



## 14 Steps to Make Your Business Legit

Ready to turn your dream of starting a business into reality? Here's a simple checklist that will help you lay the foundation for success.

### Choose a business name

Choose your business name carefully and make sure it is legally available. Do an internet search to see if the name is already being used as a domain or a social media account, then consider a trademark search to avoid any legal challenges down the line. If your business name is too similar to another, you may not be able to register that name when you create a legal entity (see step 4).

### Choose your business address

It's okay to register your business at your home address, though some owners choose to use a service such as a UPS store to give their business a location separate from their home address. Keep in mind there will be situations—such as filing a tax return—where you will have to provide a physical address for the business.

### Get a business phone number

You may not have to get an expensive business landline from your local telecom, but you do need a number to give out to clients and customers, and it should sound professional. You may be able to use a service like Google Voice, Sideline, or get a virtual business telephone service or answering service.

### Create your business entity

While it may be tempting to just give it a whirl as a sole proprietor, you may be taking an unnecessary risk. If your business gets into legal trouble, your personal assets could be in danger. In addition, the right entity—LLC, or S or C Corporation, for example—may offer tax advantages. It's also much easier to establish business credit and get small business financing if you create a separate legal entity.

## Register your business

In most states, you must register with your Secretary of State, which may be part of the process when you incorporate. When you do, you'll need to identify a registered agent, who should be able to accept service of process if your business is involved in legal action. Mail may also come to the registered agent so choose an individual or service that will reliably forward it to you.

## Get licenses and permits

Get connected with a SCORE through SCORE.org for free mentoring and information on starting or growing your small business.

## Request an employer identification number (EIN)

An EIN is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN, according to the IRS. You can request one for free online from the IRS, which is required if you form a legal entity.

## Open a business bank account

Commingling business and personal funds can create all kinds of tax headaches and create personal liability if your business is incorporated (this is known as "piercing the corporate veil"). Opening a separate business bank account used exclusively for business purposes will help keep your finances straight and help you out during tax season.

## Consider getting a business credit card

Not only will this help you easily identify business purchases come tax time, but most business credit card issuers do not report activity to the owner's personal credit unless they default. See our chart describing the policies of major issuers at [nav.com/report](https://nav.com/report). This can help protect your personal credit from the activities of your business.

## Set up your books

You'll need to keep track of business expenses and income. If you don't know how business accounting works, make sure you work with a reputable bookkeeper or accountant. Starting your business bookkeeping out on the right foot will save you an enormous amount of time in the long run.

## Get a D-U-N-S number

This number will be used to identify your business in the Dun & Bradstreet commercial credit database. You can request a D-U-N-S number for free.

## Establish business credit

Your business can build its own credit history separately from your personal credit, which will help you get the financing you deserve. Start by opening accounts with companies that allow you to make purchases on a net-30 basis and report payments to credit bureaus such as Experian or Dun & Bradstreet. As you make purchases and pay them on time, you'll begin to build a good business credit score. The sooner you do this the better, as age of accounts is an important credit score factor. You can find more resources on business credit scores at [nav.com/credit](https://nav.com/credit).

### Quick Tip

Nav's free BusinessLauncher tool will give you the names of companies that report so you can build business credit. Visit [nav.com/score](https://nav.com/score) to sign up for a free Nav account and take advantage of this tool.

## Create a website

Depending on your type of business, you may only need a basic website where prospective clients or customers can learn a little bit about your business and how to contact you—but not having one at all will likely hurt your business.

## Register your business with online services

You can register your business on search engines such as Google and Bing so it appears in online searches, which is especially important if your business has a physical address and specific business hours. Also, register social media accounts for your business—even if you don't plan to use them yet—and consider registering with review sites relevant to your business, such as Yelp or TripAdvisor.

Though laying the groundwork for your business isn't the most glamorous part of business ownership, it can significantly boost your likelihood of success.

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