

The 17 Step Guide to Building a Successful, Profitable Business

Every good business starts out with a great idea. A determined entrepreneur can take that idea, and turn it into a successful business. Without a roadmap, going from an idea to a successful, profitable business can be tough. Forgetting or skipping certain steps can eventually lead to the demise of the business. By following this guide, you will be well on your way to owning a successful, profitable business.

Remember, I'm not your lawyer, and this is simply a roadmap. There are no guarantees that your business will be properly set up even if you follow every step, so seek advice from an attorney, accountant, and insurance professional. The expense of their advice may seem expensive at first, but is also a significant investment in the future of your business.

This guide was designed for Louisiana businesses. Although you've probably heard that we have some kooky laws here in the land of Swamp People and 24/7 Bourbon Street bars, the startup process is similar in every state. Either way, check with an attorney and other professional licensed to practice in your state.

1. Determine Feasibility

The first step is making sure that your idea has the potential to a revenue-generating, profitable business. This is the most important step because the eventual goal is to earn a profit. Start by **writing a business plan**.

Your first business plan does not need to be complicated, it just needs to answer a few questions:

- How will the business make money?
- What services or products with the business provide?
- How much will cost the business to provide those services or create those products?
- What will the business charge it's customers for those products?
- Who is the target market?

Then, determine if there's a market.

Get out there and pitch your idea to potential customers or clients. Hand out business cards, run a few ads and gauge the response. The key here is to make sure that the time and money you are about to invest in the following steps will pay off.

This is important. A business plan **cannot** live in your head. It needs to be written down on paper.

2. Consult with an Accountant

This, along with consulting with an attorney, is often perceived as an “unnecessary evil” in starting a business. However, the truth is that you have to spend money to make money, and investing in professional advice is one of the best ways to make sure your business gets off the ground properly. If you expect your business to grow substantially, it will probably be more expensive to get tax and legal advice when the business is already running, so do it in the beginning. Some CPAs and lawyers would be happy to give you a brief consultation for a small fee. Seek a good recommendation from a trusted source and start calling around.

Again, this doesn't need to be complicated. An hour conversation should be sufficient.

Read more:

- [How to Start an Accounting System for a New Business](#)
- [Basic Accounting for Startups](#)
- [10 Questions to Ask When Working With an Accountant](#)

3. Choose your Business Name

Naming the business is not always as easy as it appears. Do a quick Google search to see what else is out there. Not only can similar companies make marketing for your brand harder, but if another business has a confusingly similar name, it may create trademark issues down the road. Do a search on the [Louisiana Secretary of State's](#) Corporate Database to make sure your name will not be confused with another business. Finally, check if the .com domain is available for your business. Changing your name after you've built a website and started your marketing efforts can be expensive, not only because you're losing an investment, but also because of the goodwill you have already established for your brand.

Read more:

- [Small Business Administration | Choose Your Business Name](#)
- [8 Mistakes To Avoid When Naming Your Business](#)
- [How to Choose the Best Name For Your Business](#)

4. Meet with an Attorney and Choose a Business Entity

Choosing a business structure comes down to answering four questions:

1. How many people will own the business?
2. How much personal liability protection will you need?
3. How do you want your business to be taxed?
4. Would your business benefit from being able to sell stock?

The CPA should tell you which entity is the best for taxes. After deciding which entity is best for you, take that information and find a business lawyer. There are four major types of legal business structures in Louisiana, each with their own advantages and disadvantages (there are more, but we will only cover the most important ones here). These descriptions are not meant to be all encompassing, but should give you a general idea of the four major structures.

1. **Limited Liability Company (LLC)**. An LLC is a type of business that offers a common ground between partnerships and corporations. This entity is an unincorporated association having one or more members. Ownership is represented by membership. The articles of organization and an comprise the fundamental provisions defining the LLC. LLCs can be managed by managers, rather than members, to separate ownership and management. A manager or managing-member of the company must make, sign, and file a report on or before each anniversary date of registration to the Secretary of State. The LLC must be registered with the Secretary of State. [Click here](#) to read more about the rules and benefits of forming an LLC.

