal name for your business.

3. WRITE A BUSINESS PLAN WITH FINANCIAL PROJECTIONS.

You should always write a business plan, even if you do not need to secure financing. It is like a blueprint for building a house; you wouldn't just run to the hardware store and start building. The business plan will even be a useful tool after the business has been started. It is a living and breathing document that grows and adjusts with your business.



50% OF START-UPS MAKE IT BEYOND THE FIRST 2 YEARS.

MOST COMMON REASONS BUSINESSES FAIL



INADEQUATE RESEARCH



INSUFFICIENT CAPITAL



POOR FINANCIAL MANAGEMENT

10 MISCONCEPTIONS

WHEN IT COMES TO STARTING A BUSINESS:

Parts of the business plan:

- Executive summary (synopsis of the plan)
- Market analysis (define target market, analyze competition)
- Company description, organization, and management (legal form, owners, personnel)
- Product and/or service (what is your niche, what customer demand is being met)
- Sales strategies (determine size of the market, and how to reach the target market)
- Funding request (how much is needed, and exactly how will it be used)
- Financial projections (define one-time upfront and ongoing costs, determine break-even point)

Here are some good tools to start with:

- **SBDC**
- **SBA**
- **NASE** (The NASE expert in this area is **Gene Fairbrother**)

4. FIND START-UP FUNDING.

The most common way to start a business is from the owner's own savings. Traditional financing through a commercial lender, or a SBA Loan Guarantee could be viable options as well. Please be advised that there are no grants to start or grow a small business!

Exactly determine how much it will cost to start and operate the business. It is a good practice to have at least 6 months of working capital available as well. It typically costs more, and takes longer, to start a

1. There will be grant monies to start or expand my small business.

- There are no government grants for this purpose. Always check out the entity making such claims at the **Better Business Bureau**. Also visit www.grants.gov.
- However, the NASE offers grant monies in the form of a \$4,000 **Growth Grant** which is open to all of our members.

2. If I don't need funding I will not need a business plan.

- A business plan is your blueprint for success, you will still need one.

3. I can get a loan from the SBA.

- You might be able to obtain a SBA loan guarantee through a commercial lender, but the U. S. Small Business Administration does not make direct loans.

4. I will be able to get 100% funding through a loan.

- Any commercial lender will expect you to offer collateral, typically about 10-20% of the amount you are asking to borrow. You will have to offer a personal guarantee as well.

5. Investors will be interested in funding my start-up business.

- Investors are typically interested in funding fast-growing business types with potential for a high rate of return, such as a new technology. If you find an investor, it will typically be somebody you already know, like a family member.

6. I will be profitable very quickly since I'm good at what I do.

- It often takes 2 or more years to become profitable. It usually takes longer and costs more to get a business off the ground.

7. I can immediately start marketing my products and services for government contracts.

- Government entities prefer doing business with entities that have a proven track record. Typically they want to see at least 2 years of successful business activity.

8. You have more time for yourself, as compared to working for somebody.

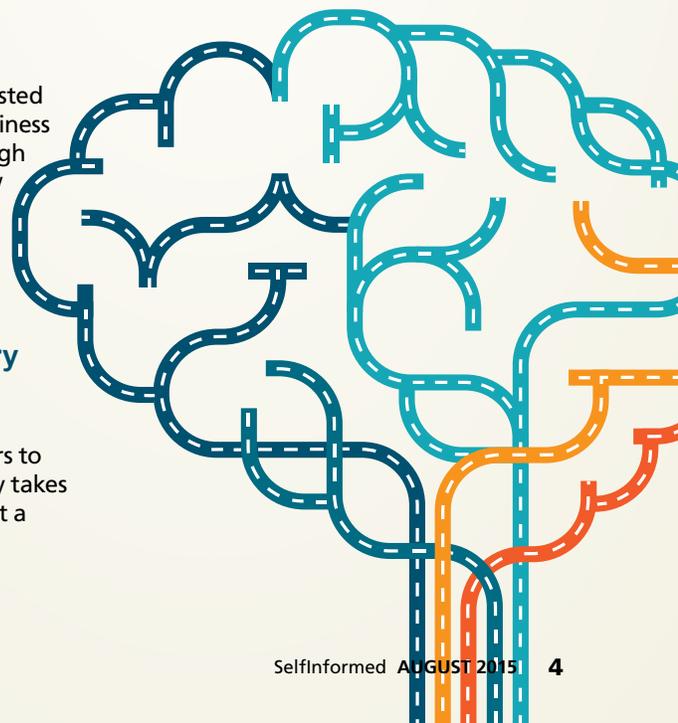
- It is not unusual to spend 60 or more hours a week during the start-up phase.

