

PARLOR EXCHANGE GLOBAL

BUILD IT.

Business Foundation Guide

22 foundational things every business owner needs to have in place — with exactly what to do, where to go, and what nobody tells you until it's already cost you.

- **Legal Foundation**
- **Financial Infrastructure**
- **Identity & Digital Presence**
- **Operational Essentials**
- **Protection Layer**

Part of the Parlor Exchange Global Build It • Protect It • Grow It Methodology

How to Use This Guide

This guide covers the 25 most critical things you need to have in place when building a business lean and efficiently. These are not suggestions. They are the foundation that determines whether your business is actually set up — or just pretending to be.

Each item includes three layers:

- **What It Actually Is** — the real definition, not the textbook version
- **What To Do** — specific steps, tools, and resources with real costs and links
- **What Nobody Tells You** — the thing that costs people time and money because nobody said it out loud

Work through this in order. The sequence matters. What you do in Section 1 protects what you build in Sections 2 through 5.

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PEG does not give legal or financial advice. Content in this guide is for educational and informational purposes. Templates and AI-generated documents can be excellent starting points — for anything involving significant money, liability, intellectual property, or complexity, consult a licensed attorney or accountant.

SECTION 1 — LEGAL FOUNDATION

01 Business Structure Decision

WHAT IT ACTUALLY IS

The legal container your business lives in. This decision determines how you're taxed, how much personal liability protection you have, and how the business is allowed to operate.

THE BREAKDOWN

- **Sole Proprietorship** — No filing required. You and the business are legally the same person, which means your personal assets are exposed if anything goes wrong. This is the default if you do nothing.
- **LLC (Limited Liability Company)** — Most common starting point for small business owners. Separates you from the business legally. Filing required with your state. Taxed as a pass-through by default — profit flows to your personal return.
- **S-Corp** — Not a business structure, it's a tax election. You can elect S-Corp status on top of an LLC once you're making enough money that the self-employment tax savings make it worth the added payroll complexity. Not a day-one move for most people.
- **C-Corp** — Separate tax entity, pays its own taxes. Most relevant if you're seeking investors or planning to go public. Not typical for service businesses or small operators.

WHAT NOBODY TELLS YOU

Most people starting out need an LLC — that's it. The S-Corp conversation is real, but it belongs at a specific income threshold (usually \$40K–\$50K+ in net profit), not at launch. Making this decision too early or incorrectly costs money to fix.

02 State Registration

WHAT IT ACTUALLY IS

The official act of creating your business entity with your state government. This is what makes the LLC or corporation legally real.

WHAT TO DO

- Go to your state's Secretary of State website — search '[your state] Secretary of State business registration'
- File Articles of Organization (LLC) or Articles of Incorporation (Corporation)
- Pay the filing fee — ranges from \$50 in states like Kentucky to \$500+ in Massachusetts; most states are \$100–\$150
- You'll receive a stamped/approved copy — save this document permanently

WHAT NOBODY TELLS YOU

You file in the state where you're doing business, not necessarily where you live. Many people file in Delaware thinking it's better for business — but if you operate in Texas, you'll still need to register as a foreign entity in Texas and pay fees in both states. For most small businesses, just file in your home state.

03 EIN (Employer Identification Number)

WHAT IT ACTUALLY IS

Your business's Social Security Number. The IRS uses it to identify your business for tax purposes. You need it to open a business bank account, hire employees, file business taxes, and work with certain clients.

WHAT TO DO

- Go directly to IRS.gov — search 'EIN online application'
- The application is free and takes under 10 minutes
- You get your EIN immediately upon completion
- Save the confirmation letter (CP 575) — you will need it

WHAT NOBODY TELLS YOU

Third-party sites charge \$50–\$100+ to do this for you. Do not pay anyone for this. The IRS application is free, fast, and direct. Also — if you're a sole proprietor using your Social Security Number for business, get an EIN now and stop. Your SSN should not be on invoices, contracts, or W-9 forms going to clients.

04 Operating Agreement

WHAT IT ACTUALLY IS

The internal governing document for your LLC. It outlines who owns the business, how decisions get made, how money is distributed, and what happens if you leave, die, or a partner situation goes sideways.

