lendio

# Running *your* business.

eBook / Blogpost

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# Imagine *what* your business can *do.*

Running a small business takes hard work, dedication, and a well-planned strategy from start to finish. This ebook should give you guidance on important legal information you should know and skills you should learn to keep your business successful.

Information provided in this book is provided for educational purposes only, and is not intended to be business, legal, tax, or accounting advice. While Lendio strives to keep its content up to date, it is only accurate as of the date posted.

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Step 1

# Follow the law.

There are many legal requirements that small businesses must comply with to operate within state and federal regulations. Both internal and external compliance requirements are important to maintaining a legal operation, as well as a successful business. From tax obligations to employment rights, it's important for you to know the small business laws that apply to your organization.

## Initial and ongoing filing requirements

When you start a business, you will have to file necessary documents with your state government and register with the federal government. This ensures you're complying with state tax departments, the IRS, and other government agencies.

**State filing requirements**

Every state has filing requirements that small businesses must meet. Some of the common filing requirements you should be aware of include:

- Annual reporting or biennial statements
- Statement filing fees
- Franchise and quarterly taxes
- Initial incorporation reports
- Updated Articles of Amendment
- State licensing, permits, and certificates

**Federal filing requirements**

The federal government also has filing requirements for small businesses. If you fail to meet any of these mandatory filings, you may face significant penalties or other fees. Federal filing requirements include:

- Annual or quarterly taxes
- Health coverage reporting (per the Affordable Care Act)
- Federal licenses, permits, and certificates
- Reporting of income, social security, and Medicare taxes
- Small business registration documents

## Other legal compliance requirements

**Workplace health and safety laws –** The Occupational Safety and Health Administration (OSHA) requires that all businesses with more than 10 employees keep a record of serious work-related injuries and illnesses. Injuries that are not minor must be reported in a timely manner.

**Workplace poster laws –** Employees have rights in the workplace, and the federal government requires employers to publicly post certain information about those rights.

**Legal compliance with the Americans with Disabilities Act –** The Americans with Disabilities Act (ADA) prohibits discrimination against people with disabilities. The most prominent requirement of the ADA is that businesses must make "reasonable accommodations" to assist people with disabilities.

### State and federal discrimination laws

Federal laws prohibit discrimination based on certain classes or characteristics, including:

- National origin
- Race and color
- Religion
- Disability
- Sex
- Familial status

### Marketing and advertising compliance for businesses

Truth-in-advertising standards are upheld by the Federal Trade Commission (FTC), which prohibits deception by businesses. Some requirements for marketing and advertising include:

- Advertising must be truthful and non-deceptive
- There must be evidence to back up claims for goods and services
- Advertising cannot be unfair

### Federal compliance with copyright and trademark laws

The U.S. Copyright Office and U.S. Patent and Trademark Office require businesses to register artistic works like writings, songs, and images, as well as logos and slogans. Failure to state ownership of creative content can result in loss of unique use by a business.

**State and local licenses, permits, and certifications –** Many states, cities, and counties require businesses to obtain licenses, permits, and certifications to operate.

**Employment business regulations and labor laws –** There are state and federal labor laws that small businesses must comply with. Some laws and regulations include the Fair Labor Standards Act (FLSA), Occupational Safety and Health Administration (OSHA) laws, required employee benefits, employment of non-citizens, equal opportunity practices, union interactions, and more.

Step 2

# Define your business operations.

Business operations are the day-to-day processes and routine tasks that make up your business. They're the framework for product development, hiring, training, purchasing, inventory management, marketing, customer support, and sales. To be effective, operations require strategic planning, execution, and consistent monitoring. Structure them correctly and you will successfully minimize costs, maximize productivity, and boost your customer satisfaction—all of which are crucial for success.

Business operations can be broken down into three important categories:

1. **Processes –** Your processes are the engine of your machine. They're the activities that take place at every level of your business with a clear beginning and end. When your desired output is achieved, the process begins again. Processes lead to:

    - Standardization and streamlining
    - Employees operating confidently within clear, precise roles
    - Better internal monitoring, research, and strategy development
    - Customer expectations

2. **Human resources –** The most important element of any organization is the people. Ensuring you have competent staff is a priority. Your business operations are dependent upon proper team-building, integration, and making each employee feel valued.