9. I should quit my job to dedicate all time to my start-up.

- It can be very beneficial to start part-time until the business gets off the ground. You will also have another source of income.

10. You will offer your products and services cheaper than your competition to succeed.

- Being cheaper is not a niche or competitive advantage, but an expressway to be out of business. The pricing should be competitive, but cover all expenses and allow for projected profits.



ARE YOU GETTING THE MOST OUT OF YOUR POINT OF SALE SOLUTION?

Does your current POS help you **identify** and **market** to your *best* customers?

Can you access all reports and even monitor employee's hours *remotely*?

Are you notified when inventory items are low?

The right business management solution can make or break your business. TechStorm has partnered with NASE to offer all current members all of these benefits and more. Best of all, the Hardware and Software are FREE!

ELECTRONIC RECEIPT CAPTURE

No more sorting through shoeboxes or file folders for missing receipts. All are stored electronically for easy access.

LABOR MANAGEMENT

Track employee's hours from anywhere you have internet access.

JUST IN TIME ORDERING

Track inventory and set alerts to notify you when it's time to reorder. Barcode scan in and out to save time and money.

LOYALTY REWARDS

Capitalize on your best customers and increase your average ticket in the process.

\$5,200 WORTH OF HARDWARE & SOFTWARE

FREE to all association members

ACCOUNTING & BOOKKEEPING REPORTS

Save time and money with reports that include all of your cash, checks, and credit cards, or give your bookkeeper or accountant access and they can run the reports they need.

CALL TODAY FOR YOUR BUSINESS MANAGEMENT SYSTEM.

 **(972) 427-4500 x 207**

 **LEARN MORE**



Ask the Expert

Q. *I just started my new small business and was looking for a list of what is deductible and what isn't. Does such a list exist?*

A. The question is a very good one, but also one that I don't like to answer. The first key point is that any ordinary and necessary expense that you incur in facilitating your trade or business is deductible. If you pay for a license or a sign, business cards or thank you cards, file folders or file cabinets, air fare or restaurant fare, it's always deductible if the primary purpose of the expense is business. Be careful reading from a list provided by your CPA or even the IRS that might lead you to spend money that you don't really need to spend. Rather than review a list, review your business needs and make sure you keep good records of the money you actually disburse. If you spent the money on business, it is deductible.

Having said all of that, the IRS does have a great publication to help you account for most deductible business expenses, called Publication 535, Business Expenses. You can also review Publication 334, Tax Guide for Small Business for more detail about your new business activity. Both publications can be downloaded for free from the IRS website at www.irs.gov. It is a great idea to review these publications

but let your own business bank account dictate what is actually deductible for your business. Never spend money that you don't have to just to get a tax deduction.

Perhaps the most important lists to review are those tax deductible items that may not appear in your business checkbook. The business use of your automobile is a very common business expense and can be overlooked since it does not appear in the business bank account. Likewise the use of a Home Office can also be overlooked if you indeed operate your new small business out of your home. If you contribute personal assets to the business such as a computer, laptop, office furniture, copiers, etc. a portion of the actual costs of those items may be deductible based on business use even if purchased prior to starting the business. Lastly, don't forget about contributions to a retirement account for you and your employees which can be a very valuable business deduction.



As always, don't forget that you are not alone. Bookmark our website at NASE.org as well as the IRS website at IRS.gov you will always be able to find the help you need.



Member Benefits

Visit www.NASE.org to learn more about the following benefits!



Startup KIT 10 Things You Need To Know To **Start a Business**
[FIND OUT MORE ▶](#)

We know what it takes to start, run, and grow a small business. After all, we've been helping entrepreneurs achieve their dream of business ownership since 1981.

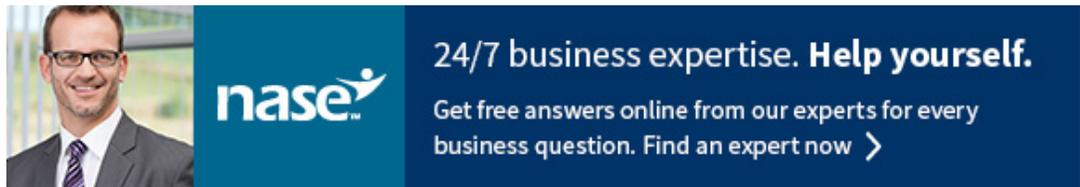
10 Things You Need To Know To Start A Business

- ▶ [Think Of Yourself As A Business Owner](#)
- ▶ [Choose The Right Business Structure](#)
- ▶ [Know The Legalities Of Operating Your Business](#)
- ▶ [Know Your Tax Responsibilities](#)
- ▶ [Properly Fund Your Business](#)

- ▶ [Develop Good Financial Habits](#)
- ▶ [What You Don't Know Can Hurt You](#)
- ▶ [Understand The Importance Of Marketing](#)
- ▶ [Make A Great Impression](#)
- ▶ [Protect Yourself](#)

NASE Members have full access to the NASE Startup Kit. Log in or join now to download your copy of the Startup Kit and interactive Checklist for Entrepreneurs.

