How to Start an Awesome Business (ft. Alan Lastufka)!

Guest Hosts
https://youtube.com/watch?v=yu9rVOts4sE
https://nerdfighteria.info/v/yu9rVOts4sE

[Intro]

Hello, How to Adult Viewers. Today, I'm going to teach you how to start an awesome business.

My names is Alan Lastufka, and I have been a wanna-be business owner ever since high school, when my friend Darryl and I started a record label in his basement.

This is the first dollar we ever made in 2001, and it was one of very, very few dollars that venture would make. Four years later, I started a zine distro in my bedroom. The distro was slightly more successful in scope, but just as lacking in funds. Then, two years after that, Hank Green and I invested in a t-shirt start-up called Meet Space Tees. That company was not a big hit and promptly went out of business.

But then a year after that, Hank and I co-founded DFTBA records together. And, DFTBA has been quite successful over the last five years.

There is a bit of pride that comes with being able to say the sentence, "I own my own business." And that pride can be purchased for a couple hundred dollars in filing and license fees.

Apologies today, I can only cover US businesses, I've never started an international company. And because each state has different filing requirements, I'm just going to talk about the big steps, and where to find more information for the little steps.

First, figure out what kind of business you want to be. Popular options include sole proprietor, an LLC, a big, scary-sounding corporation... The type of business is usually decided for you based on how many owners or employees your company needs.

The most flexible type of business is probably the LLC, or Limited Liability Company. An LLC can have one, or multiple owners, and can have one, or multiple employees. An LLC is its own entity, so your company will have to get it's own bank account, it's own name, and it's own Employer Identification Number or EIN. An EIN is like a social security number for your business. It's the number the IRS will use to track your company's taxes, the number your bank will use to track your company's accounts, and the number that will go on countless other official documents. You can get an EIN from the IRS for free. There's a quick online application, you're given the number immediately.

Second, you'll use your new EIN to register your LLC with your state and even maybe local city government. Again, every state and city have different filing requirements, but you can find the exact steps for your city and state on this very handy website called NOLO.com. NOLO's articles are basically free legal advice, so double check their information, you get what you pay for, but NOLO will lead you to your state's official website with all the filing requirements listed. Just search something like 'forming an LLC in Montana' or California or whichever state you live in.

Next, write up an operating agreement. You don't always need to file this with your state, but you need to have one. An operating agreement simply outlines the business structure and any responsibilities of you or your co-owners. This way it's all in writing and everyone knows what's expected of them. You should include things such as how much of the company each owner owns, rules for holding meetings, and official duties.

Finally, make sure to file your annual reports and pay your company's taxes. You may need to hire a tax professional for the first couple years or indefinitely, but get it done right.

Now, of course, this video just covers one type of business in one country and no local laws, but it should give you some good background on the process of launching a new company. And this is just the boring but necessary legal stuff. The fun stuff, you know, the initial idea and the ethics behind the company, the business plan, the actual products or services, that's all outside the scope of this video, but don't ignore that stuff either. I mean, that's probably what drove you to find this video. Once you have that initial idea, beta test it on some friends. Would they pay for your product or service? Can you even make your product or service profitable? Remember, the IRS will give you about three years to make your business profitable. If not, they consider what you're doing a hobby, and you'll have to give up all those sweet, sweet tax write-offs.

If you have any additional questions, please leave them in the comments and I will answer as many as I can, and if we get enough of the same question, maybe Mike and Emma will let me come back and make a second video for you. Thanks for watching, guys.

(endscreen plays)