3. **Technology –** Utilizing technology to streamline processes is critical. For example, offering multiple payment methods and providing your employees with modern point-of-sale systems (POS), content management systems (CMS), and intranet software.

## How to improve your business operations

1. **Optimize –** Tasks that take several days may be able to be completed in only a few hours. Train your team members to report on their respective systems, use error reporting to identify bottlenecks, visualize your data with graphs, and develop innovative strategies. This will minimize overhead costs.

2. **Audit –** Get a detailed account of each operation. Audits show where you can cut costs, give better customer service, and improve quality control.

3. **Invest –** Explore opportunities that give your employees more time to focus on their critical tasks and acquire tools that help with automation, reducing labor costs.

4. **Analyze –** Evaluating key performance indicators (KPIs) is a great way to navigate trends within your business and amongst your competitors. Measure twice, cut once.

5. **Feedback –** Be mindful of what your team members have to say. Customer feedback is also imperative to understanding your market and expectations. Encourage consistent feedback to promote a culture of continuous improvement.

Step 3

# Launch your brand.

There are a number of steps involved in launching a new brand. To do it successfully, think through the various aspects well ahead of your actual launch date and be intentional and strategic in your efforts.

1. **Lock down your identity –** Identify who your target audience is and how your brand will engage with that audience. To do this, you should clarify what your brand stands for, its unique value proposition, and the ways in which your brand will benefit your target audience.

2. **Know your target –** Identify your target audience's needs, preferences, and behaviors. You'll also want to gather insights on your competitors and the overall market for your products or services.

3. **Show who you are –** Create a brand name, logo, tagline, color scheme, and messaging to reflect your brand's personality and resonate with your target audience. You'll also want to develop a brand story that reflects your brand's mission, purpose, and values. Then, you can use your messaging and marketing materials to communicate your brand story. It's important to establish a unique brand voice that is consistent across all touchpoints, including your website, social media, advertising, and customer interactions.

4. **Prepare for takeoff –** Create a detailed timeline for your brand's launch—including events, product releases, and promotional activities. This can include potentially collaborating with influencers and/or brand ambassadors to increase the visibility and credibility of your brand. Hosting an event to introduce your brand to your target audience, customers, and partners can also be a critical part of your launch.

5. **Get your team on the same page –** It's important that everyone on your team grasps your brand and how to effectively articulate it before it's introduced to your customer base. Ensure all stakeholders are on the same page, so that your brand's messaging is introduced clearly, cohesively, and effectively.

6. **Show the world –** With all elements in place, it's time to present your brand to your target audience. You'll want to generate buzz and excitement around your brand by using social media, influencer marketing, content marketing, and other promotional tactics. Launch your brand on the planned launch date and use your launch plan to execute your marketing and communication strategies.

7. **See the reaction –** This is the time to gather feedback from your target audience, customers, and partners to identify areas for improvement and make necessary adjustments. There are a number of ways to get market feedback. These include:

    - Conducting surveys
    - Using focus groups
    - Monitoring social media to track customer sentiment
    - Using customer feedback forms
    - Observing customers as they use your products and services
    - Analyzing customer data to gain valuable insights into customer behavior and preferences.

Step 4

# Find the right supplier.

As a business owner, finding reliable suppliers is crucial for running your operation successfully. Suppliers (a.k.a. vendors) provide the necessary goods and services that will allow your business to function effectively and affordably. For this reason, ensuring you have stable and trustworthy suppliers is imperative for your company's long-term success in meeting customer needs and maximizing your profitability.

## How to find a supplier

1. **What do you need? –** Before you begin your search, it's essential to determine exactly what products or services your business will be offering. Make a list of the products or services that you need and any specific requirements or specifications that must be met.