Important: If you have business partners, you and your partners need an Operating Agreement. Our firm specializes in creating Operating Agreements for business partners. [Learn more here](#).

2. **Corporation**. A corporation is a legal entity that exists separately from its owners. Ownership is vested in shareholders. The articles of incorporation comprise the fundamental provisions defining the corporation. An initial report signed by each incorporator or by an agent who is duly authorized by the corporation must be filed with the articles of incorporation. The name of the corporation must be registered with the [Secretary of State](#). A board of directors who are responsible to the shareholders must be elected to lead the corporation. The board of directors can draft and amend bylaws to create policies and rules for the corporation.

3. **Non-Profit**. Non-Profit Corporations tend to be religious, charitable or educational in nature, as if so, will qualify under IRS Code 501(c)(3) as a tax-exempt entity. Depending on the purpose of the entity, it may qualify for tax exemption under another 501(c) section. Its purpose is not to give profits to owners, but to keep the profits within the corporation. Non-profit organizations typically operate under different policies than for-profit companies. Most non-profit organizations are private, but are not permitted to pay dividends to the owners. Non-Profits must be registered with the Secretary of State.

4. **Low-Profit Limited Liability Company (L3C)**. As a new business entity for Louisiana, this structure allows a business to pursue charitable or educational goals, but still earn a profit. Think of it as a hybrid between a non-profit and a corporation. Because it is new and requires some pretty strict compliance with Louisiana law and the IRS, it is definitely worth seeking professional help to guide you through the process.

5. Research Federal and State Laws Regarding Formation, Ownership, and Operating

Depending upon which industry you are entering, there may be specific laws you have to comply with. An attorney can help you figure out which licenses you need and draft contracts to protect your business as it grows. You may also reach out to the Louisiana Small Business Development Center, Small Business Administration, or city government.

It's important to do this now, as some types of licenses may require that your business be structured in a particular way. Again, speak with an attorney about the type of business you intend to start. Plan on an open discussion that addresses everything from formation to financing and marketing. The more the attorney knows about your business, the better prepared they are to alert you to pitfalls and other risks.

6. Draft, Execute, and File the Legal Framework

Filing may be done by the attorney who is handling your legal framework, but you can also save money by doing it yourself. The process of filing online with the Secretary of State is available through a relatively [simple form](#). The Secretary of State is pretty quick to respond, and you can complete the entire process in a day or two. In addition to the filing requirements for the Secretary of State, you also need to draft and execute an [Operating Agreement](#) or bylaws. **This is not provided by the Louisiana Secretary of State.** Make sure the rules that your business partners have agreed to are put down on paper. Include provisions for deadlocks, dissolution, buy-outs, bankruptcy, sale, divorce, death, and other worst-case scenario events.

Read more about business partnerships on our blog:

- [10 Important Components of a Business Partnership Agreement](#)
- [7 Mistakes That Set Business Partnerships Up For Failure](#)
- [3 Legal Contracts Business Partners Should Have On File](#)

Filing your business with the Secretary of State and drafting the relevant documents needs to be done early on because this is the foundation for the business. By laying a solid foundation, you can separate the framework of your business from the framework of your personal life. If something goes wrong with your business, you want to ensure that your personal assets will be protected. Keeping your personal life and business activities separate from the start is a good way to ensure protection.

7. File Assumed Name Affidavit with Parish (D/B/A or DBA)

If you are going to be marketing your company under a name different than the legal name, you will need to file an affidavit with the parish that your business is located in. If you are a sole proprietorship and will be working under a name other than your own name, you will also need to file. It is a simple form that needs to be notarized and filed with the [Land Record Division](#) in Orleans, or the Clerk of Court in any other parish. The idea here is that the customers, creditors, and everyone else can find the legal entity behind your business.

