



Steps to Starting a Small Business

Clemson University Regional
Small Business Development Center

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10 Tactics for Success

1. Learn as much as you can about your proposed business. Ask questions. Join industry associations. Is there a need for the product or service you are going to offer?
2. Accept the fact that starting a business always takes more money than you anticipate.
3. Study successful competitors carefully.
4. Don't go into business with the sole objective of making a lot of money, chances are you won't. However, if you put service, quality, and customer satisfaction first, the money will follow.
5. Be willing to work harder and longer than you have ever worked before. Forget about the eight-hour day and the forty-hour week.
6. Keep complete and accurate records for tax purposes, for your banking needs, and most importantly, for your own guidance.
7. Hire good, experienced employees.
8. Find a lawyer, accountant, banker, and insurance agent and confer with them as needed. Now is the time to develop these relationships.
9. Run it yourself. Beware of absentee ownership. No one will look after your money, your property, and your business like you will.
10. Be prepared for disappointment and frustration. Be persistent and bounce back even more determined to succeed.

INTRODUCTION

Each year millions of people identify a business opportunity and try to translate the opportunity into a profitable business. Over one million new businesses are formed each year. The growth of small businesses is in response to changes in *big* businesses. Big businesses are becoming smaller and are limiting the products and services that they offer. Small businesses are being formed to fill these needs. Currently small businesses create more jobs annually than do large businesses.

Although owning and operating a small business may seem like a wonderful idea, let's look at the facts. According to the US Small Business Administration (SBA), over half of all new businesses fail within five years. If you own and operate your own small business, you will work more than forty hours per week, you probably will not have a retirement plan, you will not have someone to help pay your health insurance premiums, and you probably will not take any vacations for quite some time.

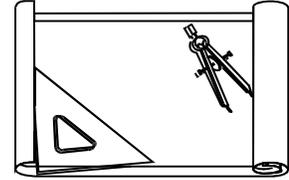
A future small business owner should look carefully at the characteristics of successful small business owners (entrepreneurs). The characteristics of success are:

- *A desire for responsibility*
- *A preference for moderate risk*
- *Confidence in your ability to succeed*
- *Desire for immediate feedback*
- *A high energy level*
- *A need to accomplish goals*
- *Strong organizational skills*
- *A need for feelings of accomplishment and achievement*
- *A high degree of commitment*
- *A tolerance for uncertainty*
- *The ability to be flexible*
- *A desire to work hard*
- *Total dedication to the business*
- *A strong market demand for the product or services offered*
- *Luck*

Do you match the common characteristics? Do you and your small business have the elements of success?

THE BUSINESS PLAN

Every business begins with an idea and a business plan is necessary to guide the investigation and development of this idea. If you are planning a vacation with your family to an area that you've never visited, you will ask questions about places to stay, things to do, places to eat, weather, etc. If the area sounds attractive, then you will plan how to get there. If you decide to drive, now is the time to study the road map and plan your trip.



A business plan is the road map for the success of your business. In writing a business plan, you will consider all the parts of your business in detail. You will look carefully at your business, the industry, your competition, your customers, and your ability to succeed. For a more detailed description of business plans, please refer to *The Business Planning Checklist*, available from the SBDC website.

CHOOSING THE LEGAL FORM OF BUSINESS

The decision for the legal form of business will be made to best suit your needs, personal management style, and financing requirements. The original form you choose may only be temporary. As the business grows and expands, you may find the need to change legal forms. This is a very important decision with serious tax and legal implications. If you are unsure about this decision, you should consult an attorney and/or an accountant. The most common forms of business ownership are **sole proprietorship, general partnership, limited partnership, corporation (both regular and "S"), statutory close corporation, and limited liability company.**



Sole Proprietorship

A sole proprietorship is limited to a single owner (or owner and spouse), who has total control of and responsibility for the business. Further, the sole owner must contribute or borrow all of the capital needed to start the business. Any outside funding sources must be in the form of loans. The sole proprietorship is the simplest business form to organize and is the least regulated. The profit or loss of the business is taxed as personal income and is included on the owner's individual tax return. The sole proprietor has full legal liability for debts and claims against the business.

