



Ten Frequently Asked Questions for Small Business Start-Ups

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Adapted from a fact sheet, "Ten Frequently Asked Questions for Micro and Home Based Business Start-Up" by Glenn Muske, PhD, Home Based Business Specialist with the Oklahoma Cooperative Extension Service.

Every person starting or wanting to start a business has questions.

As soon as one question is answered another one arises. In fact, most people ask several questions at once. Of all the questions asked, below are the ten asked most frequently.

1. What business should I start?
2. Do I have what it takes to operate a business?
3. What do I do first? Where do I start?
4. How should I set up my business? Should I be a sole proprietor?
5. What permits or licenses do I need?
6. How do I get people to buy my product/service?
7. What is a business plan and why do I need one?
8. What are the alternatives to help me finance my business?
9. What records do I need and how long do I keep them?
10. Where do I go for help?



When opening a business in Louisiana, the first agency that should be consulted is the Louisiana Department of Economic Development; visit their web site at www.lded.state.la.us for the latest information about locating or expanding a business in Louisiana.

1. What business should I start?

This is often the first question asked. You are the only person who can answer the question, “What business is best for me?” Begin with an exploration of your skills, abilities, and talents. Then ask, the question, “What business is best for me?” Begin with the exploration of your skills, abilities, and talents. Then ask, “How might I turn those skills and interests into a business?” Finally, consider if there is a market for the proposed product or service.

Before proceeding with your business plans, consult with local experts and other business owners. Check with potential customers – are they interested enough to pay for the product or service proposed?

Your chance of success increases when you match a product or service with its potential market, whether local, statewide, national or international.

2. Do I have what it takes to operate a business?

This question is of great concern, yet the future entrepreneur often spends little time thinking about the answer. It is a question that should be answered prior to starting a business and the answer can only come from you. To answer “Do I have what it takes?” requires an objective appraisal of your own skills, abilities, and talents, as well as an assessment of your strengths, weaknesses, and personal situation.

Examine your skills, abilities, and talents and compare them to those of successful entrepreneurs:

- Am I a self starter?
- Do I get along well with others?
- Can I make good decisions?
- Do I have the physical and emotional stamina to run a business?
- How well do I plan and organize?
- Can I maintain my motivation?
- Can I work alone?
- Can I blend the business with family?

Typically, the successful business owner will have one or more of the following qualities:

- Sound management practices
- Industry experience and/or support
- Technical experience and/or support
- Planning ability

Few people start a business possessing all these qualities. Just because you don’t possess all the qualities needed, doesn’t mean you can’t start a business. Instead, look for ways

to compensate in areas where you are weak. For example, take classes, read, or find a mentor. Other options include hiring capable people, adding a partner who has the necessary skills, or contract for the needed help.

3. **What do I do first? Where do I start?**

Business start-up involves several early tasks. Remember to take your time and plan carefully. Do not rush through these or any other start up tasks. Some of the first tasks are:

- Selection and registration of the business name
- Deciding where to locate the business
- Getting the necessary licenses and permits
- Developing a business plan and a marketing plan
- Setting up production
- Determining a pricing schedule

4. **How should I set up my business? Should I become a sole proprietor?**

In Louisiana, log onto the Louisiana Secretary of State Office's website GeauxBiz.com found at: <http://www.sos.louisiana.gov/tabid/120/Default.aspx>

GeauxBiz.com streamlines the process for consumers. It gives current and potential business owners a single place to find necessary information for starting a business within the state. At GeauxBiz.com one can find all the information necessary; log on and select from the menu.

Most small businesses are formed as sole proprietorships, but there are other options:

- **Individual or Sole Proprietorship** - A business where only you, or your spouse, own the business even though you may have employees.
- **Partnership** - A business where two or more people own the business jointly.
- **Corporation** - A business which is treated by law as an entity. It has a life separate from its owners or stockholders. Many corporations begin as a sole proprietor or partnership.
- **Limited Liability Company** - An entity that is an unincorporated association having one or more members organized and filing articles with the Secretary of State.

Each of these options has various advantages and disadvantages depending on the situation. Contact expert legal and accounting help to determine the best legal structure for your business.

5. **What permits or licenses do I need?**

When aspiring business owners ask this question, they typically are asking about one of four issues: (1) licenses and permits required for the business; (2) zoning; (3) sales and use tax permits; or (4) employer identification numbers.

Licensing and permitting regulations vary from business to business, city to city, and state to state. Some businesses have minimal laws and regulations governing them and others are tightly controlled.

The Louisiana's Secretary of State's Web site: [GeauxBiz.com](http://www.sos.louisiana.gov) can assist you in determining where to obtain permits and licensing; simply log onto <http://www.sos.louisiana.gov/tabid/124/Default.aspx> and click on, "License/Issuing agency" or go to: "Business License Checklist" and fill out the application, fax or e-mail the form back to the Secretary of State and you will receive an e-mail reply providing all the information you need to get license and permits.