2. **Who can you trust? –** Once you know what products or services you need, it's time to start researching your choice of supplier. You can start by asking for recommendations from other small business owners in your industry or by searching online for suppliers in your area.You can begin your search by using:- Supplier directories- Social networks- Trade shows and exhibitionsWhen researching potential suppliers, pay attention to their reputation in the industry, their experience, and their pricing. You should also ask for references and contact those references to get an idea of the supplier's reliability and responsiveness.

3. **Reach out –** Once you have a list of potential suppliers, it's time to start contacting them. Be sure to have a list of questions prepared ahead of time regarding their experience, pricing, lead times, and other critical areas. You should also ask about any guarantees or warranties they offer and their policies for handling returns or defective products. Be clear about your needs and expectations, and be open to negotiating terms that work for both parties.

4. **Compare and contrast –** After contacting potential suppliers, it's time to evaluate them based on their responses to your questions and their overall suitability for your business. Ultimately, you want to choose a supplier that you can trust and rely on to meet your needs affordably and consistently.

5. **Get friendly –** Once you've chosen a supplier, it's essential to establish a good working relationship with them. This includes being responsive, flexible, and reliable to garner trust.

## Tips for working with suppliers

1. **Be clear about your needs and expectations –** From the outset, it's essential to be clear about your needs and expectations. This includes things like product or service requirements, lead times, and budgets. This way, you can avoid misunderstandings or disputes down the line.

2. **Communicate regularly –** Regular communication is key to maintaining a good working relationship. Always keep your vendors informed of any changes to your needs or requirements and provide feedback on their products or services. This will ensure that they can continue to provide the quality that you need to operate effectively.

3. **Be open to talking it out –** Negotiating with your supplier is necessary to establish a mutually beneficial working relationship. Be open to discussions on prices and payment plans, and be willing to compromise where necessary.

4. **Set the standard –** Establishing clear terms and conditions for your working relationship is another essential way to avoid misunderstandings or disputes down the line.

5. **Have a backup plan –** Even with the best supplier in place, things can go wrong. Developing a contingency plan can help you be prepared for any potential disruptions to your supply chain. This may include having backup vendors in place or having a plan for handling unexpected delays or issues.

Step 5

# Get your product in stores.

As a small business owner, you know that getting your product in stores can be a huge boost to your bottom line. But, with so many options available, it can be difficult to know where to start. Here, we'll cover the basics of how to get your product in stores, from selling your product to local stores to getting your products on the shelves of larger retailers.

## How to get your product in stores

1. **Selling your product –** Before you can get your product in stores, you must define the specifics of the product you aim to sell, and this means research. This will include determining your target market and identifying stores that cater to that market. You'll also need to decide on your pricing strategy, including wholesale pricing and suggested retail pricing (SRP).

2. **Local stores –** Start by identifying local retailers that carry products similar to yours. Visit these shops and talk to the store owners or managers about your product. Be prepared to provide samples, pricing information, and any other relevant details about your product. If the store is interested in carrying your product, they may place an order with you.

3. **Online retailers –** Using online retailers and ecommerce marketplaces is a great way to broaden your customer base and reach buyers you wouldn't otherwise have access to. Though online marketplaces come at a cost, usually through a monthly selling-plan fee, the number of potential customers cannot be ignored.

4. **Products in retail stores –** Be prepared to provide a detailed pitch about your product, including its unique selling points and how it fits into the store's product mix. You'll also need to be able to provide suggested pricing and minimum order quantities.

5. **Larger retailers –** Start by researching the retailers that would be a good fit for your product. Then, identify the appropriate buyers and reach out to them with a detailed pitch about your product. You may be required to provide product samples and negotiate pricing and order requirements. This will be a major step for your business, and ensuring that you can meet the demand of larger retailers is imperative.

6. **Trade shows –** Trade shows are a great way to get your product in front of potential buyers from a variety of stores and retailers. Before attending a trade show, make sure you have a clear understanding of your target market and the types of stores and retailers that would be a good fit for your product. Get familiar with trade shows before expanding your capital on your own booth. Networking can go a long way and these exhibitions provide a great opportunity to meet not only potential buyers, but also experienced sellers.

