

START A BUSINESS

PLAN | STRUCTURES | REGISTER | LICENSING | FUND | START

A 6-STEP GUIDE

STEP 0:

BEFORE YOU START A BUSINESS IN IOWA

Woah there! We are just as excited as you are about getting your business up and running, but let's not get the cart in front of the horse! Before you make the decision to open a business, take some time to ask yourself these questions and consider your options.

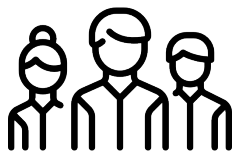
Do You Have What it Takes?

There are many advantages to starting a business including being your own boss, making a living doing something you are passionate about, and setting your own schedule.

Business Ideas

Ideas are everywhere. Successful entrepreneurs know that not every idea is a good business opportunity. Before you bet the ranch on your idea, take the time to research who will buy your product or service and what competition you will face. The Small Business Administration (SBA) offers resources to help you learn about [what it takes to start a small business](#).

Finally, this [Resource Guide](#) from the Iowa Small Business Administration provides a quick reference guide on how to start a business, business planning, business regulations, financing, entrepreneurial development and government contracting.



Start-Up Classes and Events

Basic “starting a business” classes cover finance, legal structure, marketing, planning and other topics that can get you off to a good start. Find classes and workshops near you on our [IASourceLink Statewide Calendar](#).



Find a Counselor or Mentor

As you are starting a business, advice from a mentor or business counselor will be valuable to help you avoid common mistakes. Organizations such as [SCORE](#) and [Small Business Development Centers](#) can help you clarify your ideas and plans.



Considering a Franchise?

You may consider the [pros and cons of buying an existing business](#). This opportunity may be less risky than starting your own business from scratch but you still need to perform due diligence before making the commitment. Some prospective business owners may consider buying a franchise. Check out the [consumer guide on buying a franchise](#) if you are considering this route.

STEP 1:

WRITE A BUSINESS PLAN

What's a business without a business plan? Answer: an unorganized one! It is not a surprise that planning a complete business model with projections, customer acquisition costs, and knowing 100% who your target market is nearly impossible when you are just starting out. But, sometimes in order to receive a bank loan or even a private loan from a family member or angel investor, you need to have a plan in place.



Before moving forward with your business idea, it is important to complete basic research. Make sure you have a good understanding of your total market. Many times this preliminary research is essential to obtain funding. There are four main areas that you should research thoroughly before starting your business. You will also want to incorporate much of this research into your business plan.

Who is Your Customer?

If you answered this question as, "everyone," we love the enthusiasm, but suggest taking a deeper dive. Are you taking on a B2B (Business to Business) or B2C (Business to Consumer) model? Establish a [customer archetype](#) that showcases not only demographics but also psychographics for your target audience. Your customer description should be specific and identify their characteristics such as age, gender, location, income level, occupation, family structure, education and general demographics. It may be helpful to include your customers' likes, dislikes, habits, hobbies, etc. If your customer is a business, you will want to include a breakdown of the types of businesses you are targeting, industry, location, size of firm, etc. Identify decision makers in these businesses and develop characteristics for them as well. Furthermore, talk to your customers. They will give you the best insight on determining what markets you should and should not be targeting. Save time and money by going directly to potential customers and listen to their input.

What/Where is Your Target Market?

Next, you will want to determine the geographic area where most of your targeted customers will be coming from. Are your customers mostly local, or will you reach out to customers nationally? Will you target customers within a 100 mile basis, or will you primarily target customers driving by your business on a daily basis? In the market area you defined, how many customers are there? Will your business be able to sustain on the target market you have defined?

What is the Industry Like Both Locally and Nationally?

You will also want to take a look at the condition of your industry locally and at a national level. Is the industry booming, or is it a fading fad? What is the demand for your product/service in your defined market area?

Who is Your Competition?

What companies or products/services will be in competition with your business? List your direct competitors and compare them to your company by looking at the products/services offered, location, price, target markets served, reputation and image, customer service, marketing/advertising, and their current market share. It is also important to examine competitors that are not considered direct, but still make up a part of the market share. For example, if you owned a movie theater, a bowling alley would be considered an indirect competitor, as another location customers could spend their recreational time and money. Create connections with local businesses that are considered indirect or direct. Keep your competition in your corner by establishing a relationship that can lead to marketing opportunities and a support system.

