

## 10 Questions to Ask Your Financial Team When Starting Up

Starting up your business is an exciting time, but it is also a time with many questions. While it may seem initially very easy to create a product, open a store, and start selling, the financial aspects of being successful are a bit more challenging. As you consider the process of starting up, work with a local financial planning team and tax professional to ensure you get your financial footing in place now. Ask these questions.

### **#1: What should be in a basic business plan?**

A business plan should outline each detail of your company including who will run it, how much you'll charge, and what you expect to earn. Putting time into creating a thorough business plan is important. Work with your team to ensure your plan is accurate and represents your business well.

### **#2: Who will you need to pay taxes to?**

Your local jurisdiction and state have specific taxation requirements. You'll likely have to pay taxes on sales, but also costs associated with payroll. Ensure your accountant not only talks to you about who you need to pay, but payment deadlines as well.

### **#3: What is a projected cash flow for the business?**

How much cash does your company need to keep on hand? The key here is to be able to anticipate how much it will cost you to operate your business. Most companies should not expect to have positive cash flow for at least a year, often longer. Your professionals can help you decide what your cash flow projections are.

### **#4: How much of an investment do you need to put into your company right now?**

Your financial team can help you project the cost of setting up your new business. This will include costs related to establishing the physical business and paying for supplies. Your initial investment generally will be the highest amount put into the company by the founder, but it changes significantly from one company to the next.

### **#5: What is your break-even analysis?**

This may be an important question to ask early on. How much do you need to make to break even? You'll want to talk to your financial team about the timeline for this and what can be done to help ensure you break even as soon as possible.

### **#6: What liability insurance do you need?**

While most tax professionals don't offer recommendations here, having adequate policies to cover potential loss is important. Work with your team to ensure you have comprehensive protection to minimize risks against your company's financial health.

### **#7: What will interest cost you?**

Interest on loans is not something to overlook. You'll want to ensure you have an accurate representation of how much you are paying in interest so you can make adjustments to pay off any borrowed debt sooner, make better decisions about borrowing, or factor in the cost.

### **#8: How will you manage payroll?**

This is a very big component of starting up since it can be troublesome for most startups to actually know how to pay employees and meet all federal and state requirements. Working with a payroll provider is often the easiest option (and most financially secure since paying an employee to do this work tends to be more expensive).

### **#9: How can you reduce your taxes?**

Tax professionals will work with you to determine if there are any routes to reducing taxation on your business including local incentives that may be available. You'll also want to talk about projects taxes, investments that could reduce taxes, and having all possible deductions in place.

### **#10: What's the right profit margin?**

Working with a financial team often comes down to this question. How much should you charge to make the best profit possible while still ensuring your company can grow? It's not a simple question, but having the right team by your side ensures it will be clarified as much as possible.

Working with tax and accounting professionals is the most important decision any startup founder needs to take long before any commitments are made. It is here that you will formulate the success for your company.