WHAT TO DO

- **Single-member LLC:** Still need one. It solidifies that the business is a separate entity from you — which matters if you're ever sued or audited.
- **Multi-member LLC:** Non-negotiable. Everything about the partnership should be in writing before it's needed.
- Templates exist on LegalZoom, Rocket Lawyer, and many state bar associations offer free or low-cost versions
- AI tools such as Claude, ChatGPT, and similar platforms can generate a solid starting draft quickly — use them to build the foundation, then have an attorney review before you finalize
- For anything complex — multiple owners, different ownership percentages, investor involvement — pay an attorney to draft or review it

WHAT NOBODY TELLS YOU

Most states don't require you to file this document publicly — it's internal. But its existence is what gives the LLC legal credibility. If you ever end up in court without one, it signals the LLC wasn't being treated as a real separate entity — and that can collapse your liability protection entirely.

05 Registered Agent

WHAT IT ACTUALLY IS

A person or service legally designated to receive official documents on behalf of your business — lawsuits, state notices, tax documents, compliance reminders.

YOUR OPTIONS

- **Option 1:** Be your own registered agent (allowed in most states if you have a physical address in the state)
- **Option 2:** Use a registered agent service — Northwest Registered Agent, Registered Agents Inc., and ZenBusiness offer this for \$50–\$150/year
- Your registered agent's name and address become part of your public business record

WHAT NOBODY TELLS YOU

If you list yourself as registered agent using your home address, that address becomes publicly searchable in your state's business registry. Anyone who looks up your business name will see where you live. If you operate from home, a registered agent service is worth the cost for privacy alone.

06 Business Licenses & Permits

WHAT IT ACTUALLY IS

Permission from your city, county, or state to operate a specific type of business. Requirements vary dramatically by industry and location.

WHAT TO DO

- Start at your city or county clerk's website — search '[your city] business license'
- Check your state's licensing requirements separately — some industries (contractors, healthcare, childcare, food service, real estate) require state-level licenses
- The SBA's website has a license and permit search tool by state and business type
- Some licenses require annual renewals — calendar those dates immediately

WHAT NOBODY TELLS YOU

A general business license is different from an industry-specific license. You might need both. Operating without the required license can result in fines, forced closure, or voided contracts. This is a legal requirement, not a suggestion.

07 DBA (Doing Business As)

WHAT IT ACTUALLY IS

A registered name that allows your business to operate under a name different from its legal registered name.

HOW THIS ACTUALLY WORKS

Your LLC is filed as Big Investments LLC. But you operate under Big Dinosaurs Plumbing. You need a DBA for Big Dinosaurs Plumbing — and before you file it or build anything around it, run all five checks:

- Is BigDinosaursPlumbing.com available? Check GoDaddy, Namecheap, or Google Domains
- Are the social handles available? Go to Namecheckr.com — it searches Instagram, TikTok, Facebook, YouTube, X, and more simultaneously
- Is anyone already operating under that name in your state or industry?
- Is it too close to an existing trademark? Search the free TESS database at USPTO.gov

WHAT TO DO

- File your DBA with your county clerk's office (sometimes called a 'fictitious business name' filing)
- Cost is usually \$10–\$50; some states require publication in a local newspaper

WHAT NOBODY TELLS YOU

Your DBA is the name your customers know — which means it's the name your brand lives under. If someone else has already claimed the domain, the social handles, or a trademark close to it, you're building on borrowed ground. Do all five checks before you file anything or print anything.

SECTION 2 — FINANCIAL INFRASTRUCTURE

08 Business Bank Account

WHAT IT ACTUALLY IS

A bank account opened in the name of your business entity, completely separate from any personal accounts.

WHAT TO DO

- Bring your EIN, state registration documents, and photo ID
- **Traditional banks:** Chase, Wells Fargo, Bank of America
- **Online-only business banks:** Relay, Mercury, Bluevine, Novo — often no monthly fees and no minimum balance requirements
- Open it as soon as your EIN and registration are in hand — before you take your first dollar

WHAT NOBODY TELLS YOU

Mixing personal and business money doesn't just make taxes harder — it can legally undo your LLC protection. This is called 'piercing the corporate veil.' If a court finds that you treated the business like a personal piggy bank, they can hold you personally liable for business debts. The bank account is the first line of that separation.

09 Business Credit Card

WHAT IT ACTUALLY IS

A credit card issued in your business's name that builds a credit profile for the business independently of your personal credit.

WHAT TO DO

- Apply once your business bank account is open and your EIN is established
- **Starter options with no annual fee:** Chase Ink Business Cash, Capital One Spark Cash Select, American Express Blue Business Cash
- Every business expense — software, supplies, advertising, subscriptions — goes on this card. Nothing personal.
- Pay it off monthly if at all possible; the goal early is credit history, not revolving debt

WHAT NOBODY TELLS YOU

Business credit and personal credit are separate scoring systems. Most new business owners don't know their business has no credit history — which means no credit. Starting to build it early means that when you need a business loan, a line of credit, or a lease in the business's name, the history is already there.

