

# A VETERAN'S GUIDE TO LAUNCHING A BUSINESS



*Hello!*

*“A Veteran’s Guide to Launching a Business” provides the foundational information to consider when starting a business. Veteran Entrepreneur Business Consultants (VEBC) at the Texas Veteran Commission (TVC) are available to provide consultative services on every aspect of business from startup to exit. To connect with your dedicated VEBC, visit our website and submit an on-line request form at <https://www.tvc.texas.gov/entrepreneurs/>.*

*Just have a general question? Contact us at [vep@tvc.texas.gov](mailto:vep@tvc.texas.gov).*

*Thank you for your service!*

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## Step 1: Validating Your Idea

Conducting market research is a critical first step when considering whether to launch a business. There are three main categories to conducting market research:

1. The people - what do they want or need and what are they willing to pay?
2. The product or service - is the product or service already in existence?
3. The economy - is the region shrinking or growing? What about the industry?

There are two types of data:

1. Primary data – information gained through first-hand or original research
2. Secondary data – information collected in the past by others

Three ways to gather **primary data** are to conduct surveys, personal interviews/testimonials, and focus groups. It is important to put aside your bias and get to the reality by conducting primary data research beyond your friends and family:

- Friends of friends and family members
- Groups, organizations, institutions of higher learning
- Local business leaders
- Local Chambers of Commerce (if you live in a large metroplex, there may be more than 1 Chamber of Commerce)
- Local Economic Development Council

**Secondary data** should support primary data. There are many resources one can use to find secondary data:

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- Census Business Builder [https://www.census.gov/data/data-tools/cbb.Version\\_2.6.html](https://www.census.gov/data/data-tools/cbb.Version_2.6.html)
- NAICS/SIC Lookup <https://www.naics.com/search/#search>
- Texas Population Estimates/Projections  
<https://demographics.texas.gov/Data/TPEPP/Estimates/>
- Texas Wages <https://texaswages.com/>
- Bureau of Economic Analysis <https://www.bea.gov/>
- Texas Labor Market Information <https://texaslmi.com/>
- Texas Metropolitan and Micropolitan Statistical Areas  
<https://texas.hometownlocator.com/cities/msa/>
- Federal Reserve Bank of Dallas (El Paso, Houston, San Antonio)  
<https://www.dallasfed.org/research/economics.aspx>
- Small Business Development Center (SBDC) Market Research Services  
<http://www.sbdnet.org/market-research-services>

## Business Licenses and Permits

In addition to primary and secondary research, review state license requirements for certain industries at the Texas Department of Licensing and Regulation <https://www.tdlr.texas.gov/>. There may be other agencies with oversight such as your city or county so again, be sure to do your research.

## Step 2: Write a Business Plan

Once you've gathered your market research and determined your idea is valid, developing a business plan is the next step in gaining an appreciation for what it takes to be a successful business owner. It also serves as an important roadmap to your strategic plan for success, as it depicts the first three to five years of your business. By reviewing your Business Plan bi-annually, you will be able to determine if you are meeting your stated objectives and guide you in adjusting your operations accordingly. Finally, your business plan becomes a sales document by which lenders will ascertain the viability of both you and your business idea/model so that you can seek funding.

There are plenty of **FREE** templates offered on-line:

- <https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>
- <https://www.score.org/resource/business-plan-template-startup-business>
- <https://wellsfargoworks.com/planning/business-plan-center/%20>

There are also several programs that will assist you with your business plan at no cost:

- Texas Veterans Commission Veteran Entrepreneur Program (TVC VEP) has 4

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consultants ready to help you develop your business plan. Our team of consultants, who are veterans, business owners, and MBA Graduates, are dedicated to the success of veteran small businesses and our program advisor ensures that tools and processes help us deliver timely, quality services to veterans, family members, and survivors. To contact the consultant in your region, visit our webpage and submit a webform request: <https://www.tvc.texas.gov/entrepreneurs/>.

- Service Corps of Retired Executives (SCORE) is available to help you build your business plan. SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship. SCORE has been assisting small business owners for nearly 50 years and their services are free or, in some instances, very inexpensive. They operate on a grant from the SBA and the closest office to you can be found at: <https://www.sba.gov/tools/local-assistance/score>.

## Step 3: Get Business Assistance and Training

Take advantage of free training and counseling services, from preparing a business plan and securing financing, to expanding or relocating a business. Ask to be placed on mailing lists for training and seminars.