Below are some additional ideas on what research you'll need to get started:

- Research market potential using [census data](#) and demographic databases (who will pay for your product or service?)
- Research production options using business databases (how will you deliver the product or service?)
- Research [patent filings](#) (is your product or idea patented or trademarked?)
- A business plan is as unique as the business it describes. There really isn't one set way. Writing a business plan is never the same for each business, but there are some principles that stay the same. Some things to consider in your planning, is [where your business will be located](#), and any local [city requirements](#). A benefit to writing your business plan during a Pandemic, is that you can see how businesses in your industry reacted to the crisis, and what they are doing now to come out on top. Study them, learn from them, and add it to your plan to become stronger .
- The Business Model Canvas
- The Business Model Canvas is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent and pivot your business model. This concept allows anyone currently in business, or starting a new business, to think through the business model of their organization, competitors, or any other enterprise.

The 9 building blocks of the Business Model Canvas include: [Watch Video](#)

1. Customer Segments - For whom are we creating value? Who are our most important customers?
2. Value Propositions - What value do we deliver to the customer? Which one of our customer's problems are we helping to solve?
3. Channels - How are we currently reaching out to our customer segments, and how do they want to be reached?
4. Customer Relationships - What type of relationship does each of our customer segments expect us to establish and maintain with them? Which ones have we established and how are they integrated with the rest of our business model?
5. Revenue Streams - For what value are our customers really willing to pay? What do they currently pay and how are they paying? How much does each revenue stream contribute to overall revenues?
6. Key Resources - What key resources do our value propositions require? Our Distribution Channels, Customer Relationships, and Revenue Streams?
7. Key Activities - What key activities do our value propositions require? Our Distribution Channels, Customer Relationships, and Revenue Streams?
8. Key Partnerships - Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from partners? Which key activities do partners perform?
9. Cost Structure - What are the most important costs in our business model? Which key resources and key activities are most expensive?

The [Venture School program](#) is a 6-7 week program, put on by the University of Iowa, that emphasizes real-world entrepreneurship and takes you through the Business Model Canvas in a collaborative environment. Each year, multiple cohort sessions take place around the state. The program works for startups, small businesses, non-profits, and corporate innovation teams.

Meet with a Counselor

Connect with one of our [resource partners](#) who can assist you put together your business plan. Several organizations throughout the state offer free one-on-one sessions with trained counselors. Counselors act as sounding boards as you move from evaluating your idea to planning your business and can address a number of start-up issues, including markets, competition, operations and your business plan. When you contact a potential counselor, be specific about what information you need and what kind of business you are starting so you can be matched with the best resource.

STEP 2:

BUSINESS STRUCTURE AND REGISTRATION

When choosing the type of legal structure for your business, you'll need to consider factors such as how you will pay your taxes and how much personal liability exposure you will risk. Some of your options include a Sole Proprietorship which can cost around \$7 to start, Limited Liability Company (LLC) which costs \$50 to file and \$60 to file your [Biennial Reports](#), Corporation, S Corporation, Partnership, Nonprofit and Cooperative. Learn about the basic [differences between these structures](#), or contact a legal professional/tax professional for more specific guidance.

In general, sole proprietorships and partnerships register with their county recorder's office. They file what's called a Trade Name Form. Costs may vary, but generally it costs around \$7 to file. If you decide to incorporate or become an LLC, you will register with the [Secretary of State's Office](#) (SOS).

Step-by-Step LLC Instructions

Starting an LLC in Iowa should not be hard, so we created this step-by-step guide for entrepreneurs just like you! Please read through this guide to understand the process of obtaining an LLC in Iowa. To determine if this is the best route for you to go, please contact a tax or legal professional. View [Iowa Code 489.201](#) for starting an LLC.

1. When starting your business as a Limited Liability Company, you will need to register with the Iowa Secretary of State. To do so, go to the [Fast Track Filing](#) system and create an account. You will have to confirm your account with a follow up email sent to your inbox. From there, you will login to your home page where you will see various links and pages.
3. Under '[Business Entity Forms and Fees](#),' you can learn what each document will cost you in order to file. For filing an LLC, it should cost around \$50. For your purposes, just get started under the '[File Business Entity Document](#)' page.
5. Once there, click the 'Form an Iowa limited liability company' link. This is where you will need to fill out your information, and include a PDF version of your [Certificate of Organization](#). To make getting started easier, download this [Iowa LLC Certificate of Organization Template](#) and edit to make it your own. Here is also a link to a [helpful article](#) about what all could be included in yours.
7. The information you will fill out in the Fast Track Filing system includes what type of LLC you are forming, the name of your corporation, when the company is to officially incorporate/end, your information as the registered agent, office location, and your electronic signature. Once this has been submitted, paid for, and approved, you will have an official Iowa LLC!

So you have your LLC... what now?

Biennial Reports

To maintain your LLC, the state requires you to [file a biennial report](#) every odd year. Currently the biennial fee for LLC's is \$45. If you have any questions about Biennial Reports, contact Business Services at the Iowa Secretary of State's office. You can call them at 515-281-5204 or email them at sos@sos.iowa.gov.