[NASE Startup Kit](#)



24/7 business expertise. Help yourself.
 Get free answers online from our experts for every business question. Find an expert now >

Being the boss often means you are also head of marketing, Sales, Accounting, HR and more. And sometimes you could use some help. NASE Members receive 24/7 access to all of our experts.

Expert Advice 24/7

Get answers, advice, and tips from our team of professional experts. Ask a question online 24 hours a day, 7 days a week. Self-employed business owners are passionate about what they do. They thrive on unbridled enthusiasm for their work. NASE experts thrive on helping small business owners start and grow their business.

Maybe you are a fantastic graphic designer, or an innovative IT consultant, or a master plumber. Yet, knowing one's business is not the same as knowing how to run a business.

[Get Started](#)

Being the boss often means you are also head of marketing, sales, accounting, HR and more. And sometimes you could use some help.

- ▶ Tax Experts
- ▶ Business Strategy Experts
- ▶ Marketing and Advertising Experts
- ▶ Business Law Experts
- ▶ Finance and Accounting Experts
- ▶ Real Estate Experts
- ▶ Marketing 101 Experts
- ▶ Health Reform Experts

[Ask an Expert Today!](#)



Member Benefits

Visit www.NASE.org to learn more about the following benefits!



LegalZoom Provides:

- ▶ **LAST WILL** A personalized legal document.
- ▶ **LEGAL FORMS** Save time and money with LegalZoom's online legal forms.
- ▶ **POWER OF ATTORNEY** A durable power of attorney allows someone to act on your behalf.
- ▶ **LIVING TRUSTS** Create a living trust to protect your property and your beneficiaries.
- ▶ **DIVORCE OVERVIEW** A uncontested divorce can help you divide property.
- ▶ **LLCS** Forming an LLC can protect your assets.

Services to Help Run Your Business Include:

- ▶ S-Corp Election
- ▶ DBA / Fictitious Business Name
- ▶ Real Estate Documents
- ▶ Trademark Registration
- ▶ Provisional Application for Patent
- ▶ Registered Agent Services
- ▶ Operating Agreements
- ▶ Legal Forms and Agreements
- ▶ And more!

Login and [Get Familiar with Legal Zoom!](#)



Legal Club Family Plan

NASE Members receive discounted pricing for the Individual/Family Legal Plan. To find out more about this exceptional program or to sign up, call Legal Club of America at 1-800-305-6816. Be sure to mention that you are an NASE Member to receive the discounted price.

Legal Club of America® is a discount legal referral service with a nationwide network of plan attorneys who provide free and discounted legal care. Membership includes you, your spouse or domestic partner, dependent children under the age of 25, and any dependents that may be living with you such as a parent or grandparent.

Free Legal Services:*

The following nine (9) services are available at no charge from your plan attorney.

- ▶ Initial phone consultation for each new legal matter (no time limit)
- ▶ Initial face-to-face consultation for each new legal matter (no time limit)
- ▶ Review of independent legal documents (6 page maximum per document, no limit to the number of new independent documents)
- ▶ Plan attorneys will prepare a free Simple Will for you and your family, as well as update the Will annually for free. (See definition of Simple Will in Section 3 of the [Plan Guidebook](#))

Continued



Member Benefits

Visit www.NASE.org to learn more about the following benefits!



Continued

- ▶ A state specific, web based, free **Living Will** form is available to Members. This form can be notarized by a Notary Public. Store this document in a safe location
- ▶ Plan attorneys will help Members represent themselves in small claims court
- ▶ Plan attorneys will provide assistance solving problems with government programs, such as INS and welfare
- ▶ When deemed appropriate by your plan attorney, he or she will write letters on your behalf (one letter per legal matter, with no limit on the number of new legal matters)
- ▶ When deemed appropriate by your plan attorney, he or she will make phone calls on your behalf (one phone call per legal matter, with no limit on the number of new legal matters)

**In many states attorney liability may require plan attorneys to obtain a retainer from the member prior to providing some of the free member benefits.*

Deeply Discounted Legal Services:**

The following are eight (8) commonly used legal services for which plan attorneys have agreed to charge a one-time, deeply discounted fee.

