



# business **startup** roadmap

Your guide to starting a small business in Texas.

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# Introduction

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If you dream of owning your own business, it's important to make sure you cover all the planning components.

Whether you want financial success or to turn your passion into a livelihood, transforming your business idea into reality doesn't have to be daunting. UFCU is here for you.

Our business startup roadmap is designed to help you turn that desire into fire. We have selected some important topics that you should review before you open up shop.

By the end of this guide, you'll have the confidence to decide to launch your new business, with as few roadblocks as possible.

Remember that UFCU is always available to offer advice. We want you and your business to succeed, so talk to us about your concerns when it comes to your financial planning.

Good luck, U can do this!



# Startup Checklist

## Step 1: Why?

- ☐ Identify your motivations for going into business.
- ☐ Confirm you have the necessary skills and attributes.
- ☐ Make sure you have enough money in savings or additional income.
- ☐ Talk to an existing business owner for their advice.
- ☐ Write a business plan that outlines goals, strategies, and financial projections.
- ☐ Check family and friends support your decision to start.

## Step 2: Determine If There's A Market

- ☐ Research your target market to collect evidence there is demand.
- ☐ Talk to suppliers to get their insights into the market.
- ☐ Identify the best channels for reaching your target market.
- ☐ Conduct a SWOT analysis. Outline your pricing strategy.

## Step 3: Analyze Your Competitors

- ☐ Identify your competitors.
- ☐ Determine your competitive advantage.
- ☐ Create market barriers for others to enter.
- ☐ List and protect your intellectual property and assets.

## Step 4: Determine Financial Feasibility

- ☐ Calculate your start-up costs. Explore funding options.
- ☐ Run a break-even analysis.
- ☐ Start building an emergency fund
- ☐ Prepare a cash-flow forecast.
- ☐ Identify your cash cycle.

## Step 5: Raising Funds

- ☐ Talk to a business advisor about loans and funding options.
- ☐ Explore government grants and subsidies. Examine other possible sources of finance.

## Step 6: Things You Need To Do

- ☐ Understand the basics of your business taxes.
- ☐ Register for your Employer Identification Number (EIN) and Texas Taxpayer Number.
- ☐ Obtain any necessary business permits and licenses.
- ☐ Open a business bank account. Obtain the right insurance.
- ☐ Choose a business name and structure.
- ☐ Set up accounting and record keeping processes.
- ☐ Register with the Texas Secretary of State for beneficial ownership compliance.

## Step 7: Build Awareness

- ☐ Attend trade shows. Develop an online presence.
- ☐ Start an advertising campaign. Encourage word-of-mouth advertising.
- ☐ Run events.

## Step 8: Employing Staff

- ☐ Familiarize yourself with employer regulations.
- ☐ Write a job description.
- ☐ Shortlist the candidates.
- ☐ Conduct interviews.

## Step 9: Lowering Your Risk

- ☐ List and solve any potential catastrophic events.
- ☐ Outline and solve key business risks.

# 1. Why?

Before you invest time and money, take a step back and consider if your idea is worth pursuing.

Many people find the thought of working for themselves quite appealing. Being your own boss offers the freedom to:

- Work your own hours.
- Make your own decisions.
- Create your own lifestyle.

However, establishing a successful business requires more than a great idea and a willingness to give it a go.

It's important to be clear about why you want to go into business.

For example, you might be aiming to:

- Make more money than you could

as an employee.

- Be independent.
- Represent a product or service you feel passionate about.
- Create a business you can leave for family.
- Build a business that you intend to sell.
- Have a better work/life balance.

Once you're clear about why you'd like to be your own boss, it's time to take a close look at yourself and determine if you have what it takes to run your own business.

**Tip:** Talk to someone who's started their own business to gain insight of their challenges

## Confirm You Have The Necessary Skills And Attributes

This self-assessment guide will help you get a feel of whether you're ready to be self-employed. The more of these characteristics you have, the more confident you'll feel about running your own business:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li><input type="checkbox"/> You have years of experience in the industry you plan to enter.</li> <li><input type="checkbox"/> You're prepared to undergo training to develop the skills you need or to get input from specialist advisors.</li> <li><input type="checkbox"/> You're prepared to work long hours without the security of a steady income.</li> <li><input type="checkbox"/> You have sufficient savings or an alternative income to live off during the start-up period.</li> <li><input type="checkbox"/> Your family understands the impact starting a new business could have on them and supports you in achieving your goals. You thrive on challenges.</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> You enjoy making and being responsible for your own decisions.</li> <li><input type="checkbox"/> You're prepared to accept a lower income until your business starts to make a profit.</li> <li><input type="checkbox"/> You naturally look to streamline processes and methods when approaching a task.</li> <li><input type="checkbox"/> You're prepared to take the risk of losing the money you invest in your new business.</li> <li><input type="checkbox"/> You're prepared to hire staff and delegate responsibilities to them or use the services of a professional if needed.</li> </ul> |
|--|--|

If you believe you have what it takes, now you need to decide if your idea does too.