Operating Agreement: If you have a business partner, it is a good idea to have an operating agreement. These can keep everyone on the same page as to what their roles are within the organization, and how the daily on-goings will occur. If you have a business partner now, or even in the future, download this [Operating-Agreement Template](#)

and edit accordingly. This does not need to be shared with the state - just with your partner(s) and legal team.

Need help understanding how to use the Fast Track Filing system? Use [this video](#) for a complete overview!

FAQs about Business Structures in Iowa



Q: DO I HAVE TO HAVE AN 'LLC' IN MY COMPANY NAME IF I AM CREATING AN LLC?

A: YES. You must include LLC as a part of your name when filing for your LLC. However, if you don't want LLC or Corp in your name when interacting with the public, you would need to file a [fictitious name resolution](#).

Q: HOW CAN I CHECK AND SEE IF ANOTHER COMPANY IS USING THE NAME I WANT TO USE FOR MY COMPANY?

A: The Secretary of State has a [searchable database](#) of listed corporations with in the state.

Q: SHOULD I RESERVE A NAME FOR MY BUSINESS ORGANIZATION?

A: A domestic or foreign business organization may reserve a business name for later use. A name may be reserved by completing and delivering to the Secretary of State an [Application for Reservation of Name](#). If the name is available, it will be reserved for 120 days and upon expiration may be reserved for another 120 day period. During the reserved period, the name may also be transferred by completing and delivering to the Secretary of State a Notice for Transfer of Corporate Name.

Q: WHAT IS A TRADE NAME? (IOWA CODE CHAPTER 547)

A: A trade name filing must be made by any person (sole proprietorship) or partnership engaged in business under a name different from their own true surname. A trade name essentially informs the public "who" they are doing business with but registering does not create any proprietary rights in the name. Corporations or limited liability companies organized in this state or authorized to do business in this state do not file for a trade name. All other trade names are filed with the county recorder in the county where the business is located.

Q: WHAT IS THE DIFFERENCE BETWEEN A DOMESTIC AND A FOREIGN BUSINESS ORGANIZATION?

A: Almost every business organization recognized in Iowa is categorized as either domestic or foreign. A domestic business organization is organized under and subject to the laws of Iowa. A foreign business organization in Iowa is one which is organized under a law other than Iowa.

Q: IF I OPERATE A FOREIGN BUSINESS ORGANIZATION, WHAT CONSTITUTES DOING BUSINESS IN THE STATE OF IOWA?

A: When a business organization transacts business beyond the borders of its original state of organization, it may find itself subject to the laws and regulations of the state in which it is transacting business. Before transacting business in Iowa, a foreign business organization must determine if authority from the Secretary of State is required.

Transacting business in Iowa is not defined by the Iowa Code. Instead, each situation is assessed on a case-by-case basis. If you are unsure as to whether you should obtain authority from the Secretary of State, you should contact your legal counsel for advice.

Q: WHAT IS A REGISTERED AGENT? HOW DOES A REGISTERED AGENT DIFFER FROM A REGISTERED OFFICE?

A: A registered agent is an individual (or a corporation depending on the business organization) designated by the

entity to accept service of process if a lawsuit is filed against the entity. The registered agent may be an Iowa resident, an Iowa profit or nonprofit corporation, or a foreign profit or nonprofit corporation qualified to do business in Iowa. Most business organizations that transact business in the state of Iowa are required to have a registered agent for service of process. In certain instances as provided by law, the Iowa Secretary of State acts as an agent for service of process. View a list of [Iowa Code provisions](#) where the Secretary of State acts as agent for service of process.

Most business organizations that transact business in the state of Iowa are also required to maintain a registered office. The registered office address must be a street address, and not merely a post office box. Also, the registered agent's business office address must be the same as the registered office address.

A business organization may change its registered office or agent at any time by completing [this form](#).

STEP 3:

REGISTER FOR FEDERAL, STATE AND LOCAL TAXES

If you operate a business in Iowa, you will more than likely have to collect and pay taxes. There are two places where these taxes will be paid: The [Internal Revenue Service \(IRS\)](#) which is Federal, and the [Iowa Department of Revenue \(IDR\)](#) which is for both State and Local taxes.

Internal Revenue Service (IRS)

Obtaining a Federal Employer Identification Number

To pay Federal taxes, you will need to obtain a [Federal Employer Identification Number \(FEIN or EIN\)](#). Think of this as your business's social security number. This is free to obtain, and can take anywhere from 4-6 weeks to receive a copy of your EIN in the mail. Want to skip the wait? You can obtain your number immediately if you [apply online!](#) Still have questions? Check out these helpful links below:

- *Not sure if you [need an FEIN?](#)*
- *Have you [lost or misplaced your FEIN?](#)*
- *Not sure who a [Responsible Party](#) is?*

Employment Taxes

Regardless of whether you have a few employees, or just yourself, you are more than likely classified as [self employed](#). Being self employed, you will need to [understand employment taxes](#). This could include Federal Income Tax, Social Security & Medicare, Additional Medicare Tax, Federal Unemployment Tax, and [Self Employment Tax](#). There are available tools from the IRS to help you determine [how much you could owe in employment taxes](#), as well as [determine employment tax due dates](#).

