


The Basics of Starting a Small Business

*= Contact information and/or web address included on attached "Get in Touch" sheet


Small Business: Defined by the Small Business Administration (SBA) as one that has fewer than 1,500 employees and does a maximum of \$38.5 million in average sales. However, the SBA* has a specific set of standards for each industry and sub-industry that clarifies that industry's specific definition of what it means to be a "small business".

Here are your 9 steps to starting a small business:

1. *Begin with Research*

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- a. Learn your market
 - i. Use your Library card to access databases like Data Axle and the Ebsco Small Business Reference Center
 1. [*Data Axle*](#)* can help you conduct research to identify competitors and market saturation within any area.
 2. [*Ebsco Small Business Reference Center*](#)* has research material for every facet of Small Business, and full-text PDF NOLO Books to help you answer your legal questions
 - b. Answer targeted questions to produce accurate information
 - i. You need to focus on demand, market size, various economic indicators, location, market saturation and pricing
 1. Brainstorm what your ideal things would be: no competition around you, how popular your idea is, where is the next closest competitor, etc.
 - c. Stay on top of current trends and investigate emerging ones

2. *Create your Business Plan*

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- a. A business plan is crucial
 - b. Your plan is the solid foundation you'll build your future business from
 - c. You'll need to include information related to things like: what is your small business going to offer as a product or service, who would be your target market, and is there a demand for that product or service? Additionally, it's

important to include where the money is going to be coming from and used, how your small business will be legally structured, what are the financial projections for the first 3-5 years, and what type of marketing plan you will use.

- d. In Topeka and Shawnee County, an excellent resource to help with this step is the [Washburn Small Business Development Center](#)*
- e. Statewide, there is a program called [NetWork Kansas](#)* that helps entrepreneurs and small business owners start and grow their businesses.
- f. As you create your plan, decide if you want to write one as a lean startup or traditional style.
 - i. *A lean startup plan*: shorter, focuses on the more important parts of the key parts of your plan
 - ii. *A traditional style plan*: more comprehensive and focuses on the details about your plan

3. Figure Out Your Funding

- a. First step is to calculate a realistic estimate of your startup costs.
- b. You want to give yourself and any funding sources a full financial picture.
- c. Topeka and Shawnee County has many organizations who want to help small business owners be successful and financially stable
 - i. [GOTOpeka](#)* has several small business micro-loan and incentive programs:
 1. [Topeka and Shawnee County First Opportunity Fund](#) (T/SC FOF) ([application packet](#))
 2. [Topeka and Shawnee County Small Business Incentive Program](#) (application packet [Part 1](#), [Part 2](#)) [first step is to fill out Page 3, eligibility form, in Part 1]
 - a. Small Business Equipment Purchase: for purchase of new/used equipment needed for day-to-day operation of the small business. (Matching incentive)
 - b. Small Business Construction and Renovation Incentive: for enhancing an existing business or construction of new property. (Matching incentive)
 - c. Marketing Incentive: for development or enhanced marketing programs for small business.
- d. [Venturize](#)*: resource to learn about various financial obligations for small businesses owners such as loans, retirement and healthcare



- e. [Connect2Capital*](#): resource to connect small business owners with mission-driven lending partners
- f. [Start Up Kansas*](#): a funding program through NetWork Kansas designed to provide gap financing to help small business owners start or grow their business.
- g. [Kansas Capital Multiplier Fund*](#): NetWork Kansas partners with the Kansas Department of Commerce to offer a matching loan fund program for businesses raising capital.
- h. [E-Community Loan Funding*](#): a program through NetWork Kansas that administers a local loan fund to help small business owners with capital, increase connection to resources and to initiate relationships and partnerships to foster entrepreneurial development

4. *Where Are You Located?*



- a. This is where you'll want to decide if you want to have a physical location, a digital location, or both
 - i. *A physical space* will determine how you are taxed, what zoning laws are in place where you will be located, and various regulations your business could be subject to.
 - ii. *A digital location* can still be taxed, depending on the state and industry, and depending on what products or services are being produced and/or sold, still subject to various regulations and laws

5. *Choose Your Structure*

- a. Structuring your business is a key step to make sure you're setting yourself up to succeed and build a solid foundation
 - i. *Sole Proprietorship*: gives you complete control of your small business but makes you personally liable for any debts and obligations your small business incurs.
 - ii. *Partnership*: a structure appealing for two or more people who will own a small business together.
 - 1. *Limited Partnership (LP)*: One general partner with unlimited liability, and the other partner(s) have limited liability. This can also mean that the limited partners have limited control over the company, per documented agreement.
 - 2. *Limited Liability Partnership (LLP)*: in this arrangement, all partners have limited liability. This structure also protects all



involved partners from debts made against the partnership and partners aren't held responsible for actions of other partners.

- iii. *Limited Liability Company (LLC)*: this structure protects business owners from losing their personal assets (such as a vehicle, house or financial accounts) in case of lawsuits or bankruptcy.
- iv. *Corporation*: a legal entity that is created separate from an individual, that is made of three separate groups of people- shareholders, directors and officers. This setup can shield business owners from personal liability.

6. Name, Register and ID Your Business

- a. The name of your business is more than just a logo or how people will refer to your small business
- b. Small business owners must also consider the legal aspects of their chosen name
 - i. The biggest thing is to make sure the name you've selected is available; this can be checked through the [Kansas Business Filing Center Name Availability Status](#)*
 - ii. In the state of Kansas, you cannot register DBA, Assumed Name, Trade Name, Fictitious Name or Sole Proprietorships
 - iii. The state of Kansas also requires a small business to list a *resident agent* on business form documents. The person is designated to accept services of process for the business. They are required to be either an individual in Kansas, the business entity itself, or a corporation, limited partnership, limited liability partnership, limited liability company or a business trust.
 - iv. If you don't register, you may miss out on personal liability protection and legal or tax benefits
- c. Registering the correct name ensures you'll also have the right IDs for taxation purposes and licensing regulations
 - i. Make sure register for an Employer Identification Number (EIN), which is also your federal tax ID. This is required to pay your federal taxes, hire any employees, open a banking account or apply for any required licenses or permits. It is free to apply for.
 - ii. Once you have your EIN, you can fill out and submit a [Kansas Business Tax Application](#) After submitting this, you'll need to visit the [Kansas Department of Revenue's Business Registration](#)* page to



set up an account with the Department of Revenue. This process will let you know which additional business taxes you need to register for.

- d. In Kansas, the minimum requirements to register a business with the state are:
 - i. Kansas business location (and not a PO Box)
 - ii. Business name
 - iii. Business type and structure
 - iv. Resident agent

7. Are There Required Licenses or Permits?



- a. The [State of Kansas Business Center](#)* is the best location to always locate the right forms for your small business that are the most up to date.
- b. Visiting the [Kansas Business One Stop](#)*, you can also check if your industry has any special license requirements, and contact information for the appropriate agency to obtain the license.
- c. To make sure you are following Shawnee County guidelines, visit their [website](#)* to determine if there are any permits, filings or reporting requirements necessary to operate in that county.
- d. Your business will encounter fewer road bumps if you make sure you've obtained the right licenses and/or permits before you begin operations.

8. Business Bank Accounts

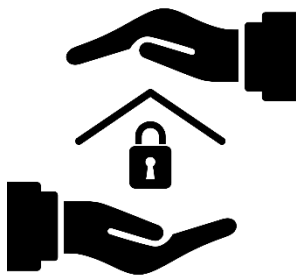
- a. A business bank account can be opened once you've received your EIN.
 - i. These accounts differ from a personal banking account, and offer additional perks
- b. A common package for a business bank account includes checking account, savings account, credit card account and a merchant services account.
 - i. By using a business bank account, you get protection. It keeps your personal funds and accounts separate from those used by your small business.
 - ii. You also show your customers your professional side. Their transactions will interact with the business account, not you personally. This also lets you authorize employees to handle assorted day to day tasks on behalf of the business.



- iii. A business bank account lets you be prepared. No one wants or expects an emergency to happen, but an optional line of credit can literally be a business lifesaver. It also lets you handle those unexpected moments like replacing equipment or handling repairs with more confidence.
- iv. Finally, a business bank account lets you build a solid credit history tied to your small business, not your personal credit history. It can be very important to keep those separate, and a business credit card can help you make bigger purchases to help your small business off the ground.
- c. You will want to make sure that wherever you choose to do your banking, you are not being subjected to predatory lending practices that can be deceptive and harmful to the growth of your business.
 - i. Research your industry and the rates, practices and offers that any banking firm offers
 - ii. Shop around and find what works best for you and your small business.

9. Business Insurance

- a. Small business insurance can help cover damage and lawsuits from:
 - i. Accidents
 - ii. Natural disasters
 - iii. Professional errors
 - iv. Workers compensation claims
- b. It can also fill in the gaps to make sure your personal and business assets are fully protected.
 - i. Some industries require purchase of certain types of business insurance
 - ii. If you have employees, you are required by the federal government to have workers' compensation, unemployment and disability insurance.
- c. There are 4 steps to buy business insurance
 - i. Assess your risks: think about what kind of natural disasters, accidents or lawsuits could happen to your business. Check with the [National Federation of Independent Businesses](#)* to get assistance with risk assessment.



- ii. Locate a reputable and ***licensed*** agent: use a commercial insurance agent to match a policy to your needs. Make sure you find an agent who is interested in matching your needs with the right coverage.
 - iii. Shop around: don't just go with the first agent or company you come across. Make sure what they are offering makes sense, fits your needs and is something you can rely on. Additionally, make sure any insurance fees are something you've included in your annual costs and startup costs.
 - iv. Annually re-assess your coverage: as your business grows, expands and changes, it is likely that your coverage needs will also. Don't be afraid to reach out to your agent and discuss changes in your policy to make sure you are still getting the right type of coverage and protection for your small business.
- d. There are 6 standard types of business insurance to choose from:
- i. General liability insurance: for any business, covering financial loss as the result of bodily injury, medical expenses, libel or slander, property damage, defending lawsuits and settlement bonds or judgements.
 - ii. Product liability insurance: for businesses that do manufacturing, distribution or retail of products. This covers financial loss as a result of defective products that cause injury or bodily harm.
 - iii. Professional liability insurance: for businesses that provide services to customers.
 - iv. Commercial property insurance: for businesses that have a large amount of property and/or physical assets, offering coverage against loss and damage due to fire, smoke, wind or hailstorms, civil disobedience and vandalism.
 - v. Home-based business insurance: for a business run from a person's home (also known as a cottage industry business), offering coverage for a small amount of business equipment and liability coverage for third-party injuries.
 - vi. Business owner's policy: the most used type of business insurance, combining typical coverage options into a bundle. This simplifies things and can be cost effective.

Although this may feel like a lot of information, following these steps not only ensures that you are building the most solid foundation possible, but you are making sure that you are completing the legal, fiscal and government requirements to be in compliance. Your library is here to help connect you to resources that will help answer any questions or comments about the process.

Get in Touch

- Small Business
Administration: www.sba.gov | https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf (Table of standards across industries)
- Data Axle, Ebsco Small Business Reference Center: find at www.tscpl.org under Databases (will need Library card to get into database, but is free to use)
- Washburn University Small Business Development Center: www.washburnsmallbusiness.com | 785-215-8375 ext. 114 | 719 S Kansas Ave STE 100, Topeka KS 66603 (inside the US Bank Branch building)
- NetWork Kansas: www.networkkansas.com | 877-521-8600 | 550 North 159th St E Unit 208, Wichita KS 67230
- GOTOpeka: www.gotopeka.com | 785-234-2644 | 719 S Kansas Ave STE 100, Topeka KS 66603 (inside the US Bank Branch building)
- Venturize: www.venturize.org
- Connect2Capital: www.connect2capital.com | www.connect2capital.com/business-loans/
- StartUp Kansas: www.networkkansas.com/capital | 877-521-8600 (this information covers StartUp Kansas, Kansas Capital Multiplier Fund, and the E-Community Loan Fund)
- Kansas Business Filing Center Name Availability
Status: <https://www.kansas.gov/businesscenter/index.html?appid=2&submit=Search>
- Kansas Department of Revenue Business
Registration: www.ksrevenue.org/busregistration.html
- Kansas Business Center: <https://www.kansas.gov/businesscenter/>
- Kansas Business One Stop: www.ksbiz.kansas.gov
- National Federation of Independent Businesses: <https://www.nfib.com/>
- Kansas Procurement Technical Assistance Center (Kansas PTAC): assists businesses with exploring the government marketplace for local, state and federal contracting opportunities | 316-978-6788 | 238 N Mead, Wichita, KS 67202