CHOOSING THE LEGAL FORM OF BUSINESS - Continued

ADVANTAGES:

1. Easy to organize and flexible
2. Owner has control and responsibility
3. Minimum legal restrictions
4. Income taxed as personal income
5. Minimal organizing costs

DISADVANTAGES:

1. Owner is personally liable for debts or claims
2. Business terminates with the owner
3. Limited ability to raise capital

Partnership

A partnership is an association of two or more persons acting as co-owners of the business. This form of business combines assets and talents of the partners to conduct the business operations. Each partner can act as an agent for the partnership through business operations, incurring debt, etc. The partners' personal assets are at risk for all claims and debts of the partnership.

Although a partnership is relatively easy to set up, a Partnership Agreement should be prepared by an attorney to establish the rights and duties of the individual partners. Because a partnership generally terminates when any partner dies or withdraws or when a new partner is admitted, the partnership agreement also describes how the termination will be handled.

ADVANTAGES:

1. Simple to organize
2. Combined funding and talents of partners
3. Flexibility in profit or loss sharing
4. Income taxed as personal income

DISADVANTAGES:

1. Unlimited legal liability for all partnership debts and claims
2. Partnership terminates upon death, withdrawal, or addition of partner
3. Individual partners act as agents for the partnership

A **limited partnership** is a special form of partnership that is not usually used for small businesses. A limited partnership is owned by limited partners and at least one general partner. The liability of the limited partners for claims and debts against the partnership is fixed at the amount they have invested in the partnership. The personal assets of the limited partners are not at risk. Because a limited partnership is regulated by securities laws, formation can be complicated and requires an attorney and an accountant.

CHOOSING THE LEGAL FORM OF BUSINESS - Continued

Corporation

A corporation is a separate legal entity that is formed by filing Articles of Incorporation with the Secretary of State in Columbia, South Carolina. The owners of a corporation are known as stockholders. Each owner invests money or other assets in the new business in return for shares of stock at a predetermined price. The stockholders are at risk only for the amount of money they have invested in the stock of the corporation. The personal assets of the stockholders are not at risk. Because corporations are considered legal entities (or “artificial persons”), the corporation files income tax returns and pays taxes. The corporation may also sue and be sued.

Under South Carolina law, an attorney is required to sign and file the Articles of Incorporation. Usually the attorney is assisted by an accountant in organizing the corporation. Because of this, incorporation can be both costly and complicated.

A **subchapter S (or “S”) corporation** is a special form of a regular corporation. It is incorporated as a regular (or “C”) corporation, but asks for special permission from the Internal Revenue Service to be taxed as a partnership. In other words, a “C” corporation and an “S” corporation are the same legally - they are organized in the same way and have the same legal characteristics. But an “S” corporation does not pay income taxes. It simply files an information return and the income or loss “flows through” to the shareholders where it is taxed as personal income.

ADVANTAGES:

1. Limited liability for managers and stockholders
2. Ownership is transferable
3. Corporation does not terminate when ownership changes
4. May choose a year-end other than December 31 (a fiscal year end)
5. “S” corporation income or loss is passed through to stockholders and taxed at the individual level

DISADVANTAGES:

1. Costly and complicated to establish
2. Double taxation for regular corporations
3. Extensive record keeping necessary
4. One class of stock for “S” corporations

CHOOSING THE LEGAL FORM OF BUSINESS - Continued

Statutory Close Corporation

The statutory close corporation is relatively new to South Carolina (adopted in 1988), and is most beneficial to businesses with 1-2 owners. The statutory close corporation is usually a small, closely held corporation, Professional Corporation, or wholly owned Subsidiary Corporation. The statute allows the corporation to do away with bylaws, board of directors, and annual shareholder meetings, but requires a shareholder management agreement and perhaps other operating agreements. Basically, the statutory close corporation allows the elimination of some of the paperwork requirements that are burdensome to the smaller business. However, since the requirements are reduced, it is imperative that all the remaining requirements outlined in the Articles of Incorporation are followed, in order to maintain the liability protection afforded the business owner under the corporate form.