Located within the [Self-Employed Individuals Tax Center](#), there are plenty of resources available. Here you can learn [tips to finding a tax professional](#) to assist you with your various returns, as well as access nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities. The [IRS Video Portal](#) contains video and audio presentations on topics of interest to small businesses, individuals and tax professionals.

IOWA Department of Revenue (IDR)

Depending on your business type, you may be subject to collecting and paying Sales Tax, Automobile Rental Tax, Hotel/Motel Tax, Consumer's Use Tax, Retailer's Use Tax, Withholding Tax, or even Water Service Excise Tax. Most people need to [obtain a Sales or Use Tax permit](#), but if you aren't sure you can [learn if you need one or not](#). Ideally, you will [file for this permit](#) after you have obtained your Federal Employer Identification Number. Make sure to have your Social Security number handy!

After you have obtained your Iowa Tax Permit (also known as a Business eFile Number or BEN), either [online](#) or by [paper](#), you can learn about paying your collected taxes on the [eFile & Pay](#) system, as well as [filing frequencies and due dates](#). Remember, receiving your permit in the mail can take anywhere from four to six weeks, but you can begin collecting tax immediately once you submit your registration form(s) if you choose.

Frequently Asked Questions & Additional Resources

- Permits remain active until you or the IDR cancels it.
- There are no temporary event tax permits (craft shows, farmers markets, etc)
- Iowa's Sales/Use Tax rate is 6%, and the Local Option tax rate is 1%. Learn [where this tax is applicable](#) within Iowa.
- IASourceLink has hosted many [tax webinars](#) with members from the Iowa Department of Revenue's team.
- You will give a completed Exemption Certificate to each supplier when you buy goods and services for resale or other exempt purposes. Similarly, you will also need to obtain [exemption certificates](#) from your customers when they purchase goods or services from you for resale or other exempt purposes. Keep these for your records.
- If you lose or cannot find your Business eFile Number (BEN), Send an email to idr@iowa.gov and provide the business name of your tax permit, Iowa tax permit number (if applicable), requestor's name, requestor's ten-digit phone number, and requestor's email address. The Iowa Department of Revenue will mail you a copy of your Business eFile Number (BEN), your permit number and instructions on how to file and remit taxes.
- Are you an [out of state business](#) looking to work within Iowa?

There is a complete [guide to Iowa Sales and Use Tax](#) on the IDR website, as well as more tailored guides for industries like:

- [Farmers](#)
- [Contractors](#)
- [Food](#)
- [Medical](#)
- [Services](#)

STEP 4:

CHECK FOR ADDITIONAL LICENSING

Iowa Business License Information Center (BLIC)

Did you know the state of Iowa does not have a “general” business license? Instead, Iowa regulates the activity of your business or profession. Whether you’re a newly established business wondering how to fulfill your licensing obligations, a contractor looking for registration information, or an existing corporation seeking to expand your business lines or geographic footprint, the [Business License Information Center](#) can help you! Here are just a few of the regulatory agencies listed in the BLIC online license database:

[Attorney General](#)

Certain types of businesses are required by law to file documents with the Office of the Attorney General. These include debt collectors, companies that hold consumer credit contracts with Iowans, charitable trusts, professional fundraisers, and membership campgrounds.

[Department of Commerce](#)

The mission of the Iowa Department of Commerce is to serve Iowans by efficiently and effectively providing for a fair, flexible, and positive regulatory environment for consumer service industries.

In support of this, the Department of Commerce is committed to:

- **[Alcohol Beverage Division \(ABD\)](#)**

Iowa law requires all alcoholic beverages retailers, wholesalers, manufacturers, importers and brokers to apply for and obtain a license or permit before doing business in the state. The licensing process for Iowa liquor license and beer, spirits, and wine permit holders is entirely online.

- **[Division of Banking \(IDOB\)](#)**

Protect the interests of those doing business with Iowa chartered banks, licensed financial service providers, and licensed professionals through regulation that ensures safety, soundness, and adherence to applicable laws.

Regulated industries covered under Bank Bureau’s, Finance Bureau’s, NMLS (License Verification), and the Professional Licensing Bureau.