Step 6

# Handle your imports and exports.

Importing and exporting goods is an important part of international trade today. Organizations of all sizes, from large corporations to small businesses, participate in worldwide trade through imports and exports. If you want to engage in the selling of goods, you should be aware of various aspects of importing goods that will prepare you for participation in international commerce.

**Basics of importing and exporting –** Imports are goods and resources that are sold from one country to buyers in another country. Participating in the import and export of goods can allow small businesses to grow exponentially by expanding from a local focus to the global marketplace.

**Paying for imports and exports –** Many businesses who operate in the international trade industry use trade credit, also called trade finance or supplier financing. This is an agreement between parties where the supplier of goods sends products to the importer and no cash is paid up front. Instead, the goods are received with a promise to pay at a predetermined time in the future. If you're a small business or don't have extensive funds, extending trade credit to the person who is importing your products in another country can be difficult. Small business funding is often a solution in this case.

**Import and export licenses and permits –** Many goods don't require licenses or permits to import into the United States. However, for certain items, you will need to obtain special certification of some kind from government agencies. Certain goods, such as agricultural food products or alcohol, may require examination and specific entry documentation.

**Import filing –** When you import goods into the U.S., you must complete CBP entry forms within 15 days of receiving shipment to the port of entry. Some of the import filing forms you must complete include:

- Entry Manifest
- Right to Make Entry Evidence
- Commercial Invoice or Pro Forma Invoice
- Packing Lists

**Trade regulations –** There are a plethora of trade regulations that U.S. businesses must follow if they want to participate in international trade. You must comply with both U.S. and foreign regulations to successfully import and export products in the United States.

**Taxes –** Many goods require you to pay special import or export taxes called tariffs or customs duties. Tariffs are used to maintain trade balance. Some countries have lower customs duties than others.

**Restrictions –** In addition to regulating how much of a product enters the United States through tariffs, the government imposes quotas on certain items, as well. The United States further restricts importing by completely banning certain items from being brought into the country.

Step 7

# Learn how to create estimates for products and services.

Creating professional estimates is one of many characteristics that separate the experts from the amateurs. Estimates help you evaluate each project's demand and value–but they also help your clients decide whether they want to work with you or not. Put yourself in your customer's shoes and imagine what an estimate does for them.

1. **Evaluate the job –** Take some time to think about the job to be done. Ask questions so you can understand the scope of their expectations. Once you have a good idea what the job will look like, it's time to communicate this information to the client.

2. **Provide a high-level overview –** Estimates aren't nearly as meticulous as quotes or proposals, but they should still provide the client with the predicted costs and reasoning. Your estimate doesn't need to get into the details with the cost of specific materials and necessary tools. But, it should include an educated estimate of what the costs will be for you to complete the project.

3. **Present alternative estimates –** Don't just offer a single estimate. Provide a few options to give your clients the freedom to explore alternative solutions and pricing.

4. **Include necessary disclaimers –** Make sure your customers understand the subtleties of an "estimate." An estimate is not legally binding. State this upfront (preferably in ALL-CAPS BOLD WORDS) so your potential customer understands that the actual price may differ from the initial estimate.Help the customer understand why fluctuations in price may occur. You don't necessarily have to go into detail about the individual contributing factors, but the more your customer understands, the less surprised they'll be if the actual price and estimate differ.

5. **Convert your estimate to an invoice –** Once the customer accepts your estimate, it's time to turn it into an invoice for billing. This step will help simplify both your pricing and billing procedures.

Step 8

# Learn how to negotiate contracts.

Before making an agreement in the business world, you will likely have to negotiate a business contract. That will require you to sit down with other people or companies, called “parties,” and use your contract negotiation skills to determine the details of your agreement. Whether you’re new to business contract processes or have years of experience, it doesn’t hurt to review some strategies for successful contract negotiation.

