The Foundation Checklist

Set your business up right the first time

ProjectBits Consulting | projectbits.com | don@projectbits.com

> **For the owner who runs the whole thing themselves** — maybe out of your living room, maybe as a side thing that turned real. You're great at the work; nobody ever handed you the "how to run the business" part. This is that part. Each line is a quick yes/no — a blank box is just something worth setting up before it becomes a headache later. No jargon, no grade; skip what doesn't apply.

Four steps to a foundation you can build on

Inception → **Setup** → **Regulatory** & risk → **Plans** policies & goals

↳ Set it up right here, and later it's a clean handoff — not process debt.

START HERE — IS IT A BUSINESS OR A HOBBY?

- I've **decided on purpose** whether this is a business or a hobby (either is fine — but pick it, don't drift)
- If it's a business, I treat it like one: it has its own money, its own records, its own rules
- I could explain, in one sentence, what I sell and who buys it

MONEY KEPT SEPARATE

- A **separate bank account** for the business (not run through my personal checking)
- A separate card for business spending
- Personal and business money don't mix (a tax problem shouldn't be able to reach my house)

THE LEGAL BASICS

- I chose my setup on purpose — Sole Proprietor / LLC / S-Corp — instead of just... never deciding
- I have an EIN (the business's tax ID)
- If there's a partner, who owns what is **written down**
- Licenses/permits my town or state requires are handled

KEEPING THE BOOKS (EVEN SIMPLY)

- An accounting system is set up (QuickBooks or similar) — not a shoebox and a guess
- The bank and card **feed into it** so I'm not typing everything by hand
- I have a habit for catching receipts before they're lost
- I know whether I need to collect **sales tax**, and whether I'll send anyone a **1099**

THINKING A STEP AHEAD

- One page exists that says where this is going (not the dream — the *how*)
- I know, roughly, how someone finds me and **what happens after they raise their hand**
- I've priced basic **insurance** (even if I decide to wait)
- I've written down, even in a sentence, what I'd do if a client doesn't pay or things go sideways

TWO QUESTIONS WORTH SITTING WITH

These two tell you fast whether there's a *system* under the business, or whether it's all in your head:

1. **Do you know how much cash you'll have 30 days from now** — and what that lets you do or not do?
2. **When someone gives you their contact info, what happens next?** (The money isn't in getting the lead — it's in the follow-up.)

If those are hard to answer, that's not a failing — it's just the next thing to build. Most owners have never been asked, so they've never had to think it through.

SIGNS YOU'RE READY TO HAND SOMETHING OFF

You don't have to do it all yourself forever. Watch for these — they mean it's time to bring in help:

- You're doing bookkeeping at night/weekends because there's no time during the day
- You've caught yourself avoiding the books because you're not sure they're right
- You couldn't take a two-week vacation without the business stalling
- You can't quickly answer "how did last month go?" from real numbers
- The same task keeps eating your time and it isn't the work you're actually good at

The trap: if the books were never set up cleanly, you can't just hand them off — you first have to *fix* them, then hand them off. Set it up right now, and later it's a clean handoff instead of a painful untangling. That's the whole reason this checklist exists.

Resources

- **Tax-Ready Books** (clean financial data, done for you): https://projectbits.com/taxready/
- **How we think about it** (short video — the path from "just starting" to "in control"): https://projectbits.com/method/
- **Book on running the business side:** https://a.co/d/buTmO0L

*Already running and wondering if you're ready to scale? The next step is the **CFO Readiness Questionnaire**. · ProjectBits Consulting · projectbits.com · don@projectbits.com*

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