- **[Division of Credit Unions \(IDCU\)](#)**

By law, credit unions operating in Iowa must acquire and maintain account insurance to protect each shareholder and depositor against loss of funds held on account by the credit union. The insurance must be obtained from the National Credit Union Administration, an agency of the Federal government.

- **[Iowa Insurance Division \(IID\)](#)**

The Iowa Insurance Division is the state regulator which supervises all insurance businesses transacted in the state of Iowa. Insurance Commissioner Doug Ommen leads our team that oversees companies and individuals in the sale of insurance in Iowa and has general control over all aspects of their business. The Iowa Insurance Division also has statutory authority over many activities related to the sale of securities and other regulated products in the state.

- **[Professional Licensing Bureau \(PLB\)](#)**

The division is headed by the Superintendent of Banking who appoints and supervises staff that provides ad-

ministrative support and coordinates activities for six professional licensing boards. Each board is responsible for establishing and enforcing standards for licensure, certification, or registration, and investigating complaints. The standards generally include initial education, experience, an examination, continuing education, and practice review.

The six professional licensing boards are: Accountancy Examining Board, Architectural Examining Board, Engineering and Land Surveying Examining Board, Interior Design Examining Board, Landscape Architectural Examining Board, and the Real Estate Commission

- **[Iowa Utilities Board \(IUB\)](#)**

The Iowa Utilities Board (IUB) has regulatory authority over investor-owned utility (IOU) rates and other service issues. IUB authority is mostly limited to service, safety, and engineering issues for the rural electric cooperative (REC) and the municipal electric (Muni) utilities in Iowa. The IUB has very limited authority for non-utility generators.

[Department of Inspections & Appeals](#)

Staff in the Department is responsible for inspecting and licensing or certifying health care providers and suppliers, restaurants and grocery stores, social and charitable gambling operations, hotels and motels, and barber and beauty shops. In addition, DIA staff investigates alleged fraud in the State's public assistance programs and conducts contested case hearings to settle disputes between Iowans and various state government agencies.

[Department of Natural Resources](#)

The [Iowa Environmental Assistance Guide](#) is your roadmap to Iowa's environmental permitting requirements. This guide will assist in identifying the regulatory requirements as your company begins to plan for locating or expanding your business in Iowa.

[Professional Licensing & Regulation Bureau](#)

Mission Statement: Protect the interests of those doing business with Iowa chartered banks, licensed financial services providers, and licensed professionals through regulation that ensures safety, soundness, and adherence to applicable laws.

To find more potential licensing requirements, visit the Iowa Business licensing Information Center's [searchable database](#).

STEP 5:

FUND YOUR BUSINESS

Bootstrap

Maximizing human capital first and using existing and/or self-generated funds second, to take an idea or company from one point to the other without referring to investors or banks. Learn about bootstrapping your business by accessing our [funding guide](#).

Friends & Family Funding

We know what you might be thinking — how can I ask for money from friends and family to start my business without making it awkward? Luckily for you, we have a few [tips](#) you can use to make it less awkward, less stressful, and have a better chance at maintaining the relationship if you aren't able to pay the money back.



Venture Capital & Equity Funds

The terms 'Venture Capital' and 'Angel Investor' are often confused. Both receive equity (basically shares in a company that is not publicly traded), from providing investments into private companies, but there are [several differences](#).

Loans and Financing

Getting a loan is just one of the many ways you can fund your business. Luckily, there are many [different options](#) at your disposal.

Crowdfunding

Crowdfunding combines the concepts of crowdsourcing and microfinancing, bringing together various individuals who commit small amounts of money to projects and entities they want to support. This is often done through websites that make it easy for entities to find potential funders. Funders could expect something in return for their contributions—such as equity, products, or services—or they may donate the funds. There are [four types of crowdfunding](#).

STEP 6: START!

Well, you did it! You have written your business plan, registered your business, identified tax and financial obligations you will need to stay on top of, and acquired the needed licensing to operate your business legally. So, what's next?

START! Get going! You are well on your way to making that first sale.

Remember, you aren't in this alone. IASourceLink provides a wide variety of on-going resources to assist you with starting, growing, and even exiting your business.

Take advantage of our [Resource Navigator](#), a directory of over 360 public organizations in Iowa that provide services to entrepreneurs and small business owners for little to no charge.

Networking is always a good idea... and so is learning a skill or two! Check out our [Statewide Calendar](#) for upcoming events and webinars to help you take your business to the next level!

Looking to learn new tips and tricks to marketing your business? Or ways you can support local entrepreneurs just like yourself? Our [Business Blog](#) is perfect for learning new and exciting things, as well as better connecting with your business community and beyond!

If you still have questions about starting your business, please do not hesitate to reach out to our Business Concierge team. Not only can they answer your most pressing business related questions, they provide a FREE referral service, connecting you to our [trusted network of experts](#) in Iowa who can help your business grow.