1. **Separate negotiations –** Many negotiations are unsuccessful because the parties take an "all or nothing" approach. Instead, discuss each part of your contract separately. Approaching your contract one part at a time can help you tackle what really matters, while allowing for change in the sections where you can be more flexible.

2. **Ask for what is fair and reasonable –** There are standards in all industries. If you ask for the industry standard, you won't have to justify excessive terms of the agreement. Instead, if the other party doesn't agree with your terms, they will be pressured to convince you there should be an exception. In most cases, such exceptions would require concessions to be made elsewhere.

3. **Don't use emotion –** You should remove emotion from your negotiation tactics. Review facts reasonably and in a balanced manner. This will allow you to see what is being offered clearly. Problem-solving is much easier when emotions are not heated, and parties stick to an objective of fairness.

4. **Take control –** Business relationships thrive on leadership. You should take the proverbial bull by the horns during business negotiations and draft the agreement, schedule the meeting, and present your arguments strongly. When you're in the driver's seat, you're more likely to get the outcome that you desire in a negotiation situation.

5. **Know your priorities –** Go into negotiations with specific parts of the contract in mind that you want to prioritize. Allow change to those that are not as important. When you're willing to be flexible, the other party is also more likely to concede to your desired outcome.

6. **Ask good questions –** If the other party is resistant to change, don't be demanding. Instead, ask questions to determine why they have certain issues. When you give the other party an opportunity to speak, they will feel like you're listening to their side and may be more willing to be flexible.

7. **Be willing to compromise –** There will always be points in a contract that are controversial. However, there should also be sections that benefit both parties and can be easily agreed upon. If negotiations are breaking down, try to skip to a section that you can both agree on. This may resonate positively with the other party and spur a desire to reach an agreement on other sections as well.

8. **Gain leverage through research –** Before you ever meet to negotiate the business contract, you should research the issues you will be discussing, as well as the parties involved. The more you know about the other parties, the better you will understand their needs and wants. You can appeal to them with compliments and understanding in an attempt to persuade them to buy into your contract details.

9. **Try to avoid ultimatums –** While there will likely be parts of the business contract that you need to see through to the end, the more strict you are with the wording and terms, the less likely you will be to get a positive outcome. If the other party wants to alter something slightly, you should do your best to make a concession. Don't present them with an "all or nothing" position about any of the terms or the entire contract. Be willing to be flexible and they'll be more likely to do the same.

10. **Give the other party breathing room –** It's best for you to present your draft of the potential business contract, but allow the other party to make changes as they wish. Then, you can review their changes and determine if it will work for you. This allows you to take the lead, but also lets the other party feel as if they have significant input into the construction of the contract. An agreement will be formed when you can both find middle grounds amongst your needs.

Step 9

# Focus on your growth.

Once you start a business, your next focus may be how to sustain and grow that business. Oftentimes, growth doesn't just happen at random. It's carefully planned out and requires a lot of work and effort upfront. Set a vision and goals for the future, so you're thinking ahead and operating your business accordingly. The most important thing to remember is that all your efforts should be guided by strategy, not just effort.

## Ways to grow your business

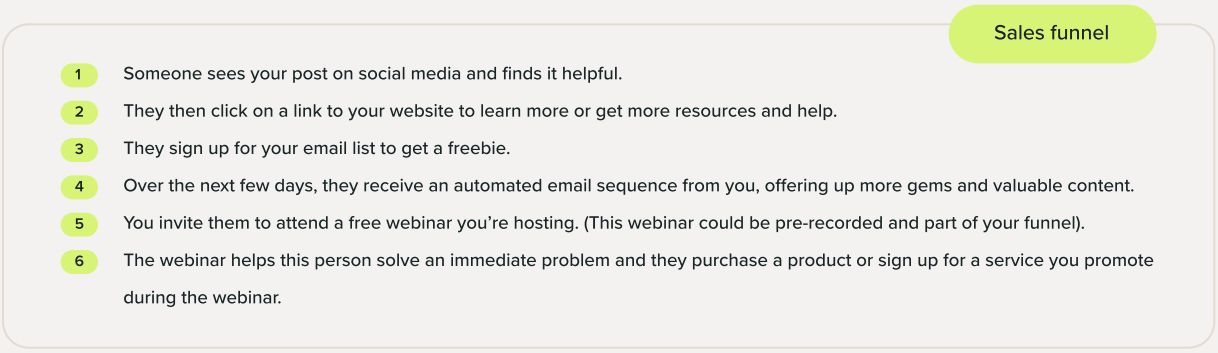
1. **Ask your customers for feedback –** Don't assume that you know what your customers want. Continually ask them what they are interested in and seek feedback. This may mean sending out a survey via email or including a link to a survey to learn more about a common pain point customers have. Use the information to brainstorm what products you can start offering to grow your business.