## Write A Full Business Plan To Cover All The Elements You Need

A business plan outlines your goals, strategies, and financial projections. It will help you solidify your ideas and identify priorities. You'll have a clear sense of direction and a benchmark to measure your business progress. Most importantly, this is a necessary resource when presenting to potential investors.

**Keep your plan short and sweet.** If you overload it with detail, it will become difficult to follow.

**Keep your business plan realistic.** An unrealistic plan can damage your credibility, as lenders and investors may find your optimistic plans hard to believe. For example, unrealistic sales forecasts could lead to increased overhead followed by a damaging cash-flow crisis and drastic cost cutting.

Tip: By identifying the risks of disasters and creating a plan, you can mitigate losses and strengthen your business' chance of success.





## 2. Determine If There's A Market

It's important to investigate market potential by observing what prospective customers really think. You'll need a sustainable market for your goods or services since this is how your business generates revenue.

Identify your ideal customers to gain an accurate analysis of market potential. To focus your marketing more effectively you'll want to identify:

- If there's a need for your product or service.
- The characteristics of your ideal customer.
- Ways to research the potential size of your market.
- Trends that could affect your venture.

Consider how you will sell to the market. Look at industry and market trends, and global and local influencers to identify any threats or opportunities.

### Investigate Market Potential

The only guaranteed way to find out exactly how the market will respond to your business is to start operating. Before you start, collect solid evidence that a market for your product or service exists.

Tip: Ask potential customers directly their opinion on location, pricing, range of items, and preferred purchasing.

Find out as much as you can about potential customers in your target market, such as:

- Who might buy your product or service
- Where they're located
- How much would they pay and how often they might buy
- When they buy (i.e. summer versus winter)
- Who they currently buy from

To better understand your target audience, consider utilizing tools like surveys, one-on-one interviews, or focus groups to gather insights. If your research generates encouraging feedback, consider test marketing your product or service before making any major career changes. This approach allows you to collect authentic customer responses and evaluate how well your product or service performs in a real-world setting.

Tip: Talk to suppliers already working in your target market to gain their insight on if your idea will work.

## Think About Your Ideal Customer

Conducting market research helps you gradually build a clear profile of your ideal customer — the individual or business most likely to buy from you. This process is essential for two key reasons:

1. It enables you to more accurately assess your market's potential.
2. It helps you tailor your marketing strategy by positioning your product or service to attract your ideal customer.

For instance, if your new office product is intended for businesses with 10 to 50 employees, you can research how many businesses of that size exist in your area and where they're located

## Identify How You Will Reach Your Target Market

How you communicate your message to potential customers is crucial. Choosing the right channels to deliver your product or service to your target market can make all the difference.

Here are a few options to consider:

- Selling directly, such as a retailer/ service storefront.
- Trading through a wholesaler.
- E-commerce - selling through a website.
- Employing your own sales force.
- Using sales agents or distributors.
- Licensing your products or services.
- Forming a joint venture, or a strategic marketing alliance with other companies.

Each option comes with its own set of pros and cons, so it's important to choose the one that best aligns with your goals and resources.

## Research Industry And Market Trends

Make sure your business is built for the long haul by researching the broader marketplace. Keep an eye on economic, social, and industry trends that could influence your business down the road. Staying informed helps you anticipate changes and adapt your strategy accordingly.

Here are a few ways to stay up to date:

- **Browse local and international news sites** to track relevant developments.
- **Connect with other Texas small business owners and suppliers** to share insights and experiences.
- **Subscribe to industry and trade publications** for expert analysis and trend forecasts.
- **Tune into business and current affairs programs** through podcasts, TV, or radio.
- **Sign up for mobile alerts or e-newsletters** to get timely updates delivered straight to your inbox.





## Understand The Opportunities And Threats

Your industry and market research may uncover new opportunities — and possibly some threats. Consider how these emerging developments may affect your business.

You might discover:

- **New customer segments or markets** you hadn't initially considered.
- **Ideas for innovative products or services** that meet unmet needs.
- **Potential investors or partners** who align with your business vision.

At the same time, it is important to take a realistic look at possible threats. These can be harder to face, but especially critical for startups to address early on.

Some possible threats might be:

- **Regulatory or zoning changes** that could affect operations or customer access.
- **New competitors** are entering your market.
- **Currency fluctuations or tariffs** that impact pricing or supply chain.
- **Emerging technologies** that could reshape your industry.

Some of these challenges may also open doors. With the right mindset, a threat today could become an opportunity tomorrow.

## Conduct A SWOT Analysis

Gather a few trusted people — family, friends, colleagues, or business contacts — for a collaborative SWOT session. SWOT stands for **Strengths, Weaknesses, Opportunities, and Threats**, and it's a great way to get diverse perspectives on your business idea.

Here's how to make it effective:

- **Set a clear time limit** to keep the session focused.
- **Encourage open brainstorming**—no idea is too big or too small.
- **Write down every suggestion** without judgment or debate.
- **Review and evaluate the ideas afterward**, once everything is on the table.