STEP 5:

UNDERSTAND EMPLOYER RESPONSIBILITIES

Unemployment Insurance

If you will be hiring employees in Iowa, you will more than likely need to pay into [Unemployment Insurance \(UI\)](#) to the [Iowa Workforce Development](#). So, what is UI and why is it important?

The Iowa Employment Security Law, governing legislation for the state's UI Program, benefits both the state and its citizens. It provides benefit payments to qualified individuals who are temporarily unemployed to help them meet expenses that cannot be delayed. Maintaining the purchasing power of jobless individuals also has a stabilizing influence on the state's economy.

The law restricts payment of UI benefits to only those who are unemployed or working reduced hours through no fault of their own. They must be able to work, available for work, and actively searching for work.

Employers do not make any deductions from the employee's paycheck to fund UI benefits. Benefits are paid from a fund exclusively supported by a payroll tax levied on Iowa employers. The tax varies for employers and is primarily dependent on two factors:

- How the employer's employment history compares to that of all other employers who are participating in the UI program
- Overall fiscal condition of the UI Trust Fund

The Iowa law stipulates that [UI taxes](#) may be collected from employers under eight different tax rate tables, and each tax rate table has 21 rate brackets (or ranks). Rates vary from 0.000% to 9.000% on table 1, and from 0.000% to 7.000% on table 8. This means table 1 collects the most UI tax and table 8 collects the least UI tax.

The tables were established to help maintain the stability of the UI Trust Fund. As such, a formula in the law mandates movement to a table that collects more revenue when the balance in the UI fund is low and movement to a table collecting less revenue when the balance is high.

The table effective for any given year is applicable to all participating employers. The table in effect for all private employers for 2020 is [Table 7](#). Rate tables are updated annually. During November, a Notice of Tax Rate is mailed to each employer indicating the tax rate to be used for the coming year.

An account for each employer covered by the Iowa Employment Security law is maintained by the Unemployment Insurance (UI) Division. Each employer is assigned an employer account number at the time the employer's liability status is established. This number should appear on all correspondence and forms submitted by the employer to Iowa Workforce Development (IWD). New [myIowaUI accounts](#) are created online.

Classifying Workers

Unsure if who you are hiring would be considered an [employee](#) or [independent contractor](#)? When determining whether the person providing service is an employee or an independent contractor, all information that provides evidence of the degree of control and independence must be considered.

The right to control the work to be done and how it will be done is one of the main factors considered. The right to discharge a worker at will and without cause is also strong evidence of the right of direction and control.

Intentional [misclassification of workers](#) is illegal, so make sure you spend the time to understand how to best classify your employees.

Reporting New & Rehired Workers

Federal and State law require employers to report newly hired and rehired employees to a central registry. The Centralized Employee Registry (CER) is a computer database keeping track of newly hired and rehired employees and contractors in Iowa. The information provided to the CER helps streamline the process of withholding child support payments from the income of employees and contractors who need to provide payments. For additional information and instructions on how to report new hire information in Iowa, please visit the [CER website](#).

Additional Resources

- The [Greater Des Moines Partnership](#) has created [DSM Forward](#). DSM Forward is a compilation of playbooks devoted to helping businesses and industries prepare for next steps related to economic recovery from the COVID-19 pandemic. The [Iowa Small Business Development Centers](#) have also created a resource page containing their [#Back2Biz Guidebook](#) discussing inventory management, employee rights, printable posters, and more!
- The [Iowa Employer Awareness Guide](#) is an online resource outlining compliance requirements for Iowa employers.
- [Required posters that must be displayed](#) by Iowa employers are available online.

BONUS STEP: COMMERCIAL REAL ESTATE AND YOU

Are you in the market for a brick and mortar storefront? A physical location will legitimize your brand and create trust with consumers. Before you sign a contract, here are a few things to consider.

Renting Commercial Real Estate

Distinguish between usable and rentable space:

- Usable Square Footage (USF) is the actual space you will be able to occupy. USF does not include common areas such as lobbies, restrooms, stairwells, storage rooms, and hallways. For tenants leasing an entire floor or several floors, the usable square footage would include the hallways and restrooms exclusively serving their floor.
- Rentable Square Footage (RSF) is your usable square footage plus a portion of the building's shared space. As we stated above, shared space can be anything that is outside of your occupied space and is of benefit to you (lobbies, restrooms, hallways, etc). As a tenant in a commercial space, you pay for a portion of the shared space and thus your monthly rent is always calculated on RSF.
- The increase in the rentable square footage above your usable square footage is referred to variously as the Load Factor. This is usually somewhere within the 10-15% range but can be higher in some buildings. When evaluating commercial real estate space options for your small business, you'll want to be informed of this factor so you know exactly what you're getting and what you're paying for.