2. **Keep in touch –** Email is an exceptional tool for staying connected to your customers. Make sure you're emailing your customers regularly and including valuable content in your messages.

3. **Look for new revenue opportunities –** If you've gotten really good at providing a certain product or service, it may be time to grow your business by establishing a new revenue stream. Be intentional about staying within your niche, but don't be afraid to branch out and try new things.

4. **Find the right people –** Often, growing a business means hiring the right people to step in and help with business expansion strategies. Take some time to map out what your ideal support system looks like.

5. **Build a sales funnel –** A sales funnel helps take your leads and turns them into paying customers. In other words, a sales funnel takes the customer on a journey from being first introduced to your business to becoming a raving fan. Here's an example of a basic sales funnel:




6. **Grow your network strategically –** Don't just network to network, but rather have a specific goal in mind. Networking can feel awkward initially because you may feel disingenuous or like you have ulterior motives. However, at a networking event, everyone is looking to meet someone they can connect with on a professional level. People are open to collaborating, supporting you, and learning more about your business. So embrace the experience and build more solid connections to open yourself up to more opportunities.

7. **Be willing to change –** Most businesses will survive and grow based on their ability to adapt to changes in the industry. No matter the size or success of your business, it's very important to pay attention to industry changes and trends and always be on the lookout for realistic ways to grow and sustain the brand.

Step 10

# Manage your small business finances.

One of your most important duties as a small business owner is managing your company's finances. It's critical to pay close attention to details like your company's budget, expenses, cash flow, return on investments, tax strategy, investments in growth, and more. Staying on top of these important financial matters and others can help you maximize profits and detect when financial challenges (like a shortage of capital or a cash flow crunch) could be on the horizon.

## Ways to grow your business

1. **Focus on education –** Start to improve your financial literacy by learning basic financial terms. Then, learn how to read the four key financial reports below to monitor your business' financial health.- Profit and Loss (P&L) Statement- Balance Sheet- Cash Flow Statement- Accounts Receivable and Accounts Payable Aging ReportsIt's also essential to understand the differences in bookkeeping vs. accounting and how to utilize each service in your business' finances.

2. **Separate personal and business finances –** The best way to protect yourself and your business is to keep your personal and business finances completely separate from each other. You should open dedicated business bank accounts and business credit cards for your company and use only those accounts for business purposes. This practice reduces bookkeeping confusion, makes it easier to budget, can help you to develop your business card rating, and might also help protect you from personal liability if a creditor ever tries to sue your small business in the future.

3. **Create a budget –** Most small businesses must adhere to a strategic budget to succeed. An effective business budget will consider all anticipated business expenses (fixed and variable costs) against expected revenue. This approach allows a business to gauge its financial standing at any given point. A well-planned budget can also empower a business to set realistic goals and create the motivation it needs to reach them.

4. **Track expenses –** Consider recording and categorizing every purchase–from petty cash expenditures to recurring subscription fees to raw material purchases. Create a system that makes it easy to track purchases in real time or to enter purchases manually as needed.

5. **Monitor and forecast cash flow –** Cash flow measures money moving in and money out of your business. For small business owners, it's vital to both monitor and forecast cash flow. Forecasting can provide you with financial wiggle room–helping you predict financial gaps in advance so you can take steps to prevent potential issues before they occur.

