

# 5 Key Steps to Starting a Small Business

This guide covers the basics and provides a starting point to help you turn your idea into a business. Included are numerous resources to help you navigate this process, but you will need to do additional research depending on your specific business type. Each step expands on specific resources and information to assist you with that section. *So, what's the first step?*

**NOTE:** Visit The City's Business Resources webpage for a list of organizations that provide technical assistance (the majority free of cost) and can help you with your business journey (see "Find Your Network"). [sandiego.gov/economic-development/resources/services](http://sandiego.gov/economic-development/resources/services)

The links and information included are from government agencies and trusted community partners, however it is not an exhaustive resource as every business has unique needs.



# 1

**RESEARCH AND PLAN:** At the early stages, you will need to start with research and planning. It will be helpful to outline your business idea and build the foundation of your business plan. A business plan will require a start-up budget listing your initial costs. It is important to research the necessary permits and licenses to incorporate those costs into your budget (see Step 4 below). To ensure there is a demand for your product or service, market research can help you identify your ideal customer base and strategy. You can also find videos/tutorials online that provide additional tips. The Small Business Administration is one place you can go to that offers resources when conducting market research and creating a business plan.  
[sba.gov/business-guide/plan-your-business](https://www.sba.gov/business-guide/plan-your-business)

What do you want to do? Sell a product or service? Below are some examples:

- Turn a hobby/passion like baking into a business
- Create a mobile business such as an ice cream vendor
- Open a retail store selling clothes and shoes
- Start a business from your home such as consulting services
- Become an independent contractor/self-employed. This could include becoming a hairdresser, nail technician, rideshare driver, or short-term rental host.

**It is important you dedicate time to research and planning. Investing time in the beginning will help you in the long run. Getting connected with the right resources can get you a variety of free educational and training resources for starting, operating and growing your business. For additional information, please see the resources below.**

- California Office of the Small Business Advocate - [calosba.ca.gov/](https://calosba.ca.gov/)
- San Diego & Imperial Small Business Development Center - [sdivsbdc.org/](https://sdivsbdc.org/)
- San Diego Public Libraries - [sandiego.gov/public-library](https://sandiego.gov/public-library)
  - Career development services - [sandiego.gov/public-library/job-start](https://sandiego.gov/public-library/job-start)
  - Database access - [sandiego.gov/public-library/elibrary](https://sandiego.gov/public-library/elibrary)
  - IDEA lab - [sandiego.gov/public-library/central-library/idea-lab](https://sandiego.gov/public-library/central-library/idea-lab)
  - Laptops and hotspots access - [sandiego.gov/sdaccess](https://sandiego.gov/sdaccess)
  - Trademark and patent assistance - [sandiego.gov/public-library/ptrc](https://sandiego.gov/public-library/ptrc)
- SCORE San Diego - [score.org/sandiego](https://score.org/sandiego)
- U.S. Small Business Administration - [sba.gov/business-guide](https://sba.gov/business-guide)



## 2

**IDENTIFY YOUR LOCATION:** After conducting your research and planning, the next step is to determine how to operate your business in your desired location. The Small Business Administration offers a guide when looking at business locations.

[sba.gov/business-guide/launch-your-business/pick-your-business-location](https://www.sba.gov/business-guide/launch-your-business/pick-your-business-location)

Where do you want to operate? Below are some examples:

- Open a storefront or brick and mortar in your neighborhood
- Sell at local farmers markets or vending on sidewalks
- Work and operate from your home

Before you sign a lease or purchase a property, you should first check to see whether you are allowed to operate in the space as land use regulations may be restrictive to certain business types. Identifying required permits, associated costs and the processing times from relevant agencies will help with decisions such as the optimal timing to secure the space. Remember, location is key. Take your time when deciding where your location will be. For additional information, please see the resources below.

- Farmers Market - [sdfarmbureau.org/farmers-market/](https://sdfarmbureau.org/farmers-market/)
- Home Based Business (Home Occupation) - [sandiego.gov/sites/default/files/dsdib540.pdf](https://sandiego.gov/sites/default/files/dsdib540.pdf)
- Microenterprise Home Kitchen Operations (MEHKO) or Cottage Food Industry - [sandiegocounty.gov/content/sdc/deh/fhd/food/homekitchenoperations.html](https://sandiegocounty.gov/content/sdc/deh/fhd/food/homekitchenoperations.html)
- Sidewalk Vending - [sandiego.gov/sidewalk-vending](https://sandiego.gov/sidewalk-vending)
- Storefront or Brick & Mortar- Many Business Improvement Districts track and share listings of available commercial spaces in their neighborhood - [sandiego.gov/economic-development/about/bids](https://sandiego.gov/economic-development/about/bids).
  - The Economic Development Department can assist with research of commercial properties and help with small business zoning and permitting questions. You can also work directly with the Development Services Department through their Small Business and Restaurant Assistance Program - [sandiego.gov/development-services/virtual-appointments](https://sandiego.gov/development-services/virtual-appointments).