Before signing a lease, it is important to understand the difference between Triple Net (NNN) and Gross leases. Having this knowledge will allow you to determine the value of the property and the costs you will be responsible for.

- A Triple Net Lease is a lease in which the lessee pays rent to the lessor, as well as all taxes, insurance, and maintenance expenses that arise from the use of the property. In the typical triple net lease, the lessee pays a fixed amount of base rent each month as well as an "additional rent" payment which constitutes ½ of an estimated amount for taxes, insurance and maintenance expenses. At the end of the lease year, the estimated amounts are compared to actual expenses incurred and an adjustment is made depending upon whether the tenant paid too much or too little through its monthly payments.
- By contrast, a Gross lease is a property lease in which the landlord agrees to pay all expenses associated with ownership, such as utilities, repairs, insurance, and (sometimes) taxes. The tenant pays a fixed amount each month, and nothing more. More than likely, a landlord offering a gross lease has factored in the taxes, insurance and maintenance expenses when agreeing to accept a fixed monthly payment.

Purchasing Commercial Real Estate

The small business sector in America occupies 30% to 50% of all commercial space. Owning a brick and mortar storefront comes with a bundle of benefits, e.g fixed rates, tax breaks, and total control - giving you the freedom to customize your space as you please. Just like renting, there are a couple of things to consider when purchasing commercial real estate.

- **Location**

This is the number one issue in purchasing commercial real estate. Where you set up shop can make all the difference, whether you want to be close to your customers; need access to rail, highway or shipping lanes; or any other reason.

- **Legal considerations**

From commercial office space to industrial warehouses, make sure local zoning allows for the type of business you're bringing.

- **Physical condition**

Have a thorough inspection done of the property and find out beforehand about potential environment or liability issues, such as asbestos or lead paint.

- **Limitations**

Be familiar with all zoning laws or building codes because there may be conditions in place on whether you can make changes to the outside or inside.

- **Parking**

Make sure you have as much parking space as you need, as well as up-to-date disability access.

- **Flexibility**

If you're looking to grow your business, look for property that you can expand. Also consider the opposite: If you don't end up using all the space, can it be rented out?

In your search for commercial real estate, you may need to establish relationships with experts throughout the purchasing process. Here are some options for you:

- **Commercial broker**

A commercial real estate broker will help you locate potential properties in your price range and desired location.

- **Mortgage broker**

Mortgage Brokers can assist with all financing needs, from guaranteed government loans to commercial real estate loans.

- **Accountant**

Bring in an expert who will advise you on what your business can afford, navigate you through tax benefits and estimate your operating budget.

- **Lawyer**

Make the process easier on yourself with a legal representative to negotiate and complete the entire transaction.

Utilizing Incubators

Business incubators are organizations geared toward developing startups and early stage businesses. They're often a good path to capital from angel investors, state governments, economic-development coalitions and other investors. Incubators sometimes call themselves accelerators instead, when their focus is geared toward jumpstarting businesses that are more developed.

It is important to [find an incubator](#) that is right for your business. A great source for finding an incubator includes state and local economic development departments, as well as through a local Small Business Administration office.

Coworking Spaces

Coworking spaces can be a great option for your startup if you are in the early stages or development or have minimal employees. Coworking spaces are created to have a sense of community, collaboration, learning and sustainability. Most spaces can be rented on a monthly to yearly basis, and offer a variety of options, such as tabletop, office, and conference space.

Visit Clay and Milk's list of [Coworking Spaces](#) for coworking options in Iowa.

BONUS STEP:

START AN ONLINE BUSINESS

In today's world, having an online presence for your business is critical. When your business runs solely on e-commerce, it is imperative to provide a strong, well rounded platform for your customers. For some, creating a website and marketing through social media may come with ease, but before you make your first sale, you must check your boxes to be sure you are both legally in a position to sell your products online — and capable of doing so.

In Iowa, running your business online is the same as if you were to have a brick and mortar location. You still need to obtain the proper licensing depending on the type of business you run, choose a business structure, and collect and remit taxes. Where things start to change, is when you begin to sell your products and services outside of the state.

Before you start selling online, make sure you research each and every state you will be selling in. Look up things like sales tax rates, registering your business within their state as a foreign entity, licensing, and anything else the state requires in order to do business there. When searching, try to find the state's Secretary of State website, or any other governmental website to learn about requirements. Though it may read a little easier to understand on non-governmental websites, a lot of the time the instructions for setting up your business can be in-accurate or leave a lot of important details. Don't go the easy route — take the time to do it right!