- TVC VEP provides one-on-one consulting - <https://www.tvc.texas.gov/entrepreneurs/>
- SCORE provides mentorship and workshops - <https://www.score.org/>
- SBA learning center library - <https://www.sba.gov/tools/sba-learning-center/search/training>
- SBDC - <https://americassbdc.org/resources/elearning/texas/>
- SBA Boots to Business Program – <https://sbavets.force.com/s/>

There are other programs available through various non-profit organizations:

- Institute for Veterans and Military Families (IVMF) - <https://ivmf.syracuse.edu/programs/entrepreneurship/>
- PeopleFund - <https://peoplefund.org/education/peoplevet/>
- LiftFund - <https://www.liftfund.com/events/>

## Step 4: Create your B.A.I.L. Network

Your BAIL network should include a Banker, Accountant, Insurance Agent, and Lawyer. Regardless of your business size you will have to navigate a myriad of challenges and it is best to establish these critical relationships before you launch so you have these resources available

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when you need them. Your local Chamber of Commerce is a good source of referrals for these contacts, as well as family, friends, co-workers, and acquaintances.

## **Step 5: Choose a Business Location**

The SBDC and SCORE can provide information on location demographics (median age, income, etc.), projected growth, competition and a variety of other relevant information for brick and mortar settings. If you are considering purchasing or leasing real estate for a storefront or warehouse, it would be in your best interest to have a tenant/landlord attorney and insurance agent review any documentation before signing.

## **Step 6: Finance Your Business**

The ability to obtain financing is predicated on several factors including the borrower's general trustworthiness, ability to repay, the amount of money the borrower has invested, the conditions of the business, and collateral available to secure a loan. Working with a consultant or mentor can help you meet the requirements of most lenders. Traditional banks can be your ally once your business is established but are generally weary of funding start-ups. The SBA guarantees loans. You can find more information on the SBA loan guarantee program at:

<https://www.sba.gov/funding-programs/loans>.

Grants are very specific, difficult to find, and can take a considerable amount of time to acquire. The SBA provides information on grant funding: <https://www.sba.gov/funding-programs/grants/grants-programs-eligibility>.

There are also a variety of non-traditional sources of funding available and below is a list of some that entrepreneurs have worked with in the past:

### **Micro-Lending:**

#### **PeopleFund (HQ)**

2921 E. 17th St. Bldg. D, Ste. 1

Austin, TX 78702

512-472-8087

<http://peoplefund.org>

#### **LiftFund (HQ)**

San Antonio, TX

888-215-2373

<http://liftfund.com>

**StreetShares** - <https://streetshares.com/>

**BCL (Business & Community Lenders)** - <https://bcloftexas.org/>

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## **Legacy Texas Bank ( HQ)**

Plano, TX

972-578-5000

<https://www.legacytexas.com/business-banking/index.html>

## **Wallis State Bank (HQ)**

2929 W. Sam Houston Pkwy N., Ste 100

Houston, TX 77043

713-580-9900

<https://www.wallisbank.com/>

## **BBVA Compass**

Spring Creek Banking Center

Plano, TX 75023

972-705-4709

## **Crowdfunding:**

When considering Crowdfunding, you typically need a decent social media following for Crowdfunding to work, but you may be able to leverage your Veteran status in this regard, especially if you're a member of the VFW or the American Legion. You can check out some of these links for more information:

- <http://www.kickstarter.com/>
- <http://www.gofundme.com/>
- <http://www.indiegogo.com/>
- <https://rally.org/>

## **Step 7: Determine the Legal Structure of Your Business**

Please note, the Texas Veterans Commission cannot recommend nor suggest the best entity type for your business needs. For personalized assistance, you should consult your attorney and/or certified public accountant (CPA).

Decide which form of ownership is best for you: Sole Proprietorship, Partnership, Limited Liability Company (LLC), Corporation, Limited Partnership or Limited Liability Partnership. It should be noted that an "S" corporation is not a matter of state corporate law but rather a federal tax election. Therefore, you do not register your business as an "S" corporation with the state (more information about "S" corporation status is detailed below).

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Beyond formation cost, relative to formation structure, there are two core questions to ask yourself:

- 1) What level of protection do I need relative to civil litigations?
- 2) How do I want to be taxed?

Designation as a Limited Liability Company (LLC) or a C-Corporation will help to provide separation between your personal assets and those of your business in the event of civil litigation. As to the “level” of protection, there are similarities, but you should verify this through your attorney. The Secretary of State website is a good resource to learn more about each business structure: [http://www.sos.state.tx.us/corp/forms\\_option.shtml](http://www.sos.state.tx.us/corp/forms_option.shtml).