This could reveal insights you might not have considered on your own — and help you make more informed decisions in the future.

Tip: Remember, the purpose of conducting a SWOT analysis is to outline the feasibility of your business and minimize risk.



## 3. Analyze Your Competitors

Once you understand what your competitors offer, you can pinpoint where you stand out. By identifying similarities, you'll uncover your unique strengths, which can be shaped into a competitive advantage.

### Identify Competitors And Understand Their Impact On Your Business

Knowing who your competitors are, and how they operate, is essential. These are the businesses offering similar products or services, and they'll be your primary competition if you move forward.

To gain a competitive edge, find out:

- **What they offer** and how much they charge.
- **What they do well**, so you can plan how to differentiate.
- **What they don't do well**, giving you a chance to solve unmet needs.
- **What gaps exist in the market** that your business can fill.

A thorough understanding of your competitors will help you uncover strategic opportunities to stand out and position your business for success.

### Be Aware Of Indirect Competition

Not all competitors will offer the same products and services as you, but they satisfy the same needs. These are your **indirect competitors** and identifying them requires thinking outside the box.

For example, imagine a new restaurant opening next to a movie theater. While they offer different experiences, both compete for the same discretionary spending. A customer might choose dinner over a movie, or vice versa.

It's important to recognize that customers always have alternatives. By being aware of these indirect options, you can better position your business to stand out and stay relevant.

### Leverage Your Competitive Advantage

What you do better than anyone else is key to your long-term success. A strong competitive advantage can help you attract customers and keep them coming back.

You might stand out by offering:

- Faster delivery
- Greater convenience
- Lower prices
- Wider range of products and services
- Exclusive offers
- A better location
- Exceptional after sales service
- More industry experience

Whatever your strength is, **know it, own it, and promote it**. Make sure your customers understand exactly why choosing your business is the smarter choice.



Tip: Develop two or three main competitive advantages — make them obvious in your marketing materials and website.

## Minimize The Impact Of Competitors

Once you enter the market, your competitors may respond to protect their territory. Anticipating their reaction can help you stay resilient and competitive.

Consider:

- **What tactics your major competitors might use** and how you'll respond.
- **How you would handle a price war**, especially if your competitors are larger.

Thinking ahead and staying proactive will safeguard your position and help maintain momentum.

## Protect Your Business Idea And Strengthen Your Market Position

If you've developed a unique concept brand, or market position, it's important to safeguard it from being copied. While you can't prevent all imitation, you can create barriers that make it harder for competitors to follow your lead.

Consider these protective strategies:

- **Secure an exclusive operating license**, especially if no other business currently serves your area.
- **Negotiate supplier contracts** that limit competitors' access to key products or materials.
- **Lock in a long-term lease** if your location is a major advantage.
- **Retain experienced staff** with incentives like bonuses or profit-sharing to reduce turnover.

By strategically deploying these measures, you'll reinforce your competitive edge and build a more sustainable business that's harder for others to replicate.





## Safeguard Your Intellectual Property (IP)

If you've created something original, whether it's a product, brand identity, or process, you may have intellectual property worth protecting. Your business name, logo, and unique ideas can have significant value and help you stand out in the marketplace.

Types of IP protection include:

- **Design rights** for the appearance or shape of a product (e.g., Coca-Cola's iconic bottle).
- **Slogans** that define your brand, like Nike's "Just Do It."
- **Registered trademarks** for names like Apple's iPad, iPhone, and iPod.
- **Patents** for new inventions, processes, or methods.
- **Copyright** for original written content, designs, or creative works.

Protecting your IP ensures your innovations remain exclusively yours — helping you maintain a competitive edge and build long-term value.

## Protect Your Intellectual Assets

Not all valuable business knowledge can be legally protected, but that does not make it less important. **Intellectual assets** are often the backbone of your operations and could be the source of your competitive advantage.

Examples of intellectual assets include:

- **Your network of contacts and referral partners**
- **Proprietary know-how**—the unique way you run your business or deliver services
- **Insights into customer behavior**, such as buying cycles or preferences
- **The experience and expertise of you and your team**
- **A well-maintained customer database** that supports repeat business and loyalty

While you can't register these assets like a trademark or patent, you can still protect them using internal systems, confidentiality agreements, and strong company culture.

Tip: The [United States Patent & Trademark Office \(USPTO\) website](https://www.uspto.gov) has useful information about protecting your trademark, patents, copyright, and designs.



## 4. Determine Financial Feasibility

Once you've confirmed demand for your product or service, it's time to find out if your idea is financially viable. This means crunching the numbers to see what it'll cost you to not only start the business, but to keep it running and, most importantly, profitable.

### Calculate Your Start-Up Costs

There are two types of costs to consider:

#### 1. Start-up costs

These are one-off expenses required to get your business up and running. Common examples include:

- Equipment and machinery
- Office furniture and fittings
- Computers and software
- Initial inventory or stock
- Vehicles
- Professional services (e.g. legal, accounting, consulting)

It's common for some business owners to underestimate the cost, so be as realistic as possible.

