

10 Point Guide to Starting a Business in the City of Davison, Michigan

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Introduction

Congratulations on your decision to embark upon a new business venture! The City of Davison has adapted this 10-point guide to assist you with the startup process based upon the 10-point guide developed by Oakland County used by permission.

This "10 Point Guide to Starting a Small Business in the City of Davison," includes information essential for ***establishing a new business*** and answers the questions that prospective owners most often ask. The treatment of any one topic is not intended to be all inclusive, but to give entrepreneurs a ***starting point*** for further investigation of the many aspects involved in beginning a new business. Our aim is to provide information from ***concept to planning*** through the ***early months of operation***.

The requirements may vary according to the type of business you intend to start but are a quick and comprehensive guide to what you will encounter.

It would be more helpful if you reviewed the information provided before calling our office, but if you are having difficulty understanding something, please give us a call. The first time through something is always the most difficult.

Disclaimer: All information, content, and materials are for general informational purposes only and should not be substituted for actual legal, accounting, or entrepreneurial advice. The information provided may not fit your situation and may not constitute the most up-to-date information with respect to the needs of your particular business. All liability with respect to actions taken or not taken based on the contents of this guide are hereby expressly disclaimed. The content is provided "as is;" no representations are made that the content is error-free. Persons interested in starting a business are strongly encouraged to seek expert advice from suitable professionals with regard to their particular business.

The City of Davison welcomes new business and hopes that this 10-point guide will prove helpful as you consider starting a new business in Davison. We have an active Downtown Development Authority, phone: 810-653-2191, and Chamber of Commerce, phone: 810-653-6266. If you have questions after reading this guide, please contact our city offices at 810-653-2191 and ask for **City Manager Andrea Schroeder** or

contact her by email at aschroeder@cityofdavison.org or contact the DDA and Chamber of Commerce as needed.

Step 1: Gather Information

The first step to starting a business is to find out if you are prepared to embark on this journey. Starting a business is very unlike a full-time job where you receive a steady paycheck. On the contrary, it involves an initial financial investment, a lot of planning, hard work, and sacrifice including the possible forfeiture of a paycheck until the business takes off.

Now that you have passed the first hurdle, decide what type of business you want to go into. Since we do not counsel potential business owners on the types of businesses to consider, we strongly suggest that you make this decision before proceeding to the next step.

At this stage, you need to find out before you spend any up-front money if the business you are considering will be viable in the geographical location you have selected. Does your product or service address a specific customer need? How much are they willing to pay for you to solve their pain? Should you purchase a successful existing business, start one from scratch, or even consider a franchise? You will also need to research the trends within the industry under which your business falls to determine the life span of your business. Is your industry flat, growing or declining? Who are your existing competitors especially within the geographical area you are considering? What are you willing to offer your customers over and above what your competitors are currently offering? How will you sustain this business?

Step 2: Create a Business Plan

A business plan is like a roadmap that shows you where you are in relation to where you want to be. Whether you believe in a business plan or not, starting a business involves many ideas that need to be documented and actions that need to be taken. Many businesses fail without a business plan, and furthermore, lending institutions require one prior to considering businesses for a loan.

Business.gov is the U.S. government's official business link and is an excellent online general resource for launching, managing, growing, or getting out of a business.

Step 3: Determine a Business Name

The name you choose for your business is very important. To insure that no business registered in Michigan is already operating under the name you would like to use, search online for name availability. (*State of Michigan, LARA, Corporations Division*)

Michigan Business Entity Search (Corporations/LLCs)

Business names registered at this level supersede any assumed names registered at the County level.

Step 4: Determine the Legal Structure of a Business

When you start your business, you must decide what legal structure it will have. There are several choices of business formats in Michigan including: sole proprietorship, general partnership, limited partnership, corporation, limited liability company, professional liability company, etc.

We strongly advise you to contact your business attorney and CPA for advice and assistance in determining the best legal structure for you and your business.

Contact the following departments for additional direction on completing the necessary paperwork to ***register your business***.

Genesee County Clerk's Office (dbas: sole proprietors and partnerships ONLY)

For additional information call 810-257-3220.

When you register your business at the County Clerk's office you only receive protection for your business name within Genesee County. If you are considering doing business outside County limits, consider statewide protection.

State of Michigan, Bureau of Commercial Services, Corporate Division of the Department of Labor and Economic Growth (LARA).