Limited Liability Company

The Limited Liability Company (LLC) is a hybrid form of organization that combines the attractive features of both a general partnership (pass through tax status) and a corporation (limited personal liability for the owners). An LLC is established by filing the Articles of Organization and an Operating Agreement with the Secretary of State's Office. An LLC has Members rather than Partners or Stockholders.

ADVANTAGES

1. **Limited Liability:** LLC owners are not personally liable for business debts, such as court judgements, or legal settlements obtained against the business. They risk losing only the amount they have invested into the company. (If however, the LLC owner personally guarantees a loan or co-signs a loan, no matter what form of ownership the owner is personally liable.)
2. **Flexible Management:** The owners of an LLC are called Members. Small LLCs are member-managed and the owners have an active hand in running the business. Members can, however, elect a management group that may include nonmembers. This flexibility cannot be found in standard corporations.
3. **One-level taxation:** The LLC, like a partnership, is normally recognized by the IRS as a "pass through" tax entity (you can also elect to have it taxed as a corporation which for some business owners can result in lower overall taxation). Unless you choose corporate tax treatment, the profits and losses pass through the business and are reflected and taxed on the individual tax returns of the owners.
4. **Flexible distribution of profits and losses:** When a business is co-owned, the owners may or may not wish to split profits and losses of the business proportionally to capital contributions. The LLC is treated like a partnership for tax purposes, and this applies to the division of profit and losses of the LLC.

DISADVANTAGES:

1. Employee Stock Options: If an LLC wants to give employee stock options, because they have no stock, they do not have this opportunity.
2. Mergers: If a corporation is later merged with another stock being traded for stock, the transaction may be tax-free (under IRC 361 and 368). While LLCs don't qualify for this favorable tax treatment, this is not a big disadvantage because the great majority of small businesses are liquidated through asset sales, not complicated stock transfers.
3. Taxes: A few states, including Texas, impose very high taxes on LLCs.

OBTAINING BUSINESS FINANCING



Funding for a business results from two primary sources: equity or debt. Equity is the owner's or stockholder's original investment and, as such, represents the owner's cash contribution to the business. This funding can be obtained from various sources, including the business owner's friends, family, and in limited instances, venture capitalists. Equity funding is dollars, which remain in the business and have no set repayment schedule for disbursement to investors.

Equity is critical to a business in need of obtaining a loan to fund start-up or expansion. As a general rule-of-thumb, equity requirements for a new business fall in the range of twenty-five to fifty percent of the total projected cost of the business start-up. This means that owners may be required to provide up to one-half of the funds that are needed to open the business.

A loan or debt is the other funding source common to business financing. This source becomes necessary when an owner's equity investment is insufficient to finance the company's start-up or expansion. These are funds obtained from a third party source, generally a commercial bank, having a defined repayment schedule which stipulates both principal (that portion of a loan repayment representing retirement of the original loan amount) and interest (the portion of repayment which represents the business's cost of obtaining third party financing) requirements. Loans can either be unsecured or secured. Unsecured loans are based solely on the borrower's financial strength, without pledging of assets (collateral): while secured loans, also based on financial strength, require pledging assets as collateral for the loan. Secured loans are the common method used by third party financing sources.

Commercial banks offer loans with varying interest rates and repayment terms. Interest rates are generally based on the New York banks' prime interest rate given to their most creditworthy customers, with a percentage add-on for the perceived degree of risk of each individual lending situation (i.e. prime plus 2%). Repayment terms will vary with the useful life of the asset financed. As a rule-of-thumb, working capital loans (used to finance inventory and accounts receivable) range from three to five years, equipment loans from five to seven years, and fixed asset

(land and buildings) loans from twelve to fifteen years.

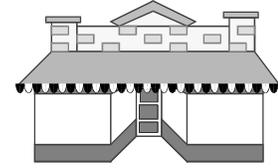
Third party financing sources, such as commercial banks or governmental loan programs, will require a variety of information from the business and borrower. This includes such items as a comprehensive business plan, collateral description, tax returns, projections, resumes and personal financial statements. Additional information may be required depending on specific loan source requirements.

