



Center for Economic Vitality

Western Washington University

College of Business and Economics

Starting Your Own Business: A Step-by-Step Guide

October 2010

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- 1.) First, you will need to determine your business structure. Each structure will have different accounting and liability consequences. It is important to understand which one is best for your business. The options are as follows:
 - **Sole Proprietorship:** one individual or married couple who are in business alone. Sole proprietorships are the most common form of business structure. This type of business is simple to form and operate, and may enjoy greater flexibility and fewer legal controls. However, the business owner is personally responsible for all debts incurred by the business.
 - **General Partnership:** composed of two or more people (usually not a married couple) who agree to contribute money, labor, and/or skills to a business. Each partner shares the profits, losses, and management of the business, and each partner is personally and equally responsible for debts of the partnership (unless otherwise specified in the partnership agreement). Formal terms of the partnership are usually contained in a written partnership agreement.
 - **Limited Partnership:** composed of one or more general partners and one or more limited partners. The general partners manage the business and share full in its profits and losses. Limited partners share in the profits of the business, but their losses are limited to the extent of their investment. Limited partners are usually not involved in the day-to-day operations of the business.
Note: A limited partnership may opt to become a **Limited Liability Limited Partnership by including a statement to that effect in its certificate of limited partnership. Status as a limited liability limited partnership provides general partners with a shield from responsibility for debts or other obligations of the limited liability limited partnership.*
 - **Limited Liability Partnership (LLP):** similar to a General Partnership except that normally a partner does not have personal liability for the carelessness of another partner. This business structure is used most commonly by professionals such as accountants and lawyers.

- **Limited Liability Company (LLC):** An LLC is formed by one or more individuals or entities through a special written agreement. The agreement explains the organization of the LLC, including: conditions for management, ability to sell a person's share, and distribution of profits or losses. Limited liability companies are permitted to participate in any legal, for-profit business or activity other than banking or insurance. Doing business as an LLC may have tax or financial benefits.
- **Corporation:** a legal entity, a corporation has certain rights and liabilities beyond those of an individual. Doing business as a corporation may have tax or financial benefits, but these can be offset by other considerations, such as decreased personal control. Corporations may be formed for profit or nonprofit purposes.
- **Nonprofit Corporation:** A nonprofit corporation is a legal entity and is typically run to further some sort of ideal or goal, rather than in the interests of profit. Many nonprofits serve the public interest, but some do engage in other activities. If your nonprofit organization is or plans to fundraise from the public, it may also be required to register with the Charities Program of the Washington Secretary of State.

2.) Next, you will want to choose a business name, but choose carefully. It is an important part of marketing what services or products your business provides. To ensure that the name you have in mind is not taken or too similar to a current business (potential trademark lawsuit), you can search for current businesses using:

- Washington businesses: <http://www.sos.wa.gov/corps/search.aspx>
- All U.S. businesses: <http://dor.wa.gov/content/doingbusiness/registermybusiness/brd/>

3.) From here, you will have two decisions, based on what business structure you chose. If you chose to be a **Sole Proprietorship** or **General Partnership**, go directly to step 4. If you decided to become a **Corporation**, **Limited Partnership**, **Limited Liability Company**, or **Limited Liability Partnership** you will need to go to the following website and find the correct online form:

<http://www.sos.wa.gov/corps/OnlineApplicationForms.aspx>

4.) No matter what structure of business you chose, now it is time to submit the appropriate licenses. The Washington State Department of Licensing provides an online tool that identifies agencies in your area that can assist you with licensing your business. For example, if you wanted to open a restaurant in Bellingham, you can follow a step-by-step process to narrow your permit search down to only the ones required for restaurants in Bellingham. This licensing guide is available at:

<http://www.dol.wa.gov/business/licensing.html>

In addition to city and county licensing, you will need to file a Master Business Application. You can choose to file online, by mail, or in person to eventually obtain your state business license and UBI number. A UBI or Unified Business Identifier number is a nine-digit number that a new business owner receives after registering with the state of Washington. The UBI number links your business to many state and local government agencies that participate in

the UBI program. To file your Master Business Application or decide which option is best for you, follow the following link:

<http://www.dol.wa.gov/business/file.html>

To check to see if your business requires any further state specialty or professional licenses, visit the link listed below and select the appropriate category relating to your business:

<http://www.dol.wa.gov/listoflicenses.html>

Be sure you contact each city and county you plan to do business in to obtain the required licenses and permits. In order to understand what environmental licenses you may need, see the link below which will take you to Washington State's Office of Regulatory Assistance:

<http://apps.ecy.wa.gov/opas/>

5.) Once your Master Business Application is submitted and the appropriate licenses and permits are identified and submitted, you are well on your way to getting your business started. Next, you should be receiving packets from the state that will provide you more information about the following state agencies:

- Employment Security Department
- Department of Labor & Industries
- Department of Licensing
- Department of Revenue
- Office of the Secretary of State

The Center for Economic Vitality (CEV) at Western Washington University is available to help Native entrepreneurs. The CEV provides free confidential business counseling virtually. Call (360) 733-4014. More business information at: www.cevforbusiness.com

Note: Much of this information was taken from a guide provided by Washington State at the following link: <http://access.wa.gov/business/checklist/checklist1.aspx>. If you would like more information, visiting the step-by-step guide they provide may be useful.