DISCOUNTED FEE SERVICES LEGAL SERVICE	DISCOUNTED FEE
Traffic Ticket Defense	\$ 89
Name Change	\$ 155
Simple Will (w/ Minor's Trust)	\$ 250
Chapter 7 Bankruptcy	\$ 750
Non-Support (Spouse/Child)	\$ 275
Simple Divorce	\$ 275
Regular Incorporation	\$ 295
Personal Real Estate Closing	\$ 250

***Court costs, filing fees, administrative expenses and time charged for travel to and from any courts are additional.*

A woman with blonde hair, wearing a patterned top and shorts, standing on a staircase. She is smiling and looking towards the camera. The staircase has wooden railings and steps. The background shows a building with a door and some greenery.

Feeding Self Employment

*Bridgette John is the owner of **Get Snackin Las Vegas**, a locally owned, family operated vending company delivering top-notch vending solutions to customers in Las Vegas, Nevada and the surrounding area. Bridgette transitioned her past experiences with customer service in the restaurant and catering industry to owning her own business in the vending industry. Get Snacking Las Vegas now services four locations with seven machines and is looking to place three more within this next year.*



What inspired you to enter the field you are in?

A few years ago, I was looking to start a small business and show that I could run a company. I knew I wanted to keep the startup cost down when I was exploring various opportunities. One of the first businesses I looked into was Firehouse Subs but the startup costs were more than I was looking to spend. When I learned of the vending industry, all the pieces started to fit together perfectly.

What led you to start your business?

About two years ago, I learned about the vending business from a former coworker and once I started researching it, the more it felt like the right move. And as they say, the rest is history.

What challenges have you faced in your business?

One of the first challenges that I had to deal with was staying ahead of the requests from the consumers. Learning to predict customer needs was not something that I was familiar with. I had to really read trend reports closely and study as much information as I could to overcome my unfamiliarity in this new territory.

How do you market your business?

My business is primarily spread through word of mouth and by meeting other people and businesses in the community. I occasionally send out flyers and do other small marketing promotions but as I said, word of mouth has really been the best way for me to get introduced and build relationships with other businesses.

I love being able to market and operated my business how I want to. The freedom and creativity that I have is wonderful.

Do you have any employees?

I do not currently have any employees, I do everything myself: marketing, accounting, inventory, sales and housekeeping. I am hoping to be able to grow my business soon and start the process of bringing on additional people.

What does a typical day look like for you?

My days usually start with checking my inventory at the warehouse first thing. Once I check my inventory, I then make a plan on what we need to order, load the truck with supplies and head to locations. I'll fill machines, collect monies, update item prices, rotate inventory and then make a list of what is needed for the next time. My days are a cycle of maintenance on my current machines and planning for what I will need in the coming weeks.

What's the best thing about being self-employed?

I love being able to market and operated my business how I want to. The freedom and creativity that I have is wonderful.

Which NASE member benefit is most important to you?

The first benefit that got my attention was the Growth Grant, I saw an ad listed in our local newspaper and was immediately interested. Once I became a member, I really started to utilize the information provided about being self-employed and how to improve my business.

What's the most important piece of advice you would give to someone starting their own business?

The most important piece of advice I can think of is to be honest and work hard. Being self-employed isn't easy, but if you are honest with yourself and those you work with and you work hard, it will be much easier.



Learn More in the NASE Small Business Locator

Learn more about Bridgette John, Get Snackin Las Vegas, and other Self Employed businesses in the **NASE Small Business Locator** directory. You can add your own company to the NASE Small Business Locator in up to three categories at no charge – it is a free benefit to NASE members.



Senate Bill Deducts Health Insurance for Self-Employed

ON JULY 22, 2015, Senator Vitter, Chairman of the Senate Small Business and Entrepreneurship Committee, introduced a huge package of tax deductions for small businesses, including the full deductibility of health insurance for the self-employed.

S. 1827, Small Business Tax Compliance Relief Act, "does not see to alter tax rates or pursue wholesale reforms. Instead, the legislation is mostly technical in nature and provides relief from provisions frequently cited as overly restrictive or onerous for a small business," stated the Senator in a letter to supporters.

The NASE has long championed the full deductibility of health insurance for the self-employed.

The inability for the self-employed to deduct the cost of their health insurance is a significant financial burden, increases their tax liability by nearly 15.3% annually than other business owners. If the self-employed were allowed to fully deduct their health insurance costs as a business expense, the U.S. economy would have roughly \$39 billion injected annually that would allow for individuals to re-invest in their business, purchase goods, and hire additional employees.

We look forward to working with the Chairman and his colleagues in advancing this important piece of legislation.

Katie Vlietstra is NASE's Vice President for Government Relations and Public Affairs; You can contact her at kvlietstra@nase.org



Katie Vlietstra on Policies Affecting the Self-Employed (C-SPAN)