There are a number of governmental loan programs available to finance a start-up or expansion. These are, however, predicated upon a business being able to meet the necessary requirements of the particular loan fund being considered. These loan pools represent federal, state, and local funds designed to spur local private investment and aid local development efforts. Governmental loan programs are not sole source financing options. They require the involvement of a private lending institution, such as a commercial bank. It is imperative that a commercial bank or some other private third party lender be committed to financing a portion of the project prior to contacting any of the governmental loan programs.

Governmental loan programs are guaranteed loan programs. The guarantee provides a loan loss guarantee to a local commercial bank on behalf of the borrower (similar to a co-signer). The borrower deals primarily with the local commercial bank, which sets the general terms of the loan. The guarantee insures the bank loan against loss from default by the borrower up to a certain specified percentage, generally eighty to ninety percent.

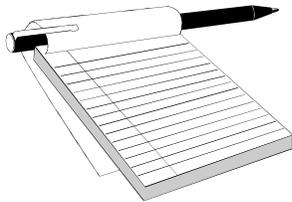
SELECTING A LOCATION

The choice of location is important to the success of your business and should be determined early in the planning process. Site requirements will vary depending on the type of goods or services offered by the business. You must consider location in regard to customers, suppliers, employees, and government regulations. You should outline the business's needs and select a site that best meets these requirements. Further, you should evaluate the options of buying or renting the business site.



If leasing the location, you should determine: How is rent calculated? Is the rent reasonable for the area? Who is responsible for improvements? Who will own such improvements? Are there options for expansion? Are there any restrictions on the property's use? What are the lease renewal provisions? A licensed commercial real estate agent will be able to answer these questions and guide you through the leasing process.

REGISTRATION AND LICENSING



Various types of licenses are required in order to conduct business. Federal laws establish certain guidelines. State laws establish guidelines on occupational matters and retail licensing. Local laws determine business occupancy guidelines. However, not all businesses require the same licenses. These are the major licenses and types of registrations that may impact your business:

Local:

The first requirement is a business license. Business licenses are issued by cities to businesses located within the city limits and for businesses conducting business within the city limits. These licenses can be obtained through the city hall. The fee for a business license is based upon the projected sales and category of the business. A business license must be secured for the city where your business is physically located, and for each city in which you conduct business.

An additional license, which may be required, is a Certificate of Occupancy. Both city and county governments issue this license. The purpose of this license is to enable city or county government to enforce zoning laws and make sure that the building meets all building codes. You will need to contact your local city or county government to determine if a Certificate of Occupancy is required.

REGISTRATION AND LICENSING - Continued

State:

Your business must be registered with the South Carolina Tax Commission. Form SCTC-111, available from the tax commission, is used to register your business. This form is also used to obtain a retail license and a withholding number (if you will have employees). Forms are available on-line from the South Carolina Department of Revenue at <http://www.SCTax.ORG>.

A retail license must be obtained for any business that will sell a product to the end user. Usually service firms are not required to obtain a retail license unless they also sell products.

Federal:

Your business must have a federal identification number (federal tax number). If your business will be a sole proprietorship and you will not have employees, you may use your Social Security number for this purpose. Form SS-4, available from the IRS, is used to obtain this number. You may also call the IRS at 1-800-829-1040 to obtain the number by phone, or visit their website at <http://www.irs.gov> for more information.

There may be other licenses that affect your particular business (Occupational Safety & Health Administration, Health Department, Alcoholic Beverage Control, Department of Agriculture, Department of Health & Environmental Control, as well as professional licensing boards). You should check with your industry association to determine if other licenses apply to your business. For names, addresses and phone numbers of various government agencies see the blue pages of the phone book or refer to *The Fact Sheet for Starting a Small Business*, available from the SBDC website.

PROMOTING THE BUSINESS



Most small business owners view promotion and advertising as a “luxury” that they cannot afford. Unfortunately, this usually results in ineffective promotion and poor results. You should assess your potential customers and competition and the business’s products and services to determine a promotion strategy. You can then develop a budget to determine the most cost-effective method of promotion.