6. **Be prepared for tax season –** As a small business owner, taxes are one of the many responsibilities you can't afford to ignore. Yet with proper tax planning, it may be possible to reduce your tax obligations to the IRS by taking advantage of tax credits, write-offs, and tax deductions. Tracking expenses can make it easier to claim all the tax deductions and credits available for your small business.

7. **Build good business credit –** Lenders rely on credit scores to evaluate the risk of their credit applicants. Lenders often evaluate both personal and business credit scores when you apply for business financing.

8. **Get funding –** Business financing has the potential to help you build your business faster and perhaps with less personal risk or stress. It's important to consider the timing of when you apply for business financing–it's typically better to apply for financing when your business is flush with funds. When your company is prospering, it's a more appealing investment for lenders because they see from your financials that your business has the capacity to repay its debts.

9. **Focus on expenditures and ROI –** One way to make sure your business is getting the most bang for its buck is to focus on expenditures and return on investment or ROI. Track where your business is spending its advertising and marketing dollars, inventory funds, and more. Then measure the returns your business receives from those expenditures. If you find that spending in certain areas isn't paying off, you can cut back or stop. At the same time, you can pour more money into areas that are producing better results.

10. **Invest in growth –** Investing in the growth of your business is essential for its long-term success and survival. On top of any monthly payments you set aside for yourself as a business owner, consider earmarking funds for continuing education and future investments in your company as well. Whatever your goals, it's important to strive to achieve them. That may require a commitment for you and key staff members to participate in continuing education programs, attending industry events, and take advantage of the right investment opportunities.

11. **Set up good habits –** Brushing up on financial management skills (including financial literacy skills, understanding cash flow, and learning to spot red flags in your financial reports) can help you launch your dream business. More importantly, good financial management habits can help you protect your small business so that it has a chance to last for many years to come.

Step 11

# Manage your business taxes.

If there's one thing that's certain about running a small business, it's that your taxes will become much more complicated. Not only do your income taxes increase in complexity, but you also have to deal with additional types of taxes you've never had to deal with before.

## Types of business taxes

**Income tax –** Business owners and non-business owners alike pay income taxes, but income taxes are generally more complicated for business owners. This is because business owners have to track and self-report all their business income and losses on their tax returns.

**Self-employment tax –** On top of income taxes, business owners who are sole proprietors—meaning they report all of their business income and expenses on the Schedule C attached to their own tax return—are subject to the self-employment tax on their net business income.

**Payroll tax –** If you have employees working in your business—and that includes you, if you're on payroll—you'll have to withhold and pay payroll taxes on their wages. The federal payroll taxes are: the Social Security Tax, the Medicare Tax, the additional Medicare Tax, and the Federal Unemployment Tax. Employers may also have to withhold federal income tax, state and local income tax, and other state- or local-level taxes as part of their payroll tax obligation.

**Sales tax –** If your business sells goods to the public and your state imposes a sales tax, you will likely be responsible to collect and remit sales tax to the state. Note that in some states, the sale of services, as well as goods, is subject to sales tax.

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**Filing and paying business taxes –** In general, staying in tax compliance for any given tax has two major components: filing a tax return and paying the tax. If you fail to do either one of these, you could be looking at significant penalties and interest from the IRS on top of the taxes you owe.

**How to manage your business taxes –** The first step in managing your business taxes is to determine what taxes you and your business are liable for, along with the filing and payment deadlines for these taxes. To do this, set aside some time to understand the tax rules as they pertain to your particular business and make a list of all the taxes your business is subject to, along with the tax return form, tax return form instructions, tax return deadline, tax payment deadline, and tax payment instructions for each of these taxes.

If doing your own small business taxes sounds overwhelming, consider reaching out to a tax professional who can manage your business taxes for you, so you can focus on your business.

Step 12

# Protect your business from cybersecurity threats.

Cybersecurity should be a fundamental concern of every small business, and the issue will only grow in importance as time passes. Even if your business's online presence begins and ends with an email address, you still need to spend time, effort, and probably some money on keeping your technology and data secure. Cybersecurity protects businesses from unauthorized access from outside parties.