Zoning is a concern for all businesses. An excellent place to start with zoning questions is with the local city or parish clerk's office. Zoning is sometimes a greater problem for home-based business owners. Governing bodies, typically the local city or parish, are cautious in allowing a business to operate in residential areas. They want to avoid problems with traffic, noise, fumes, signs, or parking. Obtain the proper zoning permit prior to opening your business. If businesses are prohibited, learn if there is a waiver provision or if the ordinance can be changed. Do not just start the business. Without the necessary permit or waiver local authorities can close the business immediately. As the owner, you can face civil and/or criminal penalties. Even with the proper permits, the maintenance of good relations with neighbors is good business.

For the self-employed and small business the Internal Revenue Service has a special website: www.irs.gov/businesses/small/index.html. This site offers assistance in working with the Internal Revenue Service.

The Employer Identification Number (EIN) is issued by the Internal Revenue Service. Sole proprietors who have no employees can use their personal social security number. All other business must obtain an EIN. Contact the IRS office for this information.



**IRS Offices
are located in:**

Alexandria

3508 Government Street
Alexandria, LA. 71302
(318) 445-8028

Baton Rouge

2600 CitiPlace Centre
Baton Rouge, LA 70808
(225) 343-8625

Houma

423 Lafayette Street
Houma, Louisiana 70360
(985) 876-0949

Lafayette

4021-A Ambassador Caffery Pkwy
Lafayette, Louisiana 70503
(337) 269-4036

Lake Charles

921 Moss Street
Lake Charles, Louisiana 70601
(337) 433-1362

Monroe

1401 Hudson Lane
Monroe, Louisiana 71201
(318) 322-6785

New Orleans

1555 Poydras Street
New Orleans, Louisiana 70112
(504) 558-3344

Shreveport

3007 Knight Sreet
Shreveport, LA 71005
(318) 869-6310

State Sales Tax

Louisiana Department of Revenue and Taxation
P.O. Box 201
Baton Rouge, LA 70821
<http://www.rev.state.la.us/default.aspx>

This Web site features online business registration and links to sites for various taxes.

Regional offices:

Alexandria - (318) 487-5333
Baton Rouge - (225) 922-2300
Lafayette - (337) 262-5455
Lake Charles - (337) 491-2504
Monroe (318) - 362-3151
New Orleans - (504) 568-5233
New Orleans (Covington Satellite Site)
985-893-6277
Shreveport - (318) 676-7505
Thibodaux - (985) 447-0976

Contact your local city or parish for:

- Occupational License
- Certificate of Occupancy
- Local Sales Tax I.D. Number

5. How do I get people to buy my product/service?

Typically, the business owner wants to know that people will buy his or her product or service. Without sales and the resulting income, it is impossible to pay the bills. Sales are part of overall marketing efforts. Market research finds out who the customers are and asks what the customers want. The idea is to meet the customer's needs – to sell what they want to buy.

For guidance in how to do market research, contact any of the local Small Business Development Centers listed below:

Alexandria

*Northwestern State University
Alexandria Office
(318) 484-2123*

Baton Rouge & Capital Area

*Capital Small Business Development
Center
(225) 922-0998*

LSU South Campus: Main Office

*Louisiana Business and Technology
Center
(225) 578-4842*

Hammond & North Shore

*Southeastern Louisiana University
(985) 549-3831*

Lafayette & Acadiana

*University of Louisiana at Lafayette
(337) 262-5344*

Lake Charles & SW Louisiana

*McNeese State University
(337) 475-5529*

Monroe & NE Louisiana

*University of Louisiana at Monroe
(318) 342-1224*

Natchitoches

*Northwestern State University
(318) 357-5611*

New Orleans & Bayou Region

Greater New Orleans

Main Office

*UNO Jefferson Center
(504) 831-3730*

Delgado Community College

*West Bank
(504) 831-3730*

Shreveport

*Louisiana State University
Shreveport
(318) 797-5144*

Thibodaux

*Nicholls State University
(985) 448-4485*

7. What is a business plan and why do I need one?

A business plan is a firm's resume and its goals and objectives. Develop a business plan as much for yourself as for the partners, investors, and bankers involved in the business.

Business plans have three different uses. They are (1) feasibility plans and marketing plans; (2) operating/procedural plans for financial needs, production schedules, and marketing goals; and (3) tools to secure loans or outside capital.

Below are some helpful resources when writing your plan:

- ***Small Business Development Centers*** provides information on business plans can be accessed from the listing above in question 6 or by logging onto www.sba.gov.
- **SCORE (Service Corps of Retired Executives)**, a nonprofit association, provides free business counseling. To locate SCORE in your area contact your local Chamber of Commerce or log onto: is www.score.org or contact the Baton Rouge SCORE Office at 564 Laurel Street, Baton Rouge, LA 70801 or (225) 381-7130.

8. What are the alternatives to help me finance my business?

Your commitment of personal funds is often the first financing step. It is an indicator of how serious you are about the business. Risking personal money conveys your confidence to investors.