### 3

**FORMALIZE YOUR BUSINESS:** Once you have identified your location and are ready to move forward, the next step is to formalize your business. We provide a list of essential components you need to get started.

- **Fictitious Business Name (FBN)-** Required if a business name that does not include the surname of the individual owner and/or each of the partners, or the nature of the business is not clearly evident by the name. You will need to register a FBN with the County of San Diego. This is often referred to as having a DBA or “doing business as” (typically a minimal cost). [sdarcc.gov/content/arcc/home/divisions/recorder-clerk/fictitious-business-name.html](https://sdarcc.gov/content/arcc/home/divisions/recorder-clerk/fictitious-business-name.html)
- **Legal Structure-** You are automatically considered to be the sole proprietor unless you register your business for another legal structure such as a limited partnership (LP), limited liability partnership (LLP), limited liability company (LLC) or corporation. Comparing the legal and tax implications based on your situation is important in selecting the right legal structure for your business. You can contact an attorney for guidance or connect with the San Diego Volunteer Lawyer Program who can assist with business entity formation. [sdvlp.org/microbusiness-nonprofit-support/](https://sdvlp.org/microbusiness-nonprofit-support/)
- **Organize your Finances-** Managing cash flow, setting up an effective record-keeping system and establishing an emergency fund are some tips to financial management. A business bank account can help keep your business and personal finances separate. You can contact your accountant for guidance or any of our technical assistance partners and providers (see “Find Your Network”). [sandiego.gov/economic-development/resources/services](https://sandiego.gov/economic-development/resources/services). The California Department of Tax and Fee Administration has resources to help you navigate tax requirements. [cdtfa.ca.gov/](https://cdtfa.ca.gov/)
- **Insurance-** Having the right insurance for your business helps protect you and your business assets. The Small Business Administration has further information on the different types of business insurance. [sba.gov/business-guide/launch-your-business/get-business-insurance](https://sba.gov/business-guide/launch-your-business/get-business-insurance)

Getting organized and formalizing your business helps create a strong foundation. Perhaps you are looking for funding for startup expenses like equipment or you may be looking to hire employees. You need to plan ahead and establish internal processes. For additional information on formalizing your business including capital access, employer responsibilities and labor laws and tax/legal assistance, please see the resources below.

#### Capital Access:

- Accessity - [accessity.org/](https://accessity.org/)
- Accion Opportunity Fund - [aofund.org/](https://aofund.org/)
- California Capital Access Program - [treasurer.ca.gov/CPCFA/calcap/index.asp](https://treasurer.ca.gov/CPCFA/calcap/index.asp)
- CDC Small Business Finance - [cdcloans.com/](https://cdcloans.com/)
- Civic Communities - [civiccommunities.com/capital-solutions/](https://civiccommunities.com/capital-solutions/)
- International Rescue Committee - [irc-ceo.org/what-we-do/our-loan-products.html](https://irc-ceo.org/what-we-do/our-loan-products.html)
- Local Initiative Support Corporation - [lisc.org/our-initiatives/small-business/our-work/kiva/](https://lisc.org/our-initiatives/small-business/our-work/kiva/)
- Mission Drive Finance - [missiondrivenfinance.com/](https://missiondrivenfinance.com/)
- REDF Impact Investing Fund - [redf.org/what-we-do/impact-lending/](https://redf.org/what-we-do/impact-lending/)
- Self-Help Federal Credit Union - [self-helpfcu.org/locations/locations-california/san-diego-branch](https://self-helpfcu.org/locations/locations-california/san-diego-branch)
- Small Business Administration - [sba.gov/funding-programs/loans](https://sba.gov/funding-programs/loans)
- Small Business Finance Center - [ibank.ca.gov/small-business/loan-guarantees/](https://ibank.ca.gov/small-business/loan-guarantees/)
- South County Economic Development Council South County - [southcountyedc.com/scedc-loan-programs/](https://southcountyedc.com/scedc-loan-programs/)

### **Employer Responsibilities and Labor Laws:**

- Department of Industrial Relations - [dir.ca.gov/smallbusiness/HiringAndAdministeringEmployees.htm](http://dir.ca.gov/smallbusiness/HiringAndAdministeringEmployees.htm)
- Employment Development Department - [edd.ca.gov/](http://edd.ca.gov/)
- Minimum Wage Ordinance - [sandiego.gov/compliance/minimum-wage](http://sandiego.gov/compliance/minimum-wage)

