

KALEIDOSCOPE COMPASS

BUSINESS STARTUP COSTS

Essential to the startup effort is creating a **business plan** – a detailed map of the new business to be created. Actual startup costs depend upon the specific business and industry.

RESEARCH YOUR EXPENSES

Starting a business is an expensive undertaking. Conducting thorough research on the associated startup costs is key to a successful start. According to the U.S. SBA, most micro businesses (2-9 employees) cost around \$3,000 to start. Knowing what you will be expected to spend before you spend it and a strong business plan is key to success.

STATE AND LOCAL REGISTRATION, BUSINESS INSURANCE, & PERMITS DEPENDING ON THE STATE AND INDUSTRY

In most areas, businesses are expected to register the business entity with state and local governments for several purposes. Although business insurance isn't required, it can be a disaster without it. Some states, localities, and industries require authorizations, licenses and/or permits.

EQUIPMENT, SUPPLIES, FURNITURE, SPACE, UTILITIES, AND INVENTORY

Every business type requires some equipment, basic supplies, space, and utilities, yes, even if working from home. Before adding anything, do some cost comparing. Do you lease or buy? Start small and grow. Get only the essentials. If working from home, have you allocated enough space to do business? Rule of thumb, allocate between 17% and 25% of budget for inventory

MARKETING

Advertising and promotion includes everything a company does to attract clients to the business. Marketing could include materials like signs, banners, events and conferences; website, social media, and online marketing, and perhaps employees or contractors to help you get the word out. Don't forget these are recurring costs as well as software and membership/subscriptions.

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