10 Basic Bookkeeping System

WHAT IT ACTUALLY IS

A consistent method for recording every dollar that comes in and every dollar that goes out of the business.

OPTIONS

- **Free:** Wave Accounting — free forever for invoicing and bookkeeping basics
- **Paid:** QuickBooks Simple Start (~\$18/month), FreshBooks (~\$17/month), Zoho Books (free tier available)
- Minimum to track: revenue by source, every expense by category, outstanding invoices, what you owe
- Set a recurring time — weekly is better than monthly — to actually update it

WHAT NOBODY TELLS YOU

The problem is never the software. The problem is the habit. A spreadsheet you actually update is worth more than QuickBooks you log into twice a year. Start with whatever you'll actually use, and upgrade when the volume demands it.

11 Payment Processor Setup

WHAT IT ACTUALLY IS

The system that physically moves money from a client to your business account.

THE BREAKDOWN

- **Stripe** — Best for online payments, invoices, and recurring billing; 2.9% + 30¢ per transaction; integrates with almost everything
- **Square** — Best for in-person transactions; free card reader available; works well for retail, food, events
- **PayPal Business** — Widely recognized; easy for clients who already have PayPal
- **Zelle for Business** — Available through some business bank accounts; no fees but no dispute protection
- **Cash App for Business** — 2.75% per transaction; has limitations for professional services

WHAT NOBODY TELLS YOU

Venmo and personal Cash App are not business tools — using them signals that the business isn't formalized, and they offer no purchase protection for either party. Pick one processor, set it up correctly, and put it on your invoices.

12 Invoicing System

WHAT IT ACTUALLY IS

A formal document sent to a client requesting payment for goods or services delivered.

WHAT EVERY INVOICE MUST INCLUDE

- Your business name, address, and contact information
- Client's name and contact information
- Invoice number — sequential; this matters for your records and for clients who require it
- Date issued and payment due date
- Itemized list of services or products with individual costs
- Total amount due, accepted payment methods, and late payment policy

WHAT TO DO

- Wave, QuickBooks, FreshBooks, and HoneyBook all have invoicing built in
- Set payment terms from day one: Net 7, Net 15, or Net 30
- Send the invoice the same day the work is delivered or the project closes

WHAT NOBODY TELLS YOU

'I'll send the invoice later' is how business owners lose money. The longer the gap between delivery and invoice, the longer the gap before you get paid — and the easier it becomes for clients to deprioritize it. Invoice immediately. Every time.

13 Understanding Your Tax Obligations

WHAT IT ACTUALLY IS

As a self-employed business owner, taxes are not automatically withheld from your income. You are responsible for calculating and paying them yourself.

WHAT YOU NEED TO KNOW

- **Self-employment tax** — 15.3% on net self-employment income; covers Social Security and Medicare; this is on top of income tax
- **Quarterly estimated taxes** — Due four times a year (April, June, September, January); if you expect to owe \$1,000+ for the year, you're required to pay quarterly or face penalties
- **Deductible expenses** — Home office, vehicle use, equipment, software, professional development, marketing, phone bill — these reduce your taxable income; keep receipts
- **Separate tax savings account** — Set aside 25–30% of every payment you receive into a dedicated savings account; that money is not yours to spend

WHAT NOBODY TELLS YOU

The first year in business is when most people get hit hardest — they made money, spent it, and then owed a tax bill they couldn't pay. This is survival-level knowledge for anyone going self-employed. It is not optional information.

SECTION 3 — IDENTITY & DIGITAL PRESENCE

14 Business Name Search + Trademark Basics

WHAT IT ACTUALLY IS

Verifying that the name you want to operate under is legally available and not already owned by someone else — and understanding what it means to protect it yourself.

THE FULL CHECK BEFORE YOU COMMIT TO ANY NAME

- Search your state's business registry (Secretary of State website) — is the name already registered there?
- Search USPTO.gov (TESS database) — the federal trademark database — for any registered or pending trademarks on that name
- Search Google — if someone is actively operating under that name in your industry, you have a conflict even without a trademark

- Check domain availability (GoDaddy, Namecheap)
- Check social handles (Namecheckr.com)

ON TRADEMARKING YOUR OWN NAME

- A trademark gives you exclusive federal rights to a name in your industry category
- Filing costs \$250–\$350 per class at USPTO; the process takes 8–12 months
- You don't have to trademark at launch, but you should understand that operating under a name for years without one doesn't automatically protect you federally

WHAT NOBODY TELLS YOU

Finding out the name you've been building on for two years is already trademarked is one of the most expensive mistakes a small business owner can make. The five checks above take one hour. Do them before you spend a dollar on design, marketing, or branding.

15 Domain Name

WHAT IT ACTUALLY IS

Your business's web address — the .com (or .net, .co) that people type to find you or that lives in your email address.

WHAT TO DO

- Check availability at Namecheap, GoDaddy, or Squarespace Domains — note that Google Domains was acquired by Squarespace in 2023; if you previously used Google Domains, your domain now lives under Squarespace
- .com is still the standard — own it if at all possible; people type .com by habit
- Buy it immediately once you've confirmed your name — domains cost \$10–\$20/year and they disappear
- Even if your website isn't built yet, owning the domain means no one else can take it
- If the exact .com is taken, consider: adding your city (ABCConsultingAtlanta.com), adding what you do (ABCPlumbingServices.com), or revisiting your name

WHAT NOBODY TELLS YOU

Domain squatters exist. The moment you publicly announce a business name without owning the domain, someone can buy it and sell it back to you for thousands of dollars. Buy the domain before you tell anyone the name.

16 Email Setup — Both Addresses

WHAT IT ACTUALLY IS

Two separate email addresses serving two different functions. You need both.

THE TWO YOU NEED

- **Professional domain email** (contact@ABCConsulting.com, support@, hello@, info@) — This is what clients see on proposals, invoices, contracts, and your website. Set up through Google Workspace (~\$6/month), Zoho Mail (free tier available), or your domain host.
- **Gmail with your business name** (ABCConsulting@gmail.com) — This is your operational backend. Connects to Google Drive, Google Analytics, Google Business Profile, YouTube, and Google Ads. Keeps your business Google ecosystem separate from personal. Free.

WHAT NOBODY TELLS YOU

Most people set up one or the other. Google's free tools are built around Gmail — if you try to run all of that through a non-Google server, the integration breaks down. The Gmail is the engine. The domain email is the face. They serve different functions and you will eventually need both.

17 Google Business Profile

WHAT IT ACTUALLY IS

A free business listing that appears in Google Search and Google Maps when someone searches for your business name or businesses like yours in your area.

WHAT TO DO

- Go to business.google.com — claim or create your profile
- Fill in: business name, category, address or service area, phone number, website, hours, description
- Verify your business — Google will mail a postcard or offer phone/email verification for some business types
- Add photos — businesses with photos get significantly more engagement

WHAT NOBODY TELLS YOU

Google Business Profile shows up in search before your actual website does. If you haven't claimed it, Google may have already auto-generated a partial listing with incomplete or wrong information — and anyone can suggest edits to it. Claim it and control it. It's free and it's one of the highest-impact things a local business can do in the first week.

18 Basic Web Presence

WHAT IT ACTUALLY IS

A minimum viable online home for your business — enough that when someone is referred to you or looks you up, they find something professional.

WHAT THE MINIMUM VIABLE SITE MUST INCLUDE

- Who you are and what you do — in plain language, not mission statement language
- Who you serve
- What someone gets when they work with you or buy from you
- How to contact you or take the next step

TRADITIONAL PLATFORM OPTIONS

- **Carrd** — The leanest option; \$19/year for a clean one-page pro site
- **Wix or Squarespace** — Free tiers with limitations; more design flexibility for multi-page builds

AI-POWERED WEBSITE BUILDERS

AI builders have changed what's possible for business owners starting lean. You describe your business in plain language and the platform builds a complete, professional site — no design skills required.

- **Durable (durable.com)** — Generates a complete business website in under 60 seconds from a short description; includes AI-generated copy, contact forms, and basic SEO; built specifically for small business owners
- **Lovable (lovable.dev)** — AI-powered builder that creates fully functional web apps and sites from prompts; best for businesses that need more than a brochure site
- **Wix AI Website Builder** — Wix's built-in AI tool creates a site layout and copy from your answers to a few questions; useful if you already plan to host on Wix
- A one-page site done well beats a five-page site done poorly every time

WHAT NOBODY TELLS YOU

The website does not need to be perfect before it goes live. The longer you wait for perfect, the longer you are invisible. With AI builders, there is no longer a valid reason to spend months on this — a clean, professional site can exist within the same day you decide to build one.