#### 2. Working capital

This is the cost to keep your business running until it becomes profitable. It includes:

- Rent and utilities
- Staff wages
- Marketing and advertising
- IT and communication expenses
- Day-to-day operational costs

A good rule of thumb is to calculate your monthly expenses and aim to have

enough cash reserves to cover several months of operations.

Understanding your financial needs early on helps you determine the funding you'll need to raise and gives a clearer picture of potential return on investment (ROI). It also helps prevent surprises and build a more resilient business plan.

**Tip:** Be aware of seasonal purchase cycles.

### Work Out Your Costing And Pricing Strategy

To build a profitable business, your pricing must cover the full cost of delivering your product or service, while also generating sustainable profit. Your earlier market research should give you an indication of what customers are willing to pay. Now it's time to determine if you can meet their expectations and get a return on your investment.

Common ways of pricing include:

#### • Cost-plus pricing

Add up all the costs involved in producing your product or service, then apply a profit margin. This ensures you're covering expenses and leaving room for growth. For example, if you're selling outdoor furniture, make sure to include materials, labor, and overhead — then add your desired profit margin. It's recommended to consult with an accountant to make sure nothing is overlooked.

- **Margin-based pricing**

If you're buying products to resell, you'll typically add a margin to your cost price. This margin depends on your industry. Contact your industry association or check the [Texas State Chamber website](#) for guidance on industry guidelines.

- **Hourly rate pricing**

This method is exactly what it sounds like, charging for your time. Industry benchmarks, such as mechanics, can help determine a competitive wage. You do not have to follow these exactly. Check the [Texas State Chamber website](#) for industry guidelines.

- **Combinations pricing**

This method is when you combine any of the previous methods. Many businesses use a mix of pricing strategies, especially if they offer both products and services.

Choosing the right pricing strategy helps ensure your business is both competitive and profitable. It also allows you to align with industry standards while meeting customer expectations.

## Calculate Your Break-Even Point

Once you know your costs and pricing, it's time to work out at what point you will make money. Your **break-even point** is the number of sales you need to cover all your expenses, after that, you begin to generate profit.

Let's use coffee tables as an example:

- You plan to sell each coffee table for **\$200**.
- Your **direct costs** (materials + labor)

total **\$110**, leaving you with a **gross margin of \$90** per table.

- Your **annual overhead costs** (rent, utilities, marketing, etc.) are **\$90,000**.
- To break even:
- Break-even units =  $90,000 \div 90$  which equals 1,000 tables per year
- That means you need to sell **about 20 tables per week** ( $1,000 \div 50$  weeks) just to break even.

Remember, this is just to break even. To make a profit, add your salary and target profit to the overhead costs, then calculate again.

For example, if you wanted a profit of \$65,000 and a salary of \$70,000 you would need to sell 2,500 tables or 50 per week.

## Reducing Your Break-Even Point

Lowering your break-even point means fewer sales to cover the cost, meaning you can make a profit quicker.

There are several ways to do this:

- **Increase your price** to boost your profit margin per sale.
- **Reduce material and labor costs** by negotiating with suppliers or improving efficiency.
- **Reduce overhead expenses** like rent, utilities, or subscriptions.

By optimizing your pricing and cost structure, you'll strengthen your financial foundation and give your business more room to grow.



Tip: Be realistic with your expected salary and profit to ensure you can manage personal expenses.

## Prepare A Cash-Flow Forecast So That You Don't Run Out Of Cash

A cash-flow forecast is essentially a way to predict what your future bank statements will look like. Will you have spare cash each month, or will you be in debt and need funding?

A cash-flow forecast will:

- **Help you manage the cash coming in and going out** of your business. By comparing your expecting income with your monthly expenses, you can make informed decisions and adjust your spending as needed.
- **Give you time to plan for any cash issues.** If you know that it's likely you'll run out of cash in a few months, you'll have time to act, like reducing costs or securing more funding, before it becomes a problem.
- **Prepare a forecast for at least the first 12 months.** There's always going to be some uncertainty, so many business owners prepare three versions: a worst-case, realistic, and best-case scenario.

If you decide to proceed with your business idea, you can update your forecast with actual figures after you've started. These numbers will help you prepare more accurate forecasts for the future.

Capital or funding needed to start your business should include enough cash to get you through the times when your income doesn't yet cover expenses.

## Identify Your Cash Cycle

As you put your figures together, consider your business's cash cycle — the length of time it takes to turn your product or service into a completed, and paid for sale.

- **Every business has its unique cycle.** A retailer may usually receive money from customers immediately, while an electrician might take a month to finish a job and wait six weeks to see payment.
- **Work out the length of your business' cash cycle.** If you sell on credit, build a delayed cash flow factor into your forecast since it may be a while before you see any money coming in from your clients.
- **Consider the seasons.** If your intended business follows a seasonal pattern, such as holidays like Easter or Christmas, or the weather patterns, factor this into your cash flow.
- **Consider ongoing costs.** Be sure to make provisions for ongoing costs, equipment, employees, and other resources that align with your plans for development and growth.