For more information, call 517-241-6470.

Step 5: Select a Site and Determine Zoning and Site Permit Requirements

Determining zoning requirements prior to signing a lease or contract is imperative. You are highly encouraged to verify zoning use for assurance that the type of business you plan to operate is legal in the desired location.

The city will be able to help you determine if the site you have selected is zoned properly for your business.

Most construction projects will require a permit and even if the business is an existing one, a construction and/or occupancy permit may be required.

Step 6: Determine the Business Activity Type and Obtain any Special Licenses or Permits

State License Lookup: Licensing is done at the State, **not the City or County level.** And, not every business in Michigan is required to be licensed by the State of Michigan. Find out if your new venture requires a state license!

The State has a "One Stop Business Resource Center" which is very helpful. It is accessed on the internet by going to www.michigan.gov, then follow the links below or navigate around as necessary:

Click: Business & Economy

Click: Licensing & Permits

Click: One-Stop Site Guide

Click: Resources

Click: Guide to Starting a Small Business.

This brings up a 61-page booklet. Go to p. 25 and

Click: www.michigan.gov/business. Under RESEARCH & PLAN Click: Try the One Stop Simulator. Follow instructions to simulate a start-up business. This produces a list of requirements for your new business.

Permits

The City will be able to tell you if any local permits are required and well as providing you with information concerning ordinances that apply to your business including proper zoning, sign size, sign location, etc.

Restaurants require Genesee County licensing and some personnel training. This is handled by the Genesee County Health Department and information is available at their web site: www.gchd.us/. The Health Department can also be reached by telephone at 810-857-3612.

Step 7: Get Tax Information

For state taxes and a sales tax ID number visit the Michigan Tax Information website.

Michigan Department of Treasury

Lansing, Michigan 48922

517-373-3200

TTY 517-636-4999 Deaf or Hearing Impaired Only

All forms of legal structure, except sole proprietors with no employees, must obtain a Federal Employer Identification Number (FEIN). The FEIN is your federal tax ID number.

Prior to obtaining a new FEIN, select and register your business name first. Taxpayers can obtain an FEIN immediately by calling the Toll-Free Business & Specialty Tax Line 800-829-4933 or applying online and obtaining their number upon completion.

For more federal tax information contact:

Internal Revenue Service

800-829-1040

Step 8: Employer Responsibilities

A new set of responsibilities arise when a business hires employees. Employers must register as an employer, pay additional taxes, withhold, match and submit employee withholdings, obtain worker's compensation insurance, and adhere to employee eligibility regulations. Make sure you have obtained an FEIN number as described in step 7.

The employer is required to pay state and federal unemployment insurance tax on wages paid to all employees. Employer accounts and liability are established once the employer has registered with the Unemployment Insurance Operations Tax Office. For the State of Michigan information contact:

Michigan Unemployment Insurance Agency (UIA) at 800-638-3994.

The UIA produces an **Employer Handbook** which contains a wealth of information and covers everything you need to know about unemployment insurance, from the employer to the claimant. To receive a copy of this handbook, go online at the UIA web site www.michigan.gov/uia and click on the link under "Employers" and it will take you to the appropriate page and there will be a heading with a PDF attached for the handbook.

Workers' Compensation

Most Michigan businesses are required to carry Workers' Compensation. The web site "Pure Michigan" of the Michigan Economic Development Corporation contains much helpful information on Worker's Compensation. Access their website at www.michiganadvantage.org/WORKERS-COMPENSATION/ They can also be reached by telephone at 888-522-0103.

Step 9: Obtain Financing for Your Business

Locating startup funding for major items including the acquisition of real property, renovation, equipment, inventory purchases, working capital requirements, etc. will be one of the most important challenges you will encounter when starting a business venture.

Financing can be obtained from private financial institutions including banks and other private lenders, owner's equity, investor capital, and economic development financing programs.

Step 10: Marketing Your Business

As the business owner you need to constantly ask yourself the following questions:

- ◆ Is there a demand for my products or services?
- ◆ Who else is providing similar products or services?
- ◆ What impact will competitors have on my business?
- ◆ Can I make money with this business?
- ◆ How much money can I, do I, want to make?
- ◆ Am I willing to do what it takes to sustain this business?? (networking, PR, pitching my business)

Best of luck with your new venture.

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