Many small businesses advertise effectively through the local media such as daily or weekly newspapers, shopping guides, flyers, radio, and direct mail. More specialized businesses may advertise in trade magazines, business directories, travel guides, and tourist publications. A small business may also gain recognition by joining the local chamber of commerce and may also donate goods or services to charitable events. Promoting the business does not have to be expensive, however, you must develop a budget and a plan to effectively reach your target markets.

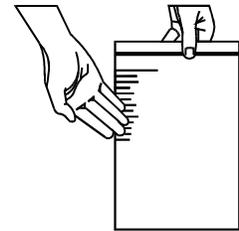
MANAGING THE BUSINESS

Managing the business is a skill that can only be gained through experience. The new owner must offer direction and control to the business. Managers of small businesses are usually very skilled at their craft and often involve themselves in the day-to-day operations rather than the business's overall management. They get by from crisis to crisis or event to event without an attempt to conduct operations with a strategic plan. But it is very important for a small business owner to see the "big picture." Technical skills are certainly important. However, many small businesses fail because the company's functions are not coordinated with a common purpose. To maximize efficiency, you should constantly monitor and evaluate activities to determine the best use of money, materials, and manpower. You should set measurable objectives such as specific sales dollar volume or time constraint for a particular job. The business plan must be frequently reviewed and updated to evaluate business performance according to expressed goals. Finally, you must learn to delegate certain duties so that you may concentrate on the overall operations and direction of the business.



INSURING THE BUSINESS

Before opening the business you should consult with an insurance agent to develop a comprehensive insurance plan. A basic package may include the following types of protection:



Fire Insurance - covering damage to the premises, equipment, and inventory caused by fire, explosion, wind, riot, or smoke.

Liability Insurance - safeguarding the business from financial loss due to any claims of bodily injury or property damage connected with the business.

Crime Coverage - reimbursing for losses resulting from robbery, employee dishonesty, and vandalism.

Workers' Compensation Insurance - covering employee injuries and loss of pay related to accidents on the job. South Carolina requires all employers who employ four or more full-time or part-time persons to obtain this coverage, however, certain exceptions apply.

Fidelity Bonds - placed on employees with access to cash and other assets to guarantee against financial loss from embezzlement.

Business Interruption Insurance - compensating for revenue lost during halt of business due to fire, theft, or illness.

INSURING THE BUSINESS - Continued

Automobile Insurance - covering both physical damages and liability caused by company owned vehicles.

Employee Health and Life Insurance - furnishing financial benefits to workers and their dependents in case of illness or death.

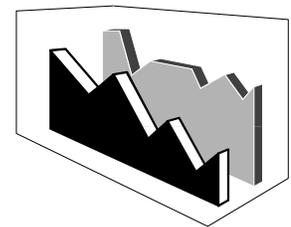
“Key Person” Insurance - compensating the business if owners or essential management become disabled or die.

Product Liability - protecting the business against claims regarding faulty merchandise.

You should determine which types of insurance are needed for your business and shop around to determine the coverage available and applicable rates.

BOOKKEEPING

Financial records document the operations of a business. Financial records are an extremely important tool for managing the inflows and outflows of a business activity. There are certain required records that must be maintained to satisfy the Internal Revenue Service for income tax reporting, however, the need for good record keeping goes beyond the IRS. Information that is specific to your business should be documented in an organized manner. This will enable you to efficiently and effectively manage your business. If adequate records are kept, peaks and dips in sales are easily determined, cash needs for payroll or outstanding bills are easily counted, and inventory can be properly controlled.



The simplicity or complexity of the record keeping system is dependent on your personal preference and the needs of the business. For example, an accounting system can be as simple as a 3-ring notebook or as complex as an entire computerized system. The IRS provides a free publication entitled, *The Small Business Tax Kit*, which illustrates the required record keeping for tax purposes. Also, the State of South Carolina offers a *Business Tax Guide for SC*. This guide is updated annually and is available for a small fee by calling the SC Department of Revenue at (800) 768-3676, or is available on-line at <http://www.SCTax.ORG>. There are several inexpensive computer accounting packages available, which are relatively easy to customize and use.