Don't forget, consider how much, and how frequently, you'll need to draw money from your business to pay your personal expenses.



## 5. Raising Finance

Unless you're lucky enough to have all the cash you need to start a business, you will need to carefully consider all your funding options. There are several options to explore, and whether you choose one, or a combination, depends on what kind of business you're starting and how much you'll need.

### Understand All The Options To Raise Funds

It's a smart move to raise as much cash as you can before starting your business. Here are some options to consider:

- **Personal savings** – This is typically the first place to start. Any savings you've built up can be used as a foundation.
- **Selling personal assets** – Take a close look at what you own. Vehicles, real estate, furniture, or even sports equipment could be sold to increase your money.
- **Refinancing property** – If you own property, whether it's an investment or your own personal home, you might be able to refinance and borrow the cash you need. Remember, you will need to demonstrate to the lender you can repay the new mortgage or home equity loan.
- **Customer prepayments** – Depending on the business, you can have customers pay in advance.
- **Delaying your salary** – If possible, consider withholding your paycheck to reduce the capital you need upfront.
- **Leasing or borrowing equipment** – Instead of buying everything at the start, explore leasing or borrowing equipment, or working with existing businesses to share resources until you're ready to buy your own.

Exploring all available financing options will help you raise the necessary capital to launch your business while minimizing the financial strain.

### Tips For Borrowing From The Bank

For many business start-ups, borrowing from the bank can be the easiest option. How much you borrow depends on how successful you've been with the steps.

Before applying, it's important to have all the key information at hand:

- **Start-up costs** – Know exactly how much it will cost to buy or set up your business, including inventory, equipment, and other essentials.
- **Funding breakdown** – Be clear how much you'll need to borrow and how much you're contributing yourself such as savings, assistance from family, or any investors you already have on board.
- **Loan security** – Identify what you'll use to secure the loan, if anything. Borrowing against a rental house is common, but there are other options available.
- **Repayment plan** – Show how you intend to repay the loan, ideally from the extra profit the business will make.
- **Other financial commitments** – Be upfront if you've got any other debt or any other sources of income that could affect repayment.
- **Personal credit history** – A strong credit score will help reassure the bank that you are responsible.

The more organized and transparent you are, the more confidence lenders will have in letting you borrow.

## Government Grants And Subsidies

Check Local city and country programs website as they may be available for certain industries..

The Texas Economic Development and Tourism Department also offers financing and capital for Texas small business owners. [Find out more on their website.](#)

If your business is involved in research and development and is offering innovative products, you can explore the [Small Business Innovation Research \(SBIR\) and STTR \(Small Business Technology Transfer\) programs](#). These are designed to stimulate technological innovation and provide opportunities for small businesses.

## US Small Business Administration Loan Programs

The SBA is a government department aimed at helping small businesses. There are several different kinds of loan programs available, but there are some important points to keep in mind:

- The SBA guarantees the loan to the bank to reduce the risk if you fall behind on your repayment. This means you're still borrowing from your bank, and your bank will loan you the money.
- The SBA application process is detailed and has [a section on its website](#) to help streamline the process as much as possible.

By understanding the application process and working with your bank, you can secure the financing you need to grow your business with confidence.

## Other Sources Of Finance

Your start-up funds don't always have to be borrowed. Here are some other options to help get your business off the ground:

### Angel Investors

These are people who have some experience or knowledge of your industry and are looking to invest in start-up businesses to gain a return. The best time to approach angels is when you can clearly demonstrate that their investment will help launch your business. You need to be ready to discuss your business's financial projections, its current and potential value, your competitors, any protection you have over your products or services, and how you want to structure a deal with an investor. Make sure you have all your paperwork in order including your accounts, IP ownership, and contracts with staff and suppliers. Check out the [US Angel Investment Network's section on Texas Angels](#), or the [Central Texas Angel Network in Austin](#).

### Venture Capitalists (VCs)

Venture capital firms invest in businesses they believe have potential for rapid growth and a high return through a future sale to a larger company or a public offering. If your business is in a fast-growing industry with strong market potential, you may catch the eye of an VC investor.

Like angel investors, VCs provide funding in exchange for a share in your company. However, VCs invest on a much larger scale, typically millions of dollars. They rarely invest in an untested idea, preferring businesses that can demonstrate rapid, consistent growth and a clear path to profitability.



As shareholders, VCs earn a portion of annual revenue, but the real profit isn't made until the company is sold.

To appeal to VCs, your business should be in a fast-growing industry, be part of a large market, have a solid and up-to-date business plan for continued growth, have a proven management team, and be able to bring in investment returns of 20% to 30% each year.

A good place to start is the [National Venture Capital Association](#) (NVCA). You can also explore this [list of Texas's top VC companies](#), many of which are located in Austin.

## Crowdfunding

Described as “democratic finance”, crowdfunding allows many individuals to contribute small amounts of money to help fund your business, often in exchange for the products you're selling.