# Cybersecurity best practices

01 Keep employees alert

02 Keep passwords unique

03 Use antivirus software

04 Use multifactor authentication

05 Create unique, hard-to-memorize passwords

06 Don’t send sensitive data through email

07 Keep your machines updated

08 Back up your data regularly

09 Secure your wi-fi network

10 Know common threats

11 Consider cyber insurance

12 Document and share your cybersecurity policies

Step 13

# Sell your small business.

Selling a small business is a complex process that requires careful planning and preparation. That’s why it shouldn’t be a sudden decision made on the fly. When you decide that it’s time to exit your small business, you will want to take several steps to ensure the selling process goes well.

**Get expert help –** You may need to seek the help of professionals to help you prepare your small business for sale. You can use the help of a broker, accountant, attorney, and others to consult throughout the process.

**Know why you're selling –** While the ultimate reason for selling your business may be related to profit, there is likely another purpose. You need to have a goal in mind–this will keep you focused as you go through the small business selling process.

**Prepare your exit plan –** Your business—including any staff and records—needs to be in order. Gather financial statements, tax returns, other records that date back several years, leases, and ongoing contracts. It would also help to provide an up-to-date operations manual for the people who will take over your position at the head of the company.

**Set a price –** Business valuation to determine business worth can be a complex undertaking, so it's best to bring in a professional to help with this step. Once you determine a value, be firm on the price, but leave some room to negotiate in a reasonable manner.

**Find a buyer –** Small businesses can take anywhere between six months and two years to sell, according to the U.S. Small Business Administration. You may need to invest in advertising to attract more potential buyers. You should try to line up multiple potential buyers. It's not uncommon for small business buyers to reconsider or have trouble obtaining financing.

**Negotiate the terms –** The sales process of a small business will involve several agreements that will likely require multiple rounds of negotiation. Throughout negotiations, be mindful of maintaining that delicate balance between pursuing your own goals and incentivizing buyers to purchase your small business.

**Close the deal –** Once you've reached an agreement with the buyer, you'll need to finalize the details. That includes signing a purchase agreement, officially transferring ownership of the business, and completing all other necessary paperwork.

Step 14

# Transfer business ownership.

For many people, owning a business is the epitome of the American dream. However, it may eventually become necessary to transfer ownership of the business for a multitude of reasons. There are multiple methods through which this can be accomplished, all of which can help a business owner achieve their goals.

## Business ownership tranfer methods

**Selling your business –** This is the most conventional method of transferring ownership of a small business.

**Reapportioning ownership among partners –** If your business is a general partnership or limited liability company (LLC) with multiple owners, you might decide to transfer ownership of your percentage to other partners.

**Gifting your business –** You may choose to gift your business to another person in part or in whole. Merging with another business - A merger or acquisition occurs when another business takes over operations of your own through their own business.

**Leasing your business –** In a lease option, the lessee runs your business for the lease period and typically takes all or some of the profits. A lease-to-purchase option may also take the place of a traditional sale format for business transfer.

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While you can use any transfer method for all business structures, your business structure can affect details of the transfer, including operational, financial, and legal issues.

# Run your business like a champ.

By following these steps and equipping yourself with the necessary knowledge, you're well on your way to running a successful business enterprise. Remember that grit, perseverance, and ambition are key for long-term success. We wish you the best of luck on your journey in running your business.

# Ready to start running a small business? Here's your to-do list:

- [ ] Follow the law
- [ ] Define your business operations
- [ ] Launch your brand
- [ ] Find the right supplier for your small business
- [ ] Get your product in stores
- [ ] Handle your business's imports and exports
- [ ] Learn how to create estimates for products and services
- [ ] Learn how to negotiate contracts
- [ ] Learn ways to grow your business
- [ ] Manage your small business finances
- [ ] Manage your business taxes
- [ ] Protect your business from cybersecurity threats
- [ ] Sell your small business
- [ ] Transfer business ownership

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