Read more:

- [File your DBA for a low, flat-fee with LegalZoom](#)
- [How Does a DBA Company Work?](#)
- [Doing Business As \(DBA\) Filing: Sole Proprietorship](#)

8. Obtain Tax ID Numbers

An Employer Identification Number is your business' equivalent to your personal Social Security Number. This is the number you will use to pay taxes and open a bank account. Every business entity should have an EIN, even if you are a sole proprietorship. That way, you can leave your social security number off of business documents. An EIN is necessary if you plan to:

- Hire employees
- Operate as a corporation
- Open a bank account

- File tax returns for sales, employment, or excise taxes on alcohol, tobacco, and firearms
- Withhold taxes on income
- Start a Keogh plan

The online application is free, and the entire process takes about 15 minutes:

<https://sa2.www4.irs.gov/modiein/individual/index.jsp>

Next, contact the [Louisiana Department of Revenue](#), to **register as a business** and receive the state equivalent of an EIN. Although you won't need this number to open a bank account, it is much easier to start thinking about taxes from the beginning, rather than waiting until it's too late.

If you have employees, you also need to **register for an unemployment tax account**. As an employer, you will be expected to pay unemployment taxes to the Louisiana Workforce Commission. At this point, it may also be worth it to consider contacting a payroll company to manage your paychecks and wages. Note that if you don't have employees, you do not need to complete this form yet.

Read more: [3 Reasons To Report All Your Income To The IRS](#)

9. Setup Corporate books for the New Entity

Corporate books refers to the formalities that a corporation is required to follow in order to stay current. This includes shareholder and board of director meeting minutes, as well as resolutions passed by either body. All of this information, in addition to tax returns and financial information, needs to be kept at the business' office address. In this process the board of directors is generally elected by the shareholders. The board of directors then meets and elects officers to guide the corporation. Once officers are in place, they will be able to make the guiding decisions that need to be made from this point forward.

Corporations are required to abide by these formalities to maintain their personal liability protection. A creditor may attempt to go through the corporate protections to seize personal assets with a technique called "piercing the corporate veil." Although LLCs and partnership do not have the same requirements as corporations, they can be pierced as well. It's always a good idea to keep track of meetings, resolutions, and decisions made by members, managers, and partners.

Read more: [How To Avoid Piercing the Corporate Veil](#)

10. Open a Business Checking Account

Unless you have a great relationship with your bankers, do not just go to your personal bank and open an account. Find out what terms the bank is willing to offer, such as no fees, free checks, credit cards, or maybe a low-rate line of credit. Take this information to other local banks and get them to bid against each other for your business. You will get a much better deal this way.

It is also a good idea to go into the bank in person to open up the account. Meet the business customer relations manager, and get to know him or her. This is the person you will speak with in the future about loans and financing. By creating a personal relationship, you may have a better chance at getting approved for a loan.

Use this bank account to make all business purchases and receive all income. Although a business registered with the Secretary of State generally protects the owners from personal liability, a creditor may pierce the corporate veil if the business owner commingled personal and business funds. Opening a separate business account is an easy way to keep personal and business funds separate.

11. Make a Capital Contribution to your Business

The process of making a capital contribution depends on the business entity you chose. Corporations must issue stock certificates in exchange for funds. Other entities may just require the investors to write a check from their personal account and deposit it in the business' banking account.

If you are a corporation, shareholders must purchase their stocks for cash. If you are set up as an LLC, then members can contribute cash, property, assets, or sweat equity. Determining how much is contributed and how to keep track of those contributions is a case-by-case decision.

Even if you do not think you will need cash yet, the old adage that “you need to spend money to make money” applies here. In the next steps you will be applying for licenses, paying taxes, and paying other fees involved in building your framework. Make sure you do it from your business checking account so you know exactly how much it costs, and your accountant will be able to tell you which expenses you can actually deduct.

12. Protect your Intellectual Property

1. **Copyrights, Trademarks, Service Marks, Patents, and Trade Names** are all legal mechanisms used by entrepreneurs, businesses, artists, and anyone else who is interested in protecting their creative work. Collectively, this is called intellectual property. With the help of a lawyer, you can determine the level of legal protection you will need. For small businesses, this is generally a balancing scale between how much you are willing to pay in legal and/or filing fees, and how much protection your business will actually need.