This approach is particularly helpful for entrepreneurs and aspiring Texas small business owners with ideas that don't appeal to traditional lenders.

Crowdfunding has grown in recent years and now offers a way to raise funds online and grow early support for your business idea. You can encourage donations by offering incentives to potential donors.

[Kickstarter](#) is a commonly used crowdfunding platform. For more information on crowdfunding in Texas, visit the [Texas State Securities Board website](#).



## 6. Things You Need To Do

Make sure your business is legally compliant. Before launching, it's essential to understand the laws, regulations, and ordinances that apply to your business. This includes taxes, permits, licenses, and any local rules that may apply at the Texas county or municipal government level.

You should also consider the types of business insurance you'll need to protect against major risks, such as property damage, liability, or product-related issues.

### Tax And Compliance Obligations

There's no way around it. Taxes are part of doing business. While your accountant will handle the details, it's important that you understand the basics and factor in taxes in your pricing, business plan, budget, and cashflow projections.

### Employer Identification Number (EIN) and Texas Taxpayer Number

- The **EIN** is a 9-digit number issued by the IRS to identify your business for federal tax purposes.
- The **Texas Taxpayer Number** is an 11-digit number issued by the Texas Comptroller of Public Accounts.

Most businesses need both these numbers.

You can apply for the EIN through the [IRS website](#), and learn more about the Texas Taxpayer Number and registration process on the [Texas Comptroller website](#).

### Federal Income Taxes

The IRS has four main types of business taxes:

- Income tax
- Self-employment tax
- Employment taxes
- Excise taxes

Your business structure will determine which income tax form you need to use. [The IRS website explains this in detail](#).

While Texas doesn't have state income tax for businesses, the state does levy a franchise tax on all entities with revenues above \$1.23 million. You can find out more on the [Texas Economic Development website](#).

### Permits And Licenses

Depending on your industry, you may need to apply for a permit or license before you can start a business. The [Texas Economic Development website](#) offers detailed guidance around permits and licenses in Texas.

### Day-To-Day Banking

You will need somewhere to manage your income and expenses. A transactional account is essential for daily operations and may also be linked to a line of credit to support working capital needs. Talk to us about our business account options and will find the best one to suit your needs.



## Insurance

Starting your own business involves risk, so it's important to protect yourself. The right insurance can help you recover from the unexpected like fire, theft, flood, illness, or injury. Types of insurance to consider include:

- Life and health
- Property, equipment and buildings
- Commercial vehicles
- Travel
- Director and product liability
- Mortgage protection
- Key person coverage.

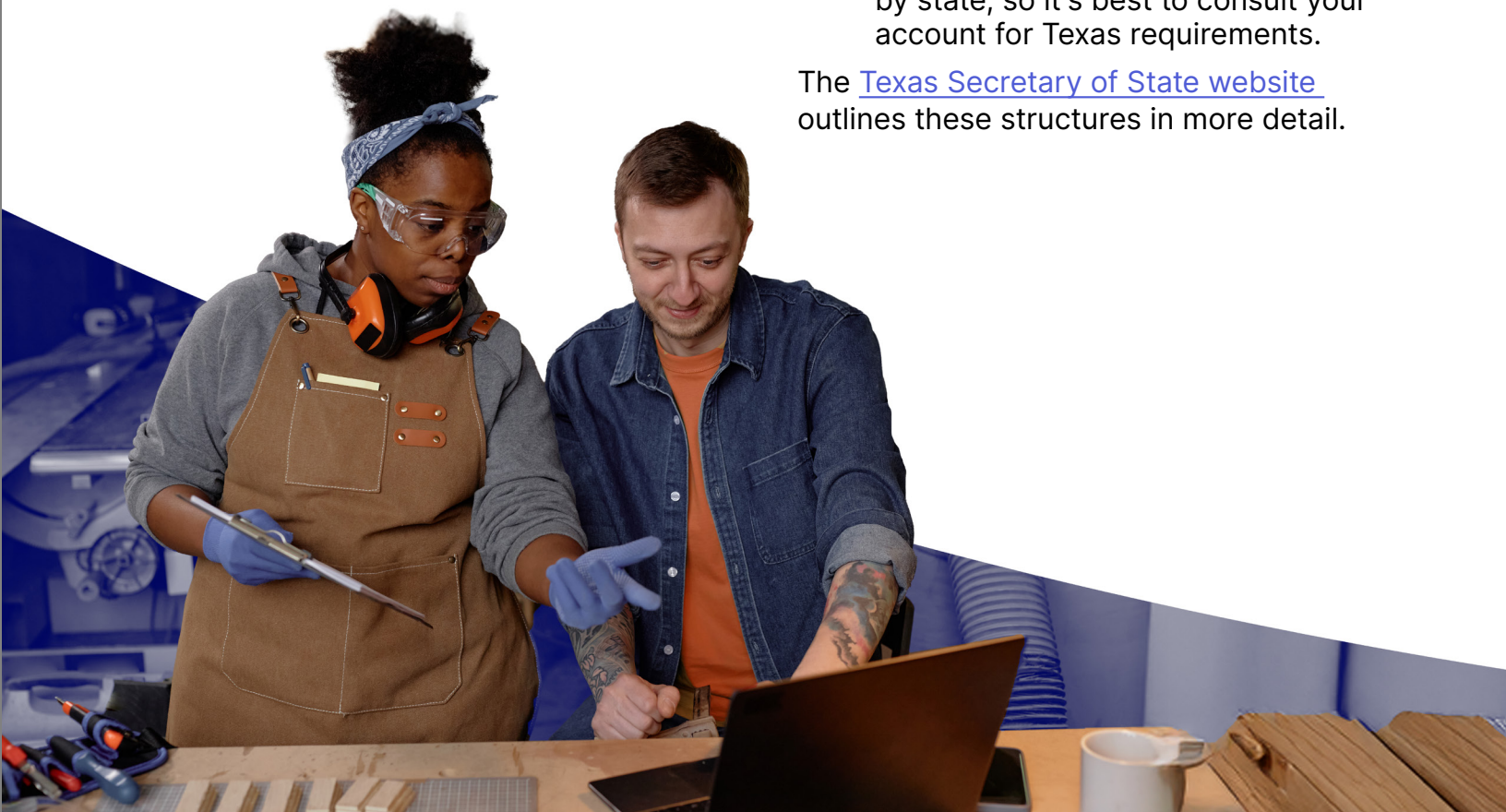
Speak with our advisor to discover our range of business insurance options.