### **Tax Information / Legal Assistance:**

- California Department of Tax and Fee Administration - [cdtfa.ca.gov/](http://cdtfa.ca.gov/)
- California State Board of Equalization - [boe.ca.gov/](http://boe.ca.gov/)
- California Tax Information Center - [taxes.ca.gov/](http://taxes.ca.gov/)
- California Western School of Law, Community Law Project - [cwsl.edu/experiential\\_learning/clinics/community\\_law\\_project.html](http://cwsl.edu/experiential_learning/clinics/community_law_project.html)
- Franchise Tax Board - [ftb.ca.gov/file/business/index.html](http://ftb.ca.gov/file/business/index.html)
- Internal Revenue Service - [irs.gov/](http://irs.gov/)
  - Identification Tax Number - [irs.gov/individuals/individual-taxpayer-identification-number](http://irs.gov/individuals/individual-taxpayer-identification-number) (free to register)
  - Employer Identification Number - [irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein](http://irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein) (free to register)
- San Diego County Treasurer-Tax Collector - [sdttc.com/](http://sdttc.com/)
- San Diego Volunteer Lawyer Program - [sdvlp.org/microbusiness-nonprofit-support/](http://sdvlp.org/microbusiness-nonprofit-support/)
- University of San Diego, Legal Clinic - [sandiego.edu/law/free-legal-assistance/](http://sandiego.edu/law/free-legal-assistance/)



## 4

**PERMITS AND LICENSES:** Most businesses require specific permits and licenses to operate, depending on the industry and location. It is important to know what local, state and federal regulations you need to follow to operate your business legally. The State of California has a tool called CalGold to help you figure out what permits and licenses you need for your specific business type. [calgold.ca.gov/](http://calgold.ca.gov/)

**\*North American Industry Classification System Code (NAICS)** - The NAICS code is a number used to classify and categorize business types for statistical analysis across all industries. Knowing your NAICS code is helpful for a number of reasons, such as determining eligibility for contracting programs and applying for certain permits. The code is a self-assigned system, you select the code that best depicts your business activity. [naics.com/search/](http://naics.com/search/)

**\*Business Tax Certificate (BTC)** - A BTC is required for any business that operates within San Diego City limits more than six days in a calendar year. The cost can vary depending on several factors and starts at \$38.

- The Economic Development Department can help you navigate the City's permitting and license process and answer questions before you start the application process. The Office of the City Treasurer receives and administers applications for the Business Tax Certificate. If you would like to inquire on your BTC application status, you can contact this department directly at 619-615-1500 or email [btax@sandiego.gov](mailto:btax@sandiego.gov). If you wish to apply in person, they are located at **1200 Third Ave., Suite 100, San Diego, CA 9210**. You can contact them or visit their website ([sandiego.gov/treasurer/taxesfees/btax/btaxhow](http://sandiego.gov/treasurer/taxesfees/btax/btaxhow)) for hours of operations.

The following are common permits for small businesses; however, permit requirements vary depending on business type among other factors such as location.

- **Building Permits**- The Development Services Department, through the Small Business and Restaurant Assistance Program, support qualified small businesses and restaurants with their planning and permitting needs including construction and inspection help. [sandiego.gov/development-services/virtual-appointments](http://sandiego.gov/development-services/virtual-appointments)
- **Seller's Permit**- Generally, most retail operations in California obtain this permit issued by the California Department of Tax and Fee Administration. It is required for any business that sells taxable products and some services, to collect and report the taxes to the State. Reporting is required monthly, quarterly, or yearly depending on the amount of sales your business generates (free to register). [cdtfa.ca.gov/taxes-and-fees/faqseller.htm](http://cdtfa.ca.gov/taxes-and-fees/faqseller.htm)
- **Environmental Health & Quality Forms and Applications**- The County of San Diego requires certain forms for specific business activities. For example, businesses that sell or handle food products, operate a pool or spa, handle hazardous materials or medical waste, have underground storage tanks or use x-ray equipment must contact the County of San Diego Environmental Health office. [sandiegocounty.gov/content/sdc/deh/doing\\_business/forms.html](http://sandiegocounty.gov/content/sdc/deh/doing_business/forms.html)
- **Agriculture, Weights, and Measures**- Businesses that sell goods by weight or volume must register their devices with the County of San Diego. [sandiegocounty.gov/awm/](http://sandiegocounty.gov/awm/)
- **Short-Term Residential Occupancy (STRO)** - The STRO Ordinance requires a license for all STRO of a dwelling unit, or part thereof, for less than one month within the City of San Diego. The application process is administered by the Office of the City Treasurer. [sandiego.gov/treasurer/short-term-residential-occupancy](http://sandiego.gov/treasurer/short-term-residential-occupancy)
- **Police Permit**- Certain types of business activities are regulated by the San Diego Police Department, such as cannabis businesses - [sandiego.gov/development-services/cannabis](http://sandiego.gov/development-services/cannabis). The application process is administered by the Office of the City Treasurer. You can visit their website for a list of the City's Police Regulated Businesses and information on permits and fees. [sandiego.gov/treasurer/taxesfees/pdpermits](http://sandiego.gov/treasurer/taxesfees/pdpermits)