Personal investment sources of capital include savings, cash flow, second job, home equity or equity from other property or assets, retirement accounts, personal lines of credit, and personal credit cards. All of these options include certain risks.

In addition to personal funds, family members and friends may be a source of financial help. Remember that successful loans from friends or relatives begin with a written document. The document clearly defines the amount of the loan, interest rates, payment dates, amounts, etc. All parties agree to and sign the document.

Another financing option is to add a partner. Partnership terms also must be clear and in writing. Incorporation of the business is another way to raise equity financing. Such a decision is complex. Legal and accounting help should be obtained before taking such a step. Typically, the company must have a history before an investor will consider investing.

Other funding sources to access include:

- Local banks
- Small Business Administration
<http://www.sba.gov/>; click on financing offers a variety of loans to small businesses.
- Local chambers of commerce sometimes have small loans available.

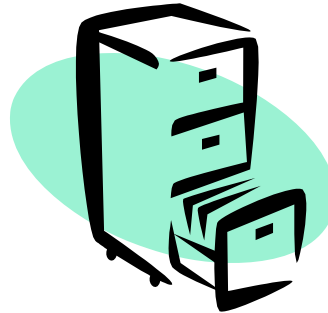
- Tax incentives programs may be available in some areas of the state, contact a Louisiana Economic Development staff member for information www.lded.state.la.us

9. What records do I need and how long must I keep them?

The answer to this question is, “It depends.” The records needed to manage the business and the records the IRS wants to see may differ. For tax purposes, the IRS requires records that will allow for preparations and documentation of a completed tax return. The business owner is interested in where and how income is generated and where expenses are incurred.

There are, however, basic financial records all businesses keep:

- Journals and ledgers
- Checkbook register
- Accounts receivable
- Accounts payable
- Records of sales
- Inventory
- Cash receipts
- Cash disbursements
- Mileage traveled/charged
- Meal expenses
- Entertainment
- Employee records



Remember that all financial records are historical documents. This includes tax returns and the documentation of those returns. Business documents such as filing of the business name, incorporation/partnership papers, sales tax permit, federal employer identification number, and insurance records must be retained indefinitely. Some of these records, such as incorporation papers, tax permits, etc. must be kept for three or more years after the filing of that year’s taxes. Records involving property must be kept for the entire time the property is owned, plus an additional three years minimum.

10. Where can I go for help?

There are a variety of local, state, and national resources to help answer these and other questions.

The local LSU AgCenter Office is one place to start. Go online at www.lsuagcenter.com to locate an LSU AgCenter office near you. The LSU AgCenter has offices in all 64 parishes and offers a variety of educational information on agriculture, youth development, environmental issues, and family and community issues.

To help with your business needs, the LSU AgCenter has community rural development agents available in selected areas of the state to assist entrepreneurs.

Other sources not previously mentioned include:

- Local Chambers of Commerce
- State Colleges and universities www.regents.state.la.us/school.htm
- Community colleges and technical schools www.letcs.net/
- Louisiana Department of Agriculture and Forestry is www.ldaf.state.la.us
- Local Library
- Louisiana Department of Environmental Quality
<http://www.deq.louisiana.gov/portal/tabid/36/Default.aspx>
- USDA Rural Development in Louisiana www.rurdev.usda.gov/la/
- Office of Women's Business Ownership - www.onlinewbc.gov
- Veteran's Business Outreach Program – www.sba.gov/vets/vbop.html
- Patent and Trademark Office
<http://www.uspto.gov/>
- Attorneys
- Accountants
- Utility Companies
- Local industrial development groups
- Local economic development groups
- Louisiana Association of Business and Industry
(504) 928-5388
Website: www.labi.org
- Manufacturing Extension Partnership of Louisiana (MEPoL)
www.mepol.org
- Louisiana Workforce Commission
www.ldol.state.la.us/



Summary

These ten questions represent only the beginning questions the business owner faces. Business owners may also need answers about insurance, intellectual property issues, employee issues, and independent contractors, to name a few issues. The resources listed in this fact sheet are excellent places to get help for the additional questions you will have. Take advantage of these resources available to you, the business owner.

Resources

Small Business Administration (1997).
Thirty most asked questions about small business.
Small Business Administration: www.sba.gov



Burns, M. (1995)
Mapping Your Marketing Future. Stillwater, OK:
Oklahoma Cooperative Extension Service.

For more assistance contact any of the LSU AgCenter Agents listed below:

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jbarnes@agcenter.lsu.edu

The information provided here is not intended as professional legal or accounting help.
Contact an attorney and an accountant for advice specific to your business.

Louisiana State University Agricultural Center, William B. Richardson, Chancellor
Louisiana Agricultural Experiment Station, David J. Boethel, Vice-Chancellor and Director
Louisiana Cooperative Extension Service, Paul D. Coreil, vice Chancellor and Director

Issued in furtherance of Cooperative Extension work, Acts of Congress of May 8 and June 30, 1914, in cooperation with the United States Department of Agriculture. The Louisiana Cooperative Extension Service provides equal opportunities in programs and employment.