



WHAT IS THE BEST WAY TO ORGANIZE YOUR BUSINESS?

Make sure to take the time to research and understand your options

On occasion while working with a client, the subject comes up as to how to organize their business. Should it just continue as a Sole Proprietorship, working under a “Doing Business As” and reporting the earnings under a Social Security number? There’s nothing wrong with that approach; it’s simple, inexpensive, and doesn’t require a lot of additional paperwork at tax time. Check with your CPA or attorney to see if it’s the best fit for you.

Others come to me, and are already working with someone as a Partnership. Does it work? Yes, it works, but it opens up a lot of issues should something go wrong. If either partner causes a liability, both partners are liable. Both partners’ personal assets are at risk should the Partnership be sued.

And of course, there’s always the risk that one of the partners cleans out the bank account, takes the tools, and skips town with all of the assets, leaving the bills for the remaining partner. I’ve seen it happen.

One of the easiest, least expensive ways for a small business owner to protect against a lot of liability issues is to establish a Limited Liability Company (LLC). Even if your business is solely owned, creating an LLC can protect your personal assets from the liabilities of the company. Should someone sue the LLC, in most cases, they cannot penetrate the corporate veil to get to your personal assets. Again, check with your CPA or attorney to see which business structure is right for your situation.

ARPI provides business and community coaching throughout the United States. If you have a business question for Jack, email him at jack.newcomb@totalcsi.com. You can also visit the ARPI website, www.advancingruralprosperity.com.



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