



HELPING SMALL BUSINESSES START, GROW, AND SUCCEED



Business Advising Services
713-752-8444



Workshops and Seminars
713-752-8488

Visit SBDC.UH.EDU for more information



START | GROW | SUCCEED WITH THE SBDC



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The UH Bauer College SBDC is a business advising and training center of the University of Houston Texas Gulf Coast SBDC Network serving 32 counties in Southeast Texas. The SBDC program is funded in part through a Cooperative Agreement with the U.S. Small Business Administration.

About Me



- ❖ Current: Director, University of Houston Small Business Development Center, Houston Office
- ❖ Former small business owner
 - ❖ Jersey Mike's Franchisee
 - ❖ Three locations in Houston
 - ❖ 45 employees
 - ❖ Sold business in 2022
- ❖ 20 Years in brand marketing for Coca-Cola, The Hershey Company & General Mills





★ THE SBDC IS A RESOURCE PARTNER OF THE SBA PROVIDING NO-COST SUPPORT TO SMALL BUSINESSES



One-on-One
Business Advising

Training

- Business Planning
- Capital Access
- Sales & Marketing
- Market Research
- Business Legal Structure
- Financial Analysis
- Hiring Employees
- Permits & Tax Responsibilities
- Accounting/Bookkeeping

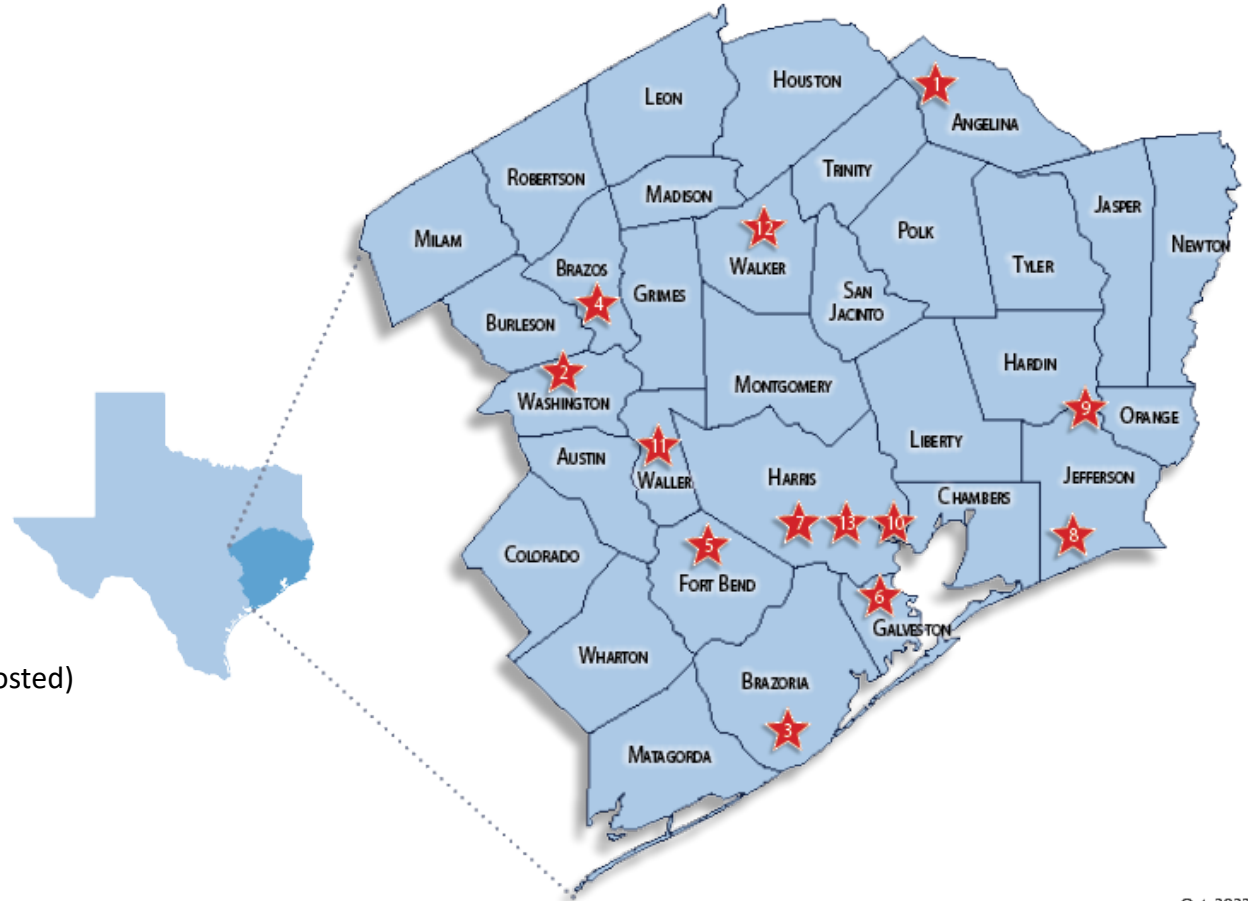
Visit SBDC.UH.EDU for more information



OFFICES ACROSS THE REGION

Houston
The Woodlands
Bryan
Baytown
Beaumont
Brazosport
Brenham
Lufkin
Huntsville
Deer Park
Port Arthur
Rosenberg
Prairie View
League City

Houston SBDC (UH hosted)
 Sam Houston State University SBDC
 Brazos Valley SBDC (UH hosted)
 Lee College SBDC
 Lamar University SBDC
 Brazosport College SBDC
 Blinn College SBDC
 Angelina College SBDC
 Sam Houston State University SBDC
 San Jacinto College SBDC
 Lamar State SBDC
 Fort Bend County SBDC/Coastal Plains SBDC (UH hosted)
 Prairie View A&M SBDC
 Galveston County SBDC (UH hosted)




Oct. 2022

FOUR REGIONAL OFFICES ACROSS TEXAS



1. North Texas SBDC Network
2. South-West Texas Border SBDC Network
3. Texas Gulf Coast SBDC Network
4. West Texas SBDC Network

Dallas Community College
University of Texas at San Antonio
University of Houston
Texas Tech University

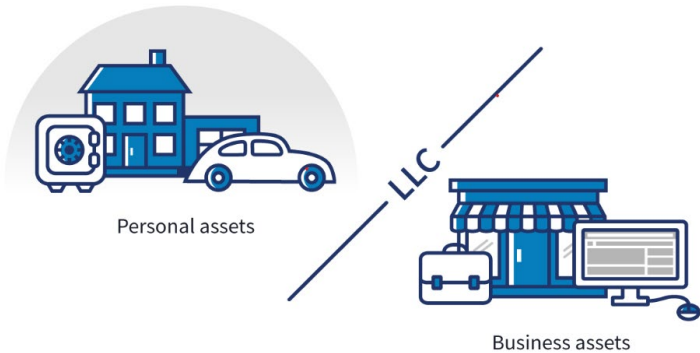


Top Mistakes New Business Owner's Make

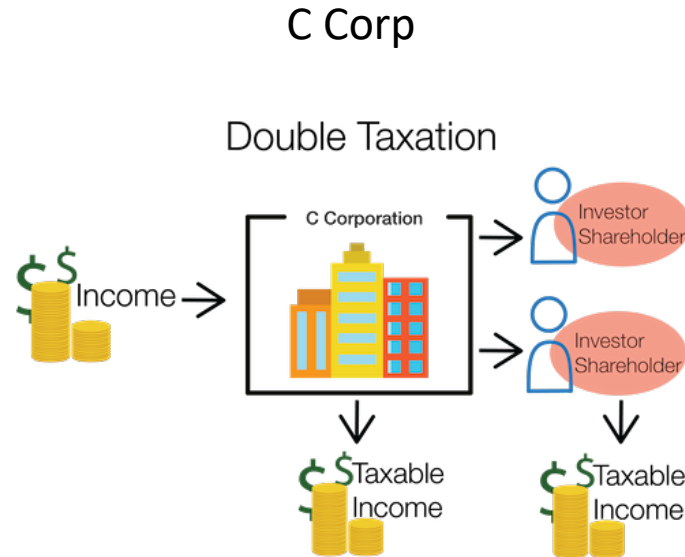
1. Not setting-up the business with proper legal structure
2. Ignoring Insurance
3. Mixing personal funds with business funds
4. Not having proper licenses & permits
5. Ignoring Sales tax responsibilities
6. Forgetting income tax responsibilities
7. Not keeping good financial records
8. Not paying enough attention to financial performance
9. Running out of money
10. Taking payments through random channels such as CashApp, Venmo & PayPal

Business Structure: Important Considerations

Liability

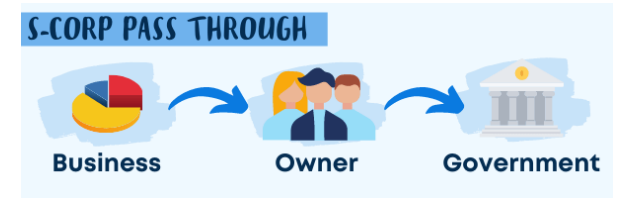


Taxes



Pass-Through Entities
LLC, Sole Proprietor,
Partnership, LLP, S-Corp

or



U.S. Small Business Administration

<https://www.sba.gov/> for an overview of common business structures



SMALL BUSINESS DEVELOPMENT CENTER
TEXAS GULF COAST NETWORK
UNIVERSITY OF HOUSTON - CLEAR

Common Business Structures

Business Structure	Ownership	Liability	Taxes
Sole Proprietorship	One person	Unlimited personal liability	Self-Employment Tax Personal Income Tax
Partnership	Two or more people	Unlimited personal liability	Self-Employment Tax Personal Income Tax
LLC (Limited Liability Company)	One or more people	Owners not personally liable	Self-Employment Tax Personal Tax or Corporate Tax
Corporation (C-Corp)	One or more people	Owners not personally liable	Corporate Tax
Corporation (S-Corp)	One or more people, but <100	Owners not personally liable	Personal Tax
Corporation (B-Corp)	One or more people	Owners not personally liable	Corporate Tax
Corporation - Nonprofit	One or more people	Owners not personally liable	Tax Exempt

Don't Ignore Insurance



Insurance

- Commercial Vehicle Insurance
- General Liability Insurance
- Business Owners'
- Workers' Comp
- Malpractice

★ Best Practice: Open a Separate Business Bank Account



- Why?
 - Track business transactions
 - Easier to complete financial statements
 - Accurately report income taxes
 - More professional – important to lenders
- How to pay yourself
 - Transfer money to your personal bank account (owner's draw)
 - Pay yourself a paycheck

Best Practice: Proper Licenses & Permits



- Food Truck Permit (issued through local Health Department)
- Food Manager's Certificate
- Food Handler's Certificates
- Sales Tax Certificate

Best Practice: Collect & Pay Sales Tax

01-300
STATE OF TEXAS
Sales Tax Permit
(Rev. 1-07/17)

TEXAS SALES AND USE TAX PERMIT

This permit is not transferable, and this side must be prominently displayed in your place of business.

Merchants: A copy of this permit does not replace a resale or exemption certificate. You will be responsible for sales tax unless you have a valid resale/exemption certificate on file.

TAXPAYER NAME, BUSINESS LOCATