



## SPSCC SMALL BUSINESS DEVELOPMENT CENTER

### New Business Checklist – Starting a Business in Washington State

Please be advised there may also be additional steps specific to your industry or other information not listed below.

#### **BEFORE YOU START**

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Write a Business Plan

- Attend training – how to write a business plan, how to start a new business  
<https://wsbdc.ecenterdirect.com/events>
- Conduct in-depth research on industry and market

Determine financing and start-up costs

Determine business location

Research business name: Trade name search, Trademark search, Domain name search

Determine business structure. <https://digital.com/creating-an-llc/>

Register domain name

Check into special requirements:

- Zoning, licensing, health district regulations, TTB, etc.
- Food related businesses MUST contact your local Health Department first!

#### **LICENSES & REGISTRATIONS**

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Register business entity with Secretary of State. [www.sos.wa.gov](http://www.sos.wa.gov)

- You will receive UBI (Unified Business Identifier) from Secretary of State

Acquire state and local business licenses. One application: Master Business License

- Register with Washington State Department of Licensing. [www.dol.wa.gov](http://www.dol.wa.gov)
- Fill out the Master Business License Application online and also register with local entities at the same time.
- Use the UBI number you received if you set up an LLC or Corporation.
- Register with DOL for any contractor or specialty licenses, relevant city business licenses or local agencies (health dept., etc.)

Acquire EIN (Employer Identification Number) from the IRS <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers>

Set up account with Department of Revenue for tax reporting (sales & B&O) [www.dor.wa.gov](http://www.dor.wa.gov)

Set up business bank account

Obtain business insurance

Get tax information on hiring independent contractors, setting up a home office, IRS deductions

Set up business accounting system

Register or reserve federal trademarks or copyrights (if applicable).

- Trademarks are different than your trade name (also called DBA).

Have website designed and online presence strategy planned out

## HIRING YOUR FIRST EMPLOYEE

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Determine need, financing, hours, what type of employee

Job Description, Ad or posting, Application form, reference checks

Obtain Employer Identification Number from IRS (if business does not have EIN)

Revise WA State Master Business License

- *You will then be contacted by L&I, Dept of Revenue & Employment Security*

Set up bookkeeping for payroll and withholding taxes:

- *Social Security, Federal Income Tax, Worker's Compensation, Employment Security, Medicare - if under social security, this is included*


Federal Income Tax Withholding Form W4. <http://www.irs.gov/pub/irs-pdf/fw4.pdf>

Wage and Tax Statement Form (W-2, done annually)

Employee Eligibility Verification (Form I-9)

- *Complete within three days of hire.*
- <http://www.uscis.gov/sites/default/files/files/form/i-9.pdf>


Workers' Compensation (Labor & Industries)

Unemployment Insurance (Employment Security)

- *Required to report all new employees within 20 days of hire.*

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Department of Social and Health Services (DSHS). New Hire Reporting

- *Mandatory within 20 days of hire. Can be done online. Required for all new hires regardless of age, gender or number of hours worked.*
- <https://www.dshs.wa.gov/esa/division-child-support/new-hire-reporting>


FLSA Records Requirements –payroll, timesheet, etc. (mandatory)

**Required** L&I Workplace posters. Download and print:

<http://www.lni.wa.gov/FormPub/results.asp?Section=8&SubSection=0&DocType=0>

Personnel Manual or Employee Handbook

- *Including any additional policies – Benefits, Time off, Ethics, Social Media, Cell Phone, Computer, Reimbursement, Travel, etc.*


Accident Prevention Plan

Training Needs\*

Valid Driver's license, proof of insurance for private vehicle\*

Personnel Files

- Records containing sensitive personal information (such as social security numbers and medical information) are kept in a secure closed records location away from open records.
- L&I Claims should be in a separate file.


Criminal History Background Check\* <https://fortress.wa.gov/wsp/watch/>

Drug Testing \*

Health Insurance

Contact representative: Retirement, 401K

Post required notices (free from Labor & Industries) on employee bulletin board

- *Workplace posters required: <http://www.lni.wa.gov/IPUB/101-054-000.pdf>*

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File taxes quarterly or annually (Consult the IRS Employer Tax Guide). (L&I, Emp Security, Federal)

IRS Circular E, Employer's Tax Guide: [http://www.irs.gov/pub/irs-pdf/p15.pdf?cm\\_sp=ExternalLink-\\_-Federal-\\_-Treasury](http://www.irs.gov/pub/irs-pdf/p15.pdf?cm_sp=ExternalLink-_-Federal-_-Treasury)

*\*If applicable*

## New Business Start-Up Costs worksheet

Description	Amount	Notes
<b>Business Start-Up – One-time Costs</b>		
Legal Structure Registration fees		
Legal Fees (Articles of Incorporation, Operating Agreement)		
WA State Business License		
Additional Trade Names/DBA		
City licenses		
Professional Licenses		
Special Licensing/Registrations		
Consultant Fees		
Business Insurance		
Bonding		
Logo, Brand		
Domain Name Registration		
Web Hosting Charges		
Internet Service Provider Fees		
Web design		
Ecommerce Setup		
Social Media design		
Mobile Application		
Training		
Vehicle		
Utility Deposits/Hook Up fees		
Building inspection fees		
Rent/Lease/Deposit		
Vehicle Registration and Insurance		
Signage		
Advertising – Grand Opening		
Advertising – promotional materials		
Intellectual Property (Trademark, Patent)		
Operating Capital		
Owner Draw during start up		
Salary/wages		
Payroll Taxes		
Other		
Other		
<b>Office Equipment</b>		
Computer(s)		
Software		
Desks, chairs		
Lighting		
File Cabinet/Bookcases		
Accounting Software		
Printer		
Copier/Fax/Scanner		
Installation/Networking		





## **Overview of major steps critical to planning and starting a business.**

### **Step 1. Examine your motivation for business ownership.**

### **Step 2. Choose a business suitable for you.**

### **Step 3. Evaluate the feasibility of your chosen business.**

A good feasibility evaluation involves a detailed examination of financial, personal and market realities.

### **Step 4. Consider start-up requirements and common pitfalls.**

\*Research legal forms of business entity.

\*Learn which permits, licenses, rules and regulations are required.

\*Determine the types of records you will have to keep for local, state and federal tax purposes.

\*Determine types of recordkeeping and internal control systems you will set up.

\*Determine the steps to establish a legal business entity.

\*Consider professional needs: legal, banking, accounting and taxes, insurance, and marketing.

### **Step 5. Develop your business plan.**

Many people talk about a business plan when they really mean a financing request. If you are seeking significant private investment, the two documents will require much of the same information. However, if you are going to seek traditional commercial financing, which is much more likely, the financing request will usually be less comprehensive.

A Business Plan Is: The strategic plan for the development and operation of your business for your internal management use.

A Financing Request Is: A document you prepare for raising capital based on information in your business plan.

A Business Plan Is a Management Tool You Should: Use to help you think through the development of your business and ensure that you have considered options and anticipated potential difficulties; Use to evaluate your progress against your planned business goals; Update and modify for operational and strategic planning purposes as the business environment changes; Use in the development of financing proposals.

### **Step 6. Develop your financing request and obtain initial capital.**

In reaching this step, you have determined you have enough personal money to cover a "down payment" or the "full cost" of starting your business. If should do an honest analysis of your financial position, without doing so you could invest a lot of your personal time only to learn that you are not going to be able to borrow the money necessary to start your business.

Facts you should know about borrowing money to finance your business:

- Most businesses are started with money from personal savings, family, or friends.
- Only approximately 20% of new business owners start their business with money borrowed from commercial lenders.
- No conventional lending source, private or governmental, will make a commercial loan for 100% of the funds you need to start your business.

- As a rule of thumb, your personal investment will need to be approximately 25% the total start-up costs of your business. If you have less than this, your chances of obtaining outside financing are not as good.
- Your "sweat equity" will not be considered relevant by the lender. As a general rule of thumb, you will need \$1.50 in quality collateral for every \$1 you want to borrow. Although you may think your collateral's true worth is its appraised value or its original cost, its worth to the lender will be far less than either of these values.
- Your financial projections must show that any loan proceeds plus interest and other business expenses can be repaid from business revenues. The assumptions that you base your financial projections on will be examined carefully for reasonability. Simply having adequate collateral will not override the business's inability to generate positive cash flow when the lending decision is being made.
- Acquiring a loan will be more involved and time-consuming than you think. In the best of circumstances, it will normally take 60-90 days to close a loan. If you have a complex situation or if the lender needs additional information for any reason, the time span may be significantly longer.
- Caution: Do not assume your loan request will be approved. Be realistic. Lenders are in the business of making money, not buying ideas.

#### **STEP 7: Finalize all start-up requirements**

You have completed your planning and have acquired the funding needed to start your business. Now is the time to sign contracts and lease agreements, pay various licenses, permits, and fees, obtain utility services and complete all other requirements.