2. **Copyrights** protect the way an idea is expressed, not the idea itself. Although every work of art is protected by copyright as soon as you create it, registration creates a verifiable record of the date and content of the work in question, which helps in litigation. Things that are not original or that are known facts cannot be copyrighted. Visit the [U.S. Copyright Office](#) for more information.

3. A **Trademark** is a distinctive name, mark, symbol or phrase used to identify a company's products or goods. You do not have to register a trademark to claim it, but registration gives you the legal presumption of ownership. Names and other words considered generic or descriptive cannot be registered.

4. A **Service mark** is similar to a trademark, but protects services rather than goods. Oftentimes, people use “trademark” to refer to both, which technically isn't correct. The filing process for both is the same, and a business or intellectual property lawyer will be able to guide you through the process. The [USPTO](#) has a very helpful website.

5. **Patents** protect ideas and give the filer the exclusive right to use that invention. To qualify, inventions must be 1) useful, 2) not obvious, and 3) novel.

6. **Trade Name** is a word, name, symbol, device, or any combination used by a person to identify his or her business and distinguish it from others. A trade name is essentially a trademark, but made at the state, rather than the federal level. If you don't plan on doing business outside Louisiana, your business cannot file a trademark, so the trade name is the proper method of protection.

Read more about protecting intellectual property:

- [Protecting Your Ideas](#)
- [Trademarks: Standard Character Format vs Stylized or Design Format](#)
- [How to Get Service Mark Protection](#)
- [To Patent or Not to Patent? Everything you need to know about protecting your invention](#)

13. Obtain Local Business Licenses

Every business operating within Louisiana must have an **Occupational License**. Additional licenses depend upon the type of business. Business licenses and permits are issued at all levels of government - federal, state, and local (city or parish). Nearly all businesses in operation today are required to have one or more licenses, permits or tax registrations to ensure they meet government-mandated guidelines for safety, soundness, and taxes.

You will need to apply for one or more licenses and/or permits in order to legally start your business operations. The type of business determines what licenses and permits you will need for your business. You might have to apply for the licenses and permits at all levels of government.

If, for example, you decide to open a restaurant in New Orleans, you will need to obtain all necessary licenses and permits from the City of New Orleans, the State of Louisiana, the Parish of Orleans, and the federal government. You will likely need, among other possibilities, a federal tax ID number from the IRS (EIN), a license to sell alcoholic beverages from the State of Louisiana, an ID number to collect sales tax and withhold payroll taxes from the State of Louisiana, a health permit from the City of New Orleans to prepare and sell food as well as an Occupational License from the City of New Orleans to operate the restaurant within the city and/or parish limits. The various permit and license requirements for businesses have four main purposes:

1. To **identify your business** and make sure you are accountable for your actions
2. To **protect the public** health and safety
3. To keep track of your finances for **tax purposes**
4. To enforce **zoning laws**

Being out of license and permit compliance could leave you unprotected legally, can jeopardize your business and may lead to expensive penalties. Below is a list of some of the most common types of licensing and permit requirements that affect most businesses:

- **Basic Business Operation License** - from the city in which your business will operate or from the parish (if the business will be operated outside of the city's legal boundaries).
- **State Identification Number** - also called a tax registration number from your state's department of revenue or taxation. Visit the Louisiana Department of Revenue [here](#).
- **Fictitious Business Name Registration** - also called an "FBN" or "DBA" (for "doing business as") registration.
- **Home Occupation Permit** - if your business is home-based, many local governments require you to obtain a home occupation license.
- **Zoning and Land Use Permits** - local governments' zoning laws may prohibit certain business activity in designated areas.
- **Building Permit** - If you plan on remodeling or building a commercial space, you will need to get a building permit.
- **Health Department Permit** - especially important if your business involves the preparation and/or sale of food.
- **Sales Tax License/Seller Permit** - for the selling of almost all products and services.
- **Fire and Police Department Permits** - especially important for businesses that will attract large numbers of customers (i.e. clubs and bars).
- **Alarm Permits** - for businesses having an alarm that is connected to a monitoring service.
- **Special State-Issued Business Licenses or Permits** - if your business will involve the sale of any types of alcohol, lottery tickets, gas, or firearms.
- **Special State-Issued Occupational Licenses** - if you will be offering a number of state-regulated services, including: medical care, auto repair, real estate sales, tax services, insurance sales, cosmetology or legal representation (attorneys).
 - **Note!** This is in addition to a **professional license** required for each individual practicing the above.

