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Nebraska Cooperative Extension NF96-289 (Revised August 2000)

NebFact

Published by Cooperative Extension, Institute of Agriculture and Natural Resources, University of Nebraska-Lincoln

Setting Up Your Own Business: The Entrepreneur's Checklist

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With very few exceptions, every business begins as a small business. Some stay small, others grow as the years go by. Profitability and future growth of a business are based on the ability to understand business operations and make good decisions. Good business planning is focused on a vision of the future while recognizing current resources, intended activities, and financial realities. It also reflects foreseeable changes within and outside the business that will affect the business and its future vitality.

Given all those realities of business life, it's important to get off to a good start. Before diving headlong into setting up your own small business, it's important to understand what is involved. This checklist provides some guidance for your initial business planning. (Note: All NebFacts referred to in this publication are available at your local NU Cooperative Extension Office or on the web at the NU Instutute of Agriculture and Natural Resoruces web site.)

- ☐ Identify and carefully consider the advantages and disadvantages of owning/operating your own business. Identify and think through your motives for going into business. Read *Setting Up Your Own Business: Have You Thought About . . .?* (NF96-284) Make one list of specific advantages and another list of specific disadvantages of owning a business.
- ☐ Assess your entrepreneurial qualities. Think about the longer term. How long and how complete a commitment to your proposed business are you willing to make?
- ☐ Assess your business skills. Consider your skills, your experiences, and your qualifications for completing marketing, financing, planning and management functions. List your strengths and weaknesses. Determine what you need to learn, or to hire someone else to do. *Setting Up Your Own Business: Assessing Your Business Skills* (NF96-272) provides a guide.
- ☐ Do enough market research to identify the market for product(s) or service(s) of the type you are expecting to sell. Read and complete the worksheet, *Setting Up your Own Business: Developing Your Marketing Plan and Sales Goals* (NF96-283).
- ☐ Discuss your proposed business activity and the level of your potential involvement in business operations with your family. Are you prepared to work long hours throughout the

first year or two? Is your family willing for you to do so? If needed, are you willing to work long hours for the next five or ten years? Is your family willing for you to do so? Think seriously about the demands that will be placed on your time and energy by the business operations. Read *Setting Up Your Own Business: Balancing Business and Personal Life* (NF96-271) for more insights. Then, make your decision.

- ☐ Contact the One-Stop Business Assistance Center in the Nebraska Department of Economic Development (DED) to determine the state licenses, permits, regulations and other information applicable to your business (call 1-800-426-6505 or 402-471-3782; e-mail stevew@neded.org; or visit the DED web site).
- ☐ Find the best location for your business. Keep in mind the locations of your competitors and your customers as you do so. Place priority on a location suitable for the product(s) or service (s) you intend to supply. Read and complete the checklist in *Setting Up Your Own Business: Selecting the Best Location for Your Business* (NF96-285).
- ☐ Before making a commitment for a site, check with city/county officials to determine whether your proposed site is zoned for the use you propose. Select a site and develop a plan that complies with local zoning.
- ☐ Based on your plan, obtain local permits and/or variances from city/county zoning officials, pay the required fees, and have the permits in hand before paying for the site and/or making improvements to property as needed for your business. Consider making an offer to buy property conditional upon a permit or variance being secured.
- ☐ Select a name for your business that is descriptive, appropriate, and memorable. Avoid words or phrases that might offend others. Avoid using a name that's the same or very similar to the name of an already established business. Develop a logo, if desired.
- ☐ If applicable, complete an "Application for State Registration of Trade Name." Call the office of the Secretary of State at 402-471-4079 to obtain the registration form or download the form from the DED web site.
- ☐ Select the appropriate form of business organization (sole proprietorship, partnership, S or C corporation or limited liability company) for your business. Consult with an attorney who has business clients and is able to provide you with advice on the type of business organization most suitable for your business activities. Read NF96-253-257 for more details.
- ☐ Apply for a Nebraska tax identification number. Obtain *Form 20*, the Nebraska tax identification number application, by calling 1-800-742-7474 or download it from the Department of Revenue web site.
- ☐ Contact Internal Revenue Service to secure information on federal tax rules and regulations that will apply to your business. An EIN is required for all partnerships and corporations. Sole proprietorships must have an EIN if wages are paid to one or more employees. Apply for a federal Employee Identification Number (EIN) by completing the application form. Call 1-800-829-3676 to secure the form or download it from the Internal Revenue Service web site.
- ☐ Compile historic and projected financial statements and complete a simple business plan. If needed, secure help with your business planning and preparation of financial statements. Apply for needed credit. *Setting Up Your Own Business: Financing Your Business* (NF96-278) has additional information.
- ☐ Open a business checking account under the name of your business. Use it to receive and pay out the funds from or for all business transactions.
- ☐ Select an insurance agent with expertise to match your insurance needs. With the help of this

agent, select insurance providers with solid reputations who offer the specialized coverage you need for your business at competitive premium costs. Read and complete the worksheet, *Setting Up Your Own Business: Planning Your Insurance Coverage* (NF96-277).

- ☐ Set up a bookkeeping system that "fits" your business — one you understand and will use to record all transactions and related information. Use a method that allows you to easily draw information from your records and use it when you make management decisions. Place priority on having a system of bookkeeping and financial management that minimizes the time and effort required to maintain complete records. Use a bookkeeping system to record information for your business only. Do not combine with personal or other business information. Establish the system early in the process of planning your business activity. Read *Setting Up Your Own Business: Records & Bookkeeping* (NF96-276).
- ☐ Design an advertising and promotion program that doesn't exceed your budget and will reach the target audience for your sales message. Read and complete the checklist *Setting Up Your Own Business: Public Relations & Advertising* (NF96-282).
- ☐ Compile estimates of your costs for each of your products or services. Then, set your prices to cover all costs plus a reasonable level of profit.
- ☐ Borrow, buy, or lease office equipment as needed. Compile telephone system and equipment information and select a system and equipment that will meet your needs and the needs of your customers.
- ☐ Write employee job descriptions, clearly defining the duties, responsibilities, special requirements, and work conditions for each position. (When your business is underway, use these job descriptions when you hire employees and as a basis for appraising each employee's performance.)
- ☐ Think through and write down your principal business policies. Doing so will help you establish order and will provide guidelines for your day-to-day business activities. (Later, when you have employees, be sure they know and understand your business policies so you and they will operate in the same way as business is conducted.)

When you have addressed all the items on this checklist and also have taken care of all the other issues that will emerge as you plan to start your own business, take a little time to think again about your ability and willingness to make the commitment required to start and maintain a business. Consider your family and their willingness to accept your business involvements and provide the financial and psychological support you will need as your business starts and grows. If you conclude it's time to start up your own business, move ahead with anticipation. Having your own business will be challenging and difficult at times, but with good planning and good luck it also will be great fun!

File NF289 under CONSUMER EDUCATION
E-19, Small Business
Revised August, 2000

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Elbert C. Dickey, Interim Dean and Director of Cooperative Extension, University of Nebraska, Institute of Agriculture and Natural Resources.

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