19 Social Media Handle Claiming

WHAT IT ACTUALLY IS

Reserving your business name across social platforms before someone else takes it — even if you're not active on every platform yet.

WHAT TO DO

- Go to Namecheckr.com — enter your business name and it shows availability across Instagram, Facebook, TikTok, YouTube, X, LinkedIn, Pinterest, and more in one view

- Claim your handle on every major platform — even platforms you don't plan to use yet
- Set up a basic profile (name, logo, bio, website link) so it looks intentional if someone finds it

THE DBA REMINDER

If your LLC name and your operating name (DBA) are different, check and claim handles for both. Big Investments LLC and Big Dinosaurs Plumbing are two different searches and two different handle checks.

WHAT NOBODY TELLS YOU

Handles are claimed on a first-come basis. There is no dispute process for a handle that doesn't involve trademark infringement. If someone takes your handle before you do, your options are limited. This costs nothing and takes 20 minutes. Do it the same day you confirm your name.

SECTION 4 — OPERATIONAL ESSENTIALS

20 Business Mailing Address

WHAT IT ACTUALLY IS

A physical address used for all business correspondence, filings, and public-facing documents that is not your home address.

OPTIONS

- **UPS Store mailbox** — Most common; you get a real street address (not a P.O. Box), which some filings require; costs \$20–\$50/month
- **Virtual office service** — Provides a business address, sometimes a phone number, occasionally access to meeting space; Regus, iPostal1, Alliance Virtual Offices; \$10–\$100/month
- **Coworking space membership** — If you need occasional physical workspace, some memberships include a business address

WHAT TO DO

- Get this before you file state registration documents — your address goes on public records the moment you file
- Update your business bank, registered agent, Google Business Profile, and website to reflect this address consistently

WHAT NOBODY TELLS YOU

Your home address on a state business filing is a public record searchable by anyone. It appears on your registration documents, your DBA filing, and potentially your Google Business Profile. For personal safety, privacy, and professional presentation — a separate business address is not optional. It's protective.

SECTION 5 — PROTECTION LAYER

21 Business Insurance

WHAT IT ACTUALLY IS

Financial protection for your business against claims, lawsuits, accidents, property damage, or errors in your work.

THE TYPES THAT MATTER FOR MOST SMALL BUSINESSES

- **General Liability Insurance** — Covers bodily injury and property damage claims; most clients and commercial leases require this; roughly \$400–\$800/year for most small service businesses
- **Professional Liability / E&O;** — Covers claims that your work caused financial harm to a client; critical for consultants, designers, marketers, and anyone providing professional services
- **Business Owner's Policy (BOP)** — Bundles general liability and commercial property; often the best value for businesses operating from a physical location
- **Cyber Liability** — Covers data breaches and cyber incidents; increasingly relevant for any business handling client data online

WHAT TO DO

- Get quotes from: Hiscox, Next Insurance, CoverWallet, or a local independent insurance broker
- Check what your contracts require — some clients specify minimum coverage amounts before signing
- Certificates of Insurance (COIs) are documents proving your coverage; you'll be asked for them

WHAT NOBODY TELLS YOU

Most small business owners find out they needed insurance only after something happens. General liability is the one to get first. If you're doing any kind of consulting, advising, or professional services, add professional liability. The cost is much lower than most people expect and one claim without it can end the business entirely.

22 Privacy Policy & Basic Terms

WHAT IT ACTUALLY IS

Legal documents that live on your website telling visitors what data you collect, how you use it, and the terms under which they can use your site or services.

WHAT YOU NEED AND WHY

- **Privacy Policy** — Required by law if your website collects any personal information (name, email, payment info, even cookies and analytics). Required for GDPR compliance (European visitors), CCPA (California), and required by Google Analytics and most email marketing platforms.
- **Terms of Service** — Governs how visitors can interact with your website and what your business's legal limitations are

- **Refund/Cancellation Policy** — If you sell anything, this must be clearly stated; payment processors like Stripe and PayPal require it

WHAT TO DO

- Generator tools: Termly, Iubenda, PrivacyPolicies.com — create compliant basic documents for free or low cost
- Post the Privacy Policy in your website footer — that's where it's expected
- If you collect sensitive information or process significant payment volume, have an attorney review it

WHAT NOBODY TELLS YOU

Businesses get flagged, suspended, or sued over missing privacy policies — and most new owners have no idea it's even a legal requirement. If you use Google Analytics on your site (almost everyone does), you are technically required to have a privacy policy. This takes 20 minutes with a generator tool. There is no reason not to have it.