## Business Names And Structure

When you decide to start your own business, you need to determine what type of business structure best suits your needs. In the US, there are four main types:

- **Sole proprietorship** – You own and operate the business on your own.
- **Partnership** – You share ownership with one or more people. The business itself won't have to pay taxes, but each partner must include their share of the business's income on their tax return. A formal partnership agreement is highly recommended.
- **Corporation** – A separate legal entity owned by shareholders. Corporations pay taxes independently, and you'll need an operating agreement outlining business management.
- **Limited Liability Company (LLC)** – A flexible structure allowed by state law. Owners are called members, which may include individuals, corporations, or other LLCs. Requirements vary by state, so it's best to consult your account for Texas requirements.

The [Texas Secretary of State website](#) outlines these structures in more detail.





## Accounting And Record Keeping

Keeping accurate business records is essential to track income and expenses, and for staying compliant with IRS requirements.

Using reliable accounting software can reduce the risk of making mistakes and enables you to monitor your cash flow in real time daily. The [US Chamber of Commerce website](#) outlines some free small business accounting tools you could use.

A good accounting system will help you:

- Determine whether your business is making enough money to meet its expenses
- Make purchasing decisions depending on your budget
- Track your tax obligations
- Demonstrate your financial health to investors, bankers, and others
- Save time by providing quick access to key financial data
- Save money on accountant fees by handling day-to-day bookkeeping yourself, allowing your accountant to focus on specialized tax and financial advice instead.

By setting up a solid accounting system from the start, you'll be better equipped to make smart decisions and show that your business is being run professionally.

Tip: The [SBA website](#) has a good overview on how to choose your business structure.



## 7. Build Awareness

Even if you've created the world's greatest product or service, you can still have trouble selling it if potential customers are unaware you exist. Building awareness is key to attracting customers and growing your brand.

Consider:

- **Attending trade shows in your industry.** If there are relevant trade shows for your business, attend them. Setting up a stand as an exhibitor can further enhance your visibility. The [Texas Small Business Expo website](#) is a great place to start.
- **Building an online presence.** Use email, websites, and social media to engage customers. Most potential customers will research your business online before reaching out, so make sure your digital presence is strong and updated.
- **Launching an advertising campaign.** Create a marketing plan within your budget that attracts and retains customers. Consider the most effective channels for your target audience, e.g., online ads, print, email marketing, signage, etc.
- **Encouraging word-of-mouth.** Deliver excellent customer experiences so that customers spread the word to their friends and family, inspiring them to become customers themselves.
- **Hosting events.** Host in-person workshops or online webinars to raise awareness and establish credibility. Speaking at events can position you as an expert in your field.

By combining these strategies, you can build strong brand recognition and create lasting relationships with your target audience.



## 8. Employing Staff

Once you start your business, there is a high chance that you will need help. Regardless of when you decide to hire, there are certain steps you should take to make it easier to bring new members on board and up to speed with your requirements.

### Write A Job Description

Spend time thinking about your requirements and deciding what your new employee will be required to do. Consider including:

- A profile of the ideal candidate, including technical skills, physical requirements, or personal qualities.
- A list of key tasks for the role, from the daily tasks to more specialized tasks.
- Salary expectations, so you can determine affordability.
- The number of hours the role will require — part-time or full-time, permanent or temporary.
- The level of responsibility

Make sure the job description clearly outlines the position, the goals, and expectations. Remember, they're also deciding if they want to work for you.

To find the right person, you might consider:

- Advertising in newspapers, trade journals, or online job sites.
- Employment agencies. These people are HR experts and handle all the time-consuming tasks including making sure your job description is attractive and accurate.

