

## **Eight Easy Things To Do Before You Form Your Company**

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Incorporating or forming an LLC is a fast, affordable and easy process. It benefits the business owner by protecting personal and family assets from the risks and debts of the business. Here are eight easy things business owners can do to make incorporating a breeze.

### **1. Select Your Company Name**

Your company name can identify the type of products/services your business provides, or it can simply tout the name of the founder. The two main requirements for a company name are: no other entity in the same state may have the same or similar name; the name must include an ending like company, incorporated, corporation, association, foundation, institute, fund, society, union, syndicate, or limited. Words like "bank", "trust" or "education" may not be used without approval from the appropriate state agency.

### **Select Your Business Structure**

A general corporation, also known as a "C" corporation, is the most common corporate structure. It may have an unlimited number of stockholders. A "close" corporation is appropriate only for the individual starting a company alone or with a small number of people. An LLC is not a corporation, but it offers many of the same advantages, combining the limited liability protection of a corporation with the "pass through" taxation of a sole proprietorship or partnership. For more information, see SCORE's article entitled "[Understanding Business Structures](#)."

### **2. Select Your State**

Many business owners incorporate or form an LLC in the state where they are planning to operate because it is often least complicated and most cost effective. However, Delaware still holds appeal for new companies because of its low incorporation fees, low annual franchise taxes, and lack of state income tax for corporations operating outside of Delaware. Likewise, Nevada has become increasingly business-friendly with its advantageous tax advantages. For more information on selecting your state, see SCORE's article entitled "[Selecting Your State](#)."

### **3. Select Your Management Team**

Naming initial directors for your corporation is straightforward. Directors are typically the key players or owners in the business. In most states, only one director is required and you may simply name yourself. In an LLC, managers or members are selected.

### **4. Select Your Number of Stock Shares and Par Value**

Stock represents ownership in a corporation. Par value is the minimum selling price for each share of stock. Many states allow you to elect a \$0 par value, to give you the most flexibility. LLC's do not issue stock, so LLC ownership is like a partnership.

### **5. Choose a Corporate Kit**

A Corporate Kit will help you organize and save your important company documents. They often include a corporate seal, stock certificates, stock transfer ledger, and sample forms for bylaws and minutes.

6. **Designate a Registered Agent**

The Registered Agent serves a critical purpose and is an important part of protecting your corporate status. Select a highly reliable company to serve in this role. Look for a company that maintains a nationwide network of offices and serves as a full time Registered Agent in all 50 states plus District of Columbia, so that they can service your company's needs as you grow.

7. **Worry Not!**

Your decisions about company formation may be changed after your company is formed, simply by filing an amendment. Broad flexibility is available to you as your company grows and its needs change.

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