As it pertains to taxes, this is where the separation is far more apparent. On the federal side of the equation, as an LLC you are primarily taxed on the revenue generated via your personal taxes on a 1040 Schedule C. A for-profit corporation may elect to be taxed as an “S” corporation by filing an election with the Internal Revenue Service: <https://www.irs.gov/businesses/small-businesses-self-employed/s-corporations>, but there are some limitations to an S-Corporation. An S-Corporation can have no more than 100 shareholders who must be only U.S. citizens and resident aliens, and are generally, individual shareholders.

If you are interested in starting a non-profit, the Secretary of State has information to help you: [https://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](https://www.sos.state.tx.us/corp/nonprofit_org.shtml). Additionally, those interested in assistance with developing a non-profit business plan can get assistance from Executive Service Corps of Houston (ESCH): <http://www.execservicecorphouston.org/>.

**Registered Agent:** An entity's registered agent is an agent of the entity on whom may be served any process, notice, or demand required or permitted by law to be served on the entity. Entities are required by the Texas Business Organizations Code to maintain a current registered agent on file with the SOS. Generally, an individual Texas resident or an organization that is registered or authorized to do business in Texas with a business office at the same address as the entity's registered office may consent to serve as the registered agent. Although an officer, owner, or employee may serve as an entity's registered agent, an entity may not serve as its own registered agent. An entity may contract for the provision of registered agent services from another business entity, such as a service company. The secretary of state, or other governmental agency or authority, cannot serve as an entity's registered agent.

More information regarding registered agents can be found on the Secretary of State websites:

- <https://www.sos.state.tx.us/corp/registeredagents.shtml> and
- <http://www.sos.texas.gov/corp/registeredagentfaqs.shtml>

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## **Step 8: Register an Assumed Name or DBA “Doing Business As”**

An “Assumed Name” and a “DBA” are one and the same. It is a name statement registered with the state and not an official business formation like a corporation or an LLC. A DBA is filed when the business name deviates from the “legal name” of the person or entity operating the business—[Texas SOS Form 503](#).

Visit the Texas Secretary of State website for more information:

<https://www.sos.state.tx.us/corp/namefilingsfaqs.shtml#assumedname>

## **Step 9: Get a Federal Tax Identification Number “Employer Identification Number” (EIN)**

Learn which tax identification number you'll need to obtain from the IRS by visiting:

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

## **Step 10: Register for State and Local Taxes**

Register with your state to obtain a tax identification number, workers' compensation, unemployment and disability insurance. State of Texas Sales Tax:

<https://comptroller.texas.gov/taxes/sales/>

For structures other than Sole Proprietor, Texas has a Franchise Tax which is otherwise referred to as a privilege tax. All LLC's (even single-member LLC's) partnerships and corporations must file a Texas Franchise tax report whether tax is due or not. The Texas franchise tax is imposed on each taxable entity that does business in Texas, or that is chartered or organized in Texas. You can learn more about Texas Franchise Tax on the Texas Comptroller's website: <https://comptroller.texas.gov/taxes/franchise/>. When considering the tax consequences of starting a business, the advice of a Certified Public Accountant is always a good idea.

Check with your local city and county offices for additional requirements.

### **Additional Business Information:**

Interested in doing business with federal agencies? Contact the nearest Procurement Technical Assistance Center (PTAC): <https://www.sba.gov/tools/local-assistance/ptac>.

For securing Veteran Owned Business (VOB) status via the VA's Center for Veteran Enterprise (CVE), visit the VA Office of Small & Disadvantaged Business Utilization website:

<https://www.va.gov/osdbu/verification/index.asp>.

Learn the legal steps you need to take to hire employees: <http://www.eeoc.gov/>.

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Veteran Entrepreneur Boot Camps are available, free of charge:

- <https://riata.okstate.edu/veterans/>
- <http://cnve.tamu.edu/programs/ebv/>
- <https://warrington.ufl.edu/entrepreneurship-and-innovation-center/community-outreach/veterans-entrepreneurship-program/>

The Governor's Small Business Handbook. You can download a copy here:

[https://gov.texas.gov/uploads/files/business/2019\\_Governors\\_Small\\_Business\\_Online\\_Handbook.pdf](https://gov.texas.gov/uploads/files/business/2019_Governors_Small_Business_Online_Handbook.pdf)

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