Professional License:

State legal codes generally determine what professions require a license to conduct business within the state. Usually the [Secretary of State's](#) website will help you determine if your profession requires a license. Most profession generally require a license to conduct business, e.g. construction, law, auto repair, barbers, and hair stylists. **Unfortunately, Louisiana is one of the most strict states for professional licenses.**

An occupational license can generally be obtained at the local level of government depending on your parish or residence. There are a few things that you must already know or have set up for your business before you can apply for an occupational license. You must know what type of business you will be opening and its [NAICS](#) Codes. You might also be required to obtain a letter from your bank stating that you have a business account with them.

Find more information about your area here:

- New Orleans: <http://www.nola.gov/>
- Jefferson Parish: <http://www.jeffparish.net/>
- Baton Rouge: <https://brgov.com/>
- Shreveport: <http://www.shreveportla.gov/>

14. Speak with an Insurance Professional

Plan for the worst before the worst happens. If you are investing any amount of money into your business, you should make sure that your investment is protected in case of a lawsuit, fire, accident, flood, or any other event. Right now, you may be thinking “Oh, that’ll never happen, I don’t need insurance.” Many people say that, until they do.

Some businesses, especially those in construction, may be required to have insurance. At the very least, speak with an insurance agent and find out what you need and how much it will cost. Make sure to ask about an “umbrella” policy, which will cover any losses not already covered by one of your insurance policies. Think of it as insurance for your insurance.

Also, inquire about buy-sell agreements and how insurance can protect your investment in the event that your partner or co-founder dies, becomes disabled, or divorces.

Read more: [If you have a business partner, you need a buy-sell agreement](#)

Contact us if you would like a referral to an insurance professional.

15. Update the Wills and Estate Plans of Business Owners

You need to be prepared for the death of one of your business partners. Although your friend might make a great partner, her children, parents, great aunt Sue, or whoever else inherits the business might not be a great fit. This also ties in with buy-sell agreements and insurance. If your partner dies, you don’t want to be stuck working with an equity partner who does not have any management responsibilities. You also want to be able to carry on without any interruption in the business. This is often an overlooked aspect of starting a business.

Read more about estate planning:

- [5 Things Estate Planning Can Do for You and Your Business](#)
- [How to Create an Estate Plan](#)
- [5 Steps To Create A Viable Succession Plan For Your Family Business](#)

16. Hire Employees

Do you need employees or are you going to do all the work? How many references are you going to request from applicants? Can you afford to NOT do a background check? Chances are, even if you don't need employees right now, you will need employees at some point in time. So while the business is young, start thinking about how you are going to hire, train, and develop employees. Create an **employee handbook** that clarifies dress codes, vacation and social media policies, etc. to make sure your employees understand what's expected from them. Run it by your business lawyer so they can go over it and make sure you are not breaking any laws. If you are going to do background checks, make sure you comply with federal and state law.

Read more about background checks in Louisiana:

- [Conducting Employee Background Checks in Louisiana](#)
- [Louisiana Background Checks: What you need to know](#)

17. Start your Business; Make Money!!

Now that everything is in place, send out announcements via email, snail mail, Facebook, Twitter, or your mailing list. People are not going to buy anything from you if they do not know about you. For a new business, word of mouth and recommendations from friends and family are one of the quickest ways to start generating revenue, so you need to get the word out to the people you know. They'll be excited to help anyway they can, even if it just means spreading the word.

That wasn't so bad, was it?

I truly hope that you've found this guide informative, helpful, and easy to follow. If you have any questions, comments, or criticisms about this guide or your small business, feel free to give me a call, or [schedule a consultation](#).