BOOKKEEPING - Continued

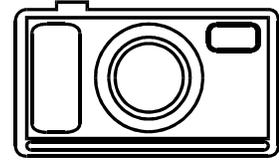
No two sets of financial records are the same. However, the basic format includes a Cash Payments Journal (checkbook register), a Cash Receipts Journal (receipts book), a Sales Journal, an Accounts Receivable Journal, an Accounts Payable Journal, and a General Journal. The standard financial statements include a Balance Sheet, an Income Statement, a Statement of Owner's Equity, and a Statement of Cash Flows.

The accounting vocabulary can be overwhelming at times. A "journal" is nothing more than a diary or logbook. The purpose of the diary is to keep track of similar type transaction items in a separate book. For example, in the Sales Journal, you keep track of all your sales in the same diary, which is separate from your check register called the "Cash Disbursements" Journal.

LEDGER BOOKKEEPING	
TYPE OF JOURNAL	HOW IT IS USED
CASH DISBURSEMENTS JOURNAL	CHECKBOOK REGISTER RECORD MONEY SPENT
CASH RECEIPTS JOURNAL	RECEIPT BOOK RECORD MONEY RECEIVED
SALES JOURNAL	RECORD INVOICES WHEN SALE IS FINAL NOT DEPENDENT ON CASH RECEIVED
ACCOUNTS RECEIVABLE JOURNAL	DETAILED LISTING OF CUSTOMERS TO WHOM YOU SOLD MERCHANDISE ON CREDIT
ACCOUNTS PAYABLE JOURNAL	DETAILED LISTING OF VENDORS FROM WHOM YOU BOUGHT MERCHANDISE ON CREDIT
GENERAL JOURNAL	MASTER FILE, RECORDS ALL INDIVIDUAL ENTRIES AND TRANSACTIONS FROM EACH JOURNAL

Balance Sheet

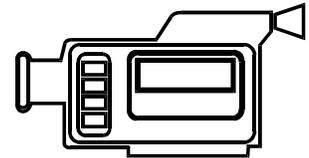
The balance sheet shows the financial position of a company at a particular point in time. It is like taking a snapshot of the company's records on the last day of the year. Assets are basically things you own. They are items of value expected to produce future economic benefits. Liabilities are amounts that you owe. They represent claims of outside creditors on your assets. Owner's Equity is the value of assets that you actually own - the net value of assets after paying off liabilities. The basic equation in double entry bookkeeping is the amount of the assets equals the sum of liabilities and owner's equity. The left column (assets) must equal the right column (liabilities & owner's equity).



BALANCE SHEET AS OF 12/31/XX	
ASSETS	LIABILITIES
CASH	ACCOUNTS PAYABLE
INVENTORY	LOAN PAYABLE
EQUIPMENT	
BUILDINGS	OWNER'S EQUITY
LAND	
TOTAL ASSETS	TOTAL LIABILITIES AND OWNER'S EQUITY

Income Statement

The income statement measures the profitability of a business for a period of time. This period can be for a month or a year. It is similar to taking a video movie of the company over the year. Revenues represent inflows of assets from performing some activity, such as selling a product or performing a service. Revenue does not necessarily mean cash received. Expenses represent costs incurred to produce revenues. Net Income represents the excess of revenues over expenses for a given period. The net income figure is added to the owner's equity balance listed on the balance sheet.



INCOME STATEMENT FOR YEAR ENDING 12/31/XX	
REVENUES	EXPENSES
SALES	OPERATING EXPENSES
INTEREST INCOME	ADMINISTRATIVE EXPENSES
	SELLING EXPENSES
TOTAL INCOME	TOTAL EXPENSES
	NET INCOME

Statement of Owner's Equity

The statement of owner's equity shows the changes in the owner's equity account over a period of time. It is similar to the income statement in that it is like taking a video movie of the company over a year. Net income increases the owner's equity. Cash withdrawals by the owner decrease the balance. The ending balance of owner's equity is listed on the balance sheet.

Statement of Cash Flows

The statement of cash flows shows the movement of actual cash during the year. It is used to illustrate the inflows and outflows of cash in the company. This statement is very important to lending institutions. This statement will show if the company has the cash available and can reliably pay back borrowed money.

STATEMENT OF OWNER'S EQUITY FOR YEAR ENDING 12/31/XX	STATEMENT OF CASH FLOWS FOR YEAR ENDING 12/31/XX
BEGINNING BALANCE	CASH AT BEGINNING OF YEAR
NET INCOME	OPERATING CASH FLOW
WITHDRAWALS	INVESTING CASH FLOW
	FINANCING CASH FLOW
ENDING BALANCE	NET CASH FLOWS

OTHER SOURCES OF HELP AND INFORMATION



There are many sources of information available to the small businessperson, and many of them are free. Make it your business to learn who and what they are. These are just a few:

Chamber of Commerce - Your local chamber can provide a wealth of business related help, including contacts with other business owners, seminars on a variety of business subjects, plus data on a variety of businesses within your community. Check your local telephone directory for location and phone number.

Public Library - Your local library contains a wide variety of books, pamphlets, brochures, and statistical data on business at the federal, state, and local levels. Check your local telephone directory for location and phone number.

Small Business Administration - The SBA is a federal agency established in 1953 to assist small businesses. The SBA provides a variety of services to owners or prospective owners of small businesses, including management counseling, financial aid (primarily through local lenders), and help in procuring government contracts. The SBA has an office in Columbia, South Carolina - (803) 765-5376, or visit their website at <http://www.sba.gov>. In addition, the SBA sponsors or co-sponsors:

SCORE - The **S**ervice **C**orps **O**f **R**etired **E**xecutives, is a volunteer group of mainly retired men and women who provide free, confidential, one-on-one management counseling to small business owners and managers as well as those who are considering starting a business. Check your local telephone directory for location and phone number.

<http://piedmontscore.org>

SBDC - The **S**mall **B**usiness **D**evelopment **C**enters are sponsored by the SBA in cooperation with the State of South Carolina and state universities. They provide free quality assistance, counseling, and training to prospective and existing business owners.

<http://business.clemson.edu/sbdc> & <http://sbdcweb.badm.sc.edu>

Technical Colleges - Your local technical colleges offer an array of helpful business courses. Check your local telephone directory for location and phone number.

Internal Revenue Service - The IRS offers a variety of management assistance programs to the small businessperson. Local IRS offices sponsor seminars at regular intervals to inform business owners of tax filing obligations. For tax questions, call (800) 829-1040 or visit the IRS website at <http://www.irs.gov>

State Tax Commission - The SC Department of Revenue and Taxation also offers a variety of information to small business owners. For tax questions, call (803) 898-5000, or check your local telephone directory for a local office. To order your Business Tax Guide for South Carolina call (800) 768-3676.

Professional Assistance – Choose professional assistance wisely. Some of the most commonly used professionals are:

Accountant - An accountant can set up a pattern of bookkeeping that is easy for you to follow daily and easy for the accountant to work with at tax time. Bankers and lawyers often know accountants who specialize in small business. Fees are often based on hourly rates and vary with the complexity and extent of the service.

Attorney - An attorney can help in choosing a form of business, draw up partnership and incorporating agreements, interpret contracts and leases, as well as counsel on legal rights and obligations. The South Carolina Bar Association provides a toll free legal referral number, 1-800-868-2284, that you can call for a referral to an attorney in your area.

Banker - A banker can help set up your business checking account, provide loan and other financial guidance, and help with credit card merchant services. It is important to establish a continuing relationship with a banker and keep him informed of the progress of your business.

Insurance Agent - An insurance agent can evaluate your insurance needs and set up a package to cover your specific type of business. You should talk with several agents, compare the coverage and costs of the insurance they offer, and select the program best suited to your business's needs.

CONCLUSION

Owning a business is the dream of many Americans and managing one's own business can be a personally and financially rewarding experience. In the serious and complicated process of starting a business, there are certain questions that must be asked and answered before certain steps can be taken. This guide, in conjunction with the other publications listed throughout this guide, will assist you in converting your dream into a reality. If you have additional questions, contact your local SBDC office.