A clear and detailed job description is essential to attract the right candidates, as it makes sure both the role and your business needs are well understood by potential employees.

### Interviewing

Once you've shortlisted applicants, it's time to talk to them face to face. When you're interviewing them, keep the following in mind:

- **Be consistent.** Ask all applicants the same key questions.
- **Discuss detailed experience.** While they'll have listed these on their resume, it's important to go into detail so you know they don't just look good on paper.
- **Look for preparation.** Give them kudos if they've clearly done their research on your business and ask you relevant questions about your business goals. Be wary of applicants who are more interested in pay, leave and perks.
- **Assess team fit.** Consider whether they'll fit into your existing team. There's nothing worse than upsetting a successful dynamic by inserting the wrong person into the mix.

When you've narrowed it down, conduct background checks on the finalists. Contact the references they've listed by phone, as they're more likely to be candid about the applicant than if you send an email or read a written reference.

Tip: The [Texas Attorney General's office has a reference guide](#) for Texas employers. Make sure to become familiar.



## 9. Lower Your Risk

Reduce potential risks to your start-up by building your business's credibility, avoiding common pitfalls, and focusing on your business's critical success factors. You'll want customers, lenders and suppliers to have confidence and trust in you. Be sure to plan for unexpected events such as natural disasters, economic downturns and staffing issues.

### Building Credibility To Make It Easier To Be In Business

There are three key areas you should focus on when building your credibility:

- **Customer confidence.** Provide great value for and deliver on your promises. Anytime you receive positive customer feedback, record it and use it in your promotional material.
- **Supplier confidence.** Build trust by paying your bills on time and representing them well in the marketplace.
- **Lender and investor confidence.** Keep your accounting up to date so you always have relevant financial documents at your fingertips, and make sure you've got good systems and processes in place.

Focus on these key areas, and you'll establish a reputation that encourages trust and long-term success for your business.

### Avoiding Common Pitfalls

There will always be risks associated with running a business. Planning ahead can help strengthen your chances of success.

You should:

- **Prepare regular cash-flow forecasts** and implement sound business systems, especially around credit management and debt collection. This will help you avoid running out of cash.
- **Remember, simply being good at what you do is not enough.** You also need to manage your business competently. Get help from your accountant to identify the key performance indicators you need to monitor.
- **Seek professional advice.** You don't need to make all decisions on your own. Successful business people consult their advisors regularly.
- **Prepare for mishaps.** The unexpected will happen, so make sure you have appropriate insurance and other cover for emergencies.
- **Maintain your own health and well-being.** Starting a business can be very stressful, especially in the first years. Make sure you look after yourself as well as your business.
- **Stay informed.** Keep up with economic and market trends, what your competitors are doing, and the latest technology.

Addressing potential risks and seeking guidance when needed helps safeguard your business and increases your chances of long-term success.

## Expect The Unexpected

It's important to think about anything that could possibly go wrong and plan ahead. Ask yourself:

- What if a natural disaster damages your premises?
- What if a virus wipes out your computer systems?
- What if key equipment fails and takes time to repair?
- What if illness keeps your team out of work for a week?

Consider what impact these scenarios would have on your business and what steps you can take to reduce the impact.



# Business Start-Up Plan

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1. Write down in detail the reasons you want to go into business.
2. Confirm the skills and attributes you need to be successful.
3. List the evidence that your good or service has a market.
4. List your competitors and how they may affect your business.
5. Outline your intellectual property and the steps you'll take to protect it.
6. Identify your strengths and weaknesses, opportunities, and threats in your target market.
7. Detail your competitive advantage.
8. Identify what pricing strategy you're using and why it's best for you.
9. Determine your break-even point and the steps you can take to reduce it if necessary.
10. Identify your best options for raising finance.
11. List the steps you need to take to remain compliant.
12. Detail your business structure and why that structure is best for you.
13. Outline the steps you'll take to ensure people hear about your business.
14. Identify all the positions you'll need to hire for. List the responsibilities and qualifications necessary to be successful in each position.
15. Show what steps you'll take to avoid common pitfalls in your business.
16. Explain how you'll protect your business from issues like a natural disaster or computer equipment breakdown.





# Summary

## You're Ready To Launch!

Starting a business is a bold and exciting journey, and now you've got the roadmap to guide you. From validating your idea and understanding your market, to securing funding and building awareness — this guide has equipped you with the tools to move forward with confidence.

Remember, success doesn't happen overnight. It's built through planning, persistence, and support. Whether you need financial guidance, business banking solutions, or just someone to talk you through your next move, UFCU is here to help you every step of the way.

You've got the vision. You've done the homework. Now it's time to take action.

Open a [business checking account](#)\* today and take the first step toward building your business.



\*Subject eligibility requirements. Certain restrictions apply. Federally insured by NCUA.

This guide is intended for general informational purposes only. It should not be considered financial, legal, or professional advice, nor should it replace guidance from qualified professionals. Always seek independent advice before making decisions that could impact your business.



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