Before you create a website, ask yourself:

- What's the purpose of my website?
- Is the domain name that I want available?
- Where will I be hosting my website and what is the cost associated?
- How many pages do I plan on having?
- Who is going to write the content for my website?
- What other kinds of content do I want to have? (videos, documents, blog, shopping cart, etc.)
- Who is going to maintain my website?
- What do I want my website to look like? (have at least 3-4 examples or ideas in mind)

Picking a Platform

If your business operates through an online storefront, you must be sure it is at peak usability.

When creating a website, consider the following tools that build platforms for ecommerce / the niche each caters to

- [Wix](#) - Best overall drag & drop website builder
- [BigCommerce](#) - Best for fast-growing businesses
- [Squarespace](#) - Best for brand-focused stores
- [Square Online](#) - Best for sellers on a budget
- [Weebly](#) - Best for entrepreneurs
- [Volusion](#) - Best for tracking performance
- [Big Cartel](#) - Best for hobby stores

If you need help learning the basics of website design for your Iowa based company, check out these organizations from our [Resource Navigator](#) who can help:

- [NewBoCo](#): From the classroom to the boardroom, NewBoCo helps Iowans of all ages succeed in a changing economy because they believe that with the right tools, mindset, and opportunities anyone can be a world-changing innovator.
- [America's Small Business Development Center \(SBDC\)](#) - Iowa: America's SBDC Iowa provides no fee, customized business advice and affordable training to entrepreneurs and existing businesses, plus access to other

information and experts.

- [Entrepreneurial Development Center, Inc. \(EDC, Inc.\)](#): EDC is a full service business accelerator providing hands-on mentoring, resource navigation, and networking / educational programs.
- In need of digital marketing help for your business? [The Center for Business Growth and Innovation](#) of the University of Northern Iowa supports the Panther Biz Headquarters (PBHQ). The PBHQ partners students with business owners to discuss and understand their unique digital marketing needs. The program works to support businesses with marketing operations by compiling, formatting, and reporting industry-related trends. For further questions or to become involved with the program contact, patrick.luensmann@uni.edu and or complete this brief [questionnaire](#).

BONUS STEP: START A NONPROFIT

Are you considering starting a nonprofit organization in Iowa? Most nonprofits are formed for religious, charitable, scientific, literary, or educational purposes and are often eligible for federal and state tax exemptions.

In order to form a nonprofit corporation in Iowa, here are the steps you will need to take:

1. Determine who will be on the board of directors:

In Iowa, you are required to have one or more directors for your nonprofit organization.

2. Choose a name:

The name of your organization cannot be the same as the name of another nonprofit or other business already registered with the Iowa Secretary of State. Search the [Business Entities Name Database](#) to see if your chosen name is available.

3. Create and file your nonprofit articles of incorporation:

The Iowa Secretary of State's office does not provide a sample or form for the articles of incorporation. Instead, the Secretary of State points you to the [Iowa Nonprofit Corporation Act](#), which describes the requirements for what needs to be included. You will also need to include certain provision in your articles of incorporation to meet IRS requirements for tax-exempt status. Check out [IRS Publication 557](#) for more information on Tax-Exempt Status for Your Organization. Next, you will receive a certificate of acknowledgement from the Iowa Secretary of State.

4. Prepare bylaws:

Bylaws for your nonprofit corporation will include the rules and procedures your corporation will follow for holding meetings, electing officers and directors, and taking care of other formalities. Your bylaws do not need to be filed with the Iowa Secretary of State, but they function as your organization's operating manual.

5. Hold a meeting with your board of directors:

Once you have received a certificate of acknowledgement, hold an organizational meeting with the board of directors to adopt bylaws, appoint officers, and discuss other business. Make sure to record minutes from the meeting.

6. Set up a corporate records binder:

Your nonprofit will need a corporate records binder to hold important documents such as the articles of incorporation, bylaws, and meeting minutes.

7. Obtain federal and state tax exemptions:

In order to obtain federal tax-exempt status from the IRS, you will need to complete and file [IRS Form 1023](#). Once you have established tax-exempt status with the IRS, you are automatically exempt from Iowa income tax. Your nonprofit may still be subject to other state taxes, so be sure to check with the [Iowa Department of Revenue](#) for more information.

In addition, here are some other great resources available to nonprofits in Iowa:

- Need legal guidance or assistance with registering your nonprofit? Use the [Iowa Find-A-Lawyer tool](#) from the Iowa State Bar Association to find a professional near you.
- The [Larned A. Waterman Iowa Nonprofit Resource Center](#) at the University of Iowa is a go-to resource with a wealth of information on best practices, training and workshop opportunities, professional development, in addition to an online [Iowa Grants Guide](#).
- The [National Council of Nonprofits](#) has many tools and resources covering advocacy, ethics and accountability, financial management, fundraising, leadership and much more.