

1. Choose a legal business structure.

There are many things to consider when choosing a legal structure of a business.

Risk: What assets will be put at risk or need to be protected? How much risk is involved in that particular type of business or industry?

Liability: What legal business structure best addresses the liability issues?

Taxation: What are the tax implications or risks in regards to taxation.

Record keeping: Do you have access to the financial resources or expertise needed for keeping the required records for the particular legal structure you choose.

Ownership: Who will own the business?

Purpose and use of profits: What's the ultimate purpose of the business and how will the profits be used?

Exit plan: How long do you plan to own the business and what do you plan to do with it when you're done?

Funding: How will the business be funded and by who? Will the funding be debt, equity or both?

Business structures

- Sole Proprietor
- Partnership
- Limited Partnership
- Corporation
- Limited Liability Company
- S Corporation

2. Identify how you are going to fulfill the entrepreneur role.

A strong and sustainable business ultimately needs someone to fill the entrepreneur role.

3. Be very clear on your purpose and what it is that you are actually trying to achieve.

The definition of a successful business varies based on the purpose for starting it.

Economic Base Jobs: If your purpose is to enhance the economic well being of the community you need to think about economic base theory when selecting the types of businesses you want to start.

4. Find a need and identify your competitive advantages.

Russell Wyrick
State Director
New Mexico SBDC
russell.wyrick@sfcc.edu
505-428-1362