- **Occupations and Professional Services Licenses** - The California Department of Consumer Affairs administers more than 3.9 million licenses in more than 280 license types. One of the most common is the general contractors license. [cslb.ca.gov](http://cslb.ca.gov).
- **San Diego Fire-Rescue Department Permits**- Certain business activities may be subject to approval from the Fire-Rescue Department. Some permits include alarm systems, special events, use of hazardous materials and others. [sandiego.gov/fire/services/permits/hazmat](http://sandiego.gov/fire/services/permits/hazmat).

Please note that this is not an exhaustive list, other permits may also be required. Be sure to track and process applicable permits/license in a timely manner. For additional information on common permits, please see the resources below.

- Alcoholic Beverage Outlets - [sandiego.gov/development-services/forms-publications/information-bulletins/143](http://sandiego.gov/development-services/forms-publications/information-bulletins/143)
- Barbering and Cosmetology - [barbercosmo.ca.gov/](http://barbercosmo.ca.gov/)
- Child Care Businesses - [sandiego.gov/child-youth-success/early-learning](http://sandiego.gov/child-youth-success/early-learning)
- Food Trucks - [sandiegocounty.gov/content/sdc/deh/fhd/mobilefood.html](http://sandiegocounty.gov/content/sdc/deh/fhd/mobilefood.html) and [sandiego.gov/development-services/permits/mobile-food-truck-permit](http://sandiego.gov/development-services/permits/mobile-food-truck-permit)
- Home Kitchen Operations - [sandiegocounty.gov/content/sdc/deh/fhd/food/homekitchenoperations.html](http://sandiegocounty.gov/content/sdc/deh/fhd/food/homekitchenoperations.html)
- Sidewalk Vending - [sandiego.gov/sidewalk-vending](http://sandiego.gov/sidewalk-vending)





**5 LAUNCH YOUR BUSINESS!** You have completed steps 1-4 and now you're ready to launch your business! Take advantage of marketing your business through free social media platforms. Expand your knowledge of business skillsets and stay updated with relevant laws. Consider joining a business group or trade association that can help you market your business. We encourage you to connect with a network of entrepreneurs, whether it's neighborhood-based or industry-based.

**Business Promotion:** An important factor that will help contribute to a successful launch and sustainable success is promoting and branding your product/service. From creating a website and social media accounts to crafting a marketing strategy and analyzing your business' performance, small businesses can leverage resources that are often free and accessible.

**Business Education:** Getting educated in all aspects of effectively running a business is crucial. From HR and administrative management to finance and customer service, growing your knowledge and refining your skills can ultimately contribute to better business success. Not only should you expand your business education as you begin your business, but also throughout your business journey.

**Building a Network:** Having a strong network and support system is key. Bringing people together who can relate to your experience draws a sense of community and support. Do not forget, word of mouth is still one of the strongest forms of marketing and your peers might help promote your business to others. Visit The City's Business Resources webpage to view a list of organizations including business associations, chambers, and community-based organizations (see "Find Your Network").

[sandiego.gov/economic-development/resources/services](http://sandiego.gov/economic-development/resources/services)

For support with business promotion, education, and more, the following organizations offer learning opportunities. You can also contact your local community organization to find out if they are offering trainings or workshops.

- The San Diego & Imperial SBDC (Small Business Development Center) offers on-demand trainings covering diverse topics for all stages of a business. [sdivsbdc.org/on-demand-training/](http://sdivsbdc.org/on-demand-training/)
- SCORE San Diego (Service Corps of Retired Executives) offers a variety of learning opportunities including workshops, mentorship and networking events. [score.org/sandiego/local-workshops](http://score.org/sandiego/local-workshops)

Is your business established and ready to take the next step in growth? Visit our website to explore incentives and expansion opportunities.

If you have questions or feel stuck with any of these steps, visit [sandiego.gov/economic-development](http://sandiego.gov/economic-development), call (619) 236-6700, or email [sdbusiness@sandiego.gov](mailto:sdbusiness@sandiego.gov) and we can help you find the answer.

## The Economic Development Department is here to assist you!

