



STARTING A BUSINESS IN SAN DIEGO COUNTY

Starting a business in California is not difficult.

BUT it does take research and a business plan.

BEFORE spending money and obtaining permits, it is suggested that you have a **BUSINESS PLAN**. The most important aspect of any venture is a well-researched, documented and executed plan. During the preparation of the plan you will research your product or service, consider its market value, your target market, marketing plan, operations plan and competitive advantage. The process of writing a business plan uncovers hidden costs, government regulations, and helps the home business start-up understand what is needed to be successful. Check the competition's websites, locally and around the country for ideas. Offer to work for or assist others in the same or related business to gain experience and know that you are sure it is what you really want to do. SCORE San Diego offers numerous business workshops, including Business Planning. Go to <http://sandiego.score.org/localworkshops>. In addition look at our Library of documents at <http://sandiego.score.org/resources/tab-a> in which you will find Business Planning Aids and answers to many unanswered questions you may have. If you need help with your planning.....

Ask for **SCORE** Mentoring at <https://sandiego.score.org/content/find-mentor-41>

Or Call **858-283-1100** Monday thru Friday 9-Noon & 1-3pm

∞IMPORTANT∞

Obtain an attorney or legal assistant to review all written

Agreements/Contracts, to be sure you and your clients are protected.

∞ FIRST THINGS FIRST ∞

IMPORTANT CONSIDERATIONS - To be successful, you will need to make a **total commitment** to the business. Being your own boss does not give you total independence. The various business needs (e.g. customers, suppliers, employees, etc.) will limit your independence. Operating the business requires a greater commitment of time, energy and money than most jobs. It also requires a great deal of sacrifice, requiring a balance of business and family needs.

Make sure your fictitious name, if required, and selected domain name are available. Purchase domain name ASAP..... See more information below.

YOUR CHECK LIST:

- **FICTITIOUS NAME (DBA):** The County Recorder's office is responsible for fictitious names (name other than your own) to do business. Choose one that gives you flexibility, but tells what you do. A fictitious name statement must be published in a newspaper of general circulation. For further information go to: <https://arcc.sdcounty.ca.gov/Documents/CC230.pdf>

- **DOMAIN NAME:** Search on line using one of the web-hosting sites, IE. godaddy.com, domainname.com and networksolutions.com. This is a good method to see if a fictitious name is available. Your domain name should be as short as possible. If not, it is suggested that you also purchase an acronym to make your site quicker to access. These is a made-up example: www.myowndomainnamesandiego.com could also be a shorter version www.modnsd.com

- **TAX ID NUMBER (EIN):** It is suggested that an EIN be obtained even though it may not be required for your business structure. It will be needed if you hire employees.

<http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/How-to-Apply-for-an-EIN>

By having the EIN you can avoid sharing your social security number when creating 1099's or other documents you send to clients and resources.

- BUSINESS LICENSES: If required purchase a City Business License and obtain a license list to see what other kinds of businesses are in your local area. This is one way to check competition. To search for cities requiring licenses go to: <http://www.sdcounty.ca.gov/cs/businesslicenses.html> . The City of San Diego calls a Business License a “Business Tax Certificate”

- BANK ACCOUNT: Avoid co-mingling personal and business funds. Open a separate business checking account prior to receiving payment for your goods and/or services. If you are not using your name as the business name, the bank will require your fictitious name certificate. You may pay for start-up expenses from your personal bank account to be repaid from the business for up to one year, providing you keep receipts and list what they are for.

- CREDIT CARDS: Open separate business credit card accounts. This will also aid in avoiding co-mingling of personal and company funds.

- BUSINESS INSURANCE: It is recommended that if you are in business, you should have business insurance. It is critical to protecting personal assets especially when the business operates out of the home. Many of your customers may require proof of insurance prior to doing business with your business. Find a reputable agent through referrals, including your auto, home or rental insurance agent.

- BUSINESS ENTITIES: Consider discussing a choice with a SCORE mentor, an accountant and an attorney. Each form of doing business has pros and cons that you should be aware of prior to making a business entity decision. Also consider our workshop "Your Business Entity - What Type is Best for You" at www.sandiego.score.org and view Take A Workshop. ■ SOLE PROPRIETORSHIP: The simplest and most common form of starting a business. It has no existence apart from its owner. See www.ftb.ca.gov/businesses/Structures/SoleProprietorship.shtml?WT.mc_id=Business_Forms_SoleProp540toc A sole proprietorship consists of only “one” individual.

an outside payroll service be used, such as Paychex or ADP. It has been proven to be more cost efficient and error free. If hiring employees and help with California employment laws and regulations click <http://labor.ca.gov/laborlawreg.htm>

- **EMPLOYEE vs. INDEPENDENT CONTRACTOR:** Click here to obtain the descriptions - <https://www.irs.gov/taxtopics/tc762>. It is very important to understand the difference. Do not mischaracterize an employee as an independent contractor.

- **WORKERS COMPENSATION:** is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort (wrongful act of negligence causing someone else to suffer loss or harm resulting in legal liability). State of California: <http://www.dir.ca.gov/dwc/> . Ask your business insurance provider for information and quotations.

- **BOOKKEEPING:** Having a set accounting procedure will help in getting files organized for taxes, tracking expenses, and determining profitability. Get bookkeeping help if you do not have training. At the least have a good bookkeeper set up your Chart of Accounts. There are accounting programs available such as QuickBooks, (Desktop and Online versions). See our QuickBooks Workshops at <https://sandiego.score.org/search/site/quickbooks>

- **COMPUTER & OFFICE ASSISTANCE:** There are companies that will set up your computer system and service you via the Internet from a remote location. Keep separate folders for each client, resource, etc. There are websites that will help you set up your filing system. Search [home office filing system](#).

- **HOME USAGE DEDUCTIONS:** It is important to understand the U.S. Internal Revenue Service's tax 587 guidelines for a home business or office. It is an outstanding resource when setting up a home business. The requirements and information are vital when seeking the maximum amount of home business tax deductions. Tax deductions are derived from the portion of your home used exclusively for business. Deductions include portions of the home's mortgage interest, utility costs, property taxes, etc. See www.irs.gov/pub/irs-pdf/p587.pdf

- **BUSINESS USE OF PERSONAL VEHICLES:** You also may reimburse your business-related travel mileage but not the personal use. You **MUST** keep a mileage log and calendar showing

who and where you went on business. <https://turbotax.intuit.com/tax-tools/tax-tips/SmallBusiness-Taxes/Business-Use-of-Vehicles/INF12071.html> .Check with a tax preparer for further help.

- YOU ARE “**LIKE**” AN EMPLOYEE: You are not an employee; you are the owner of the business. Remember, you are working, but not paid for your labor. You get what is left after paying your business expenses. Consider what your *wages* would be and include that in your plan. Did you start the business to create only a job for yourself? You may be required to make quarterly estimated tax payments to the IRS (Form 1040ES) and the state of California (Form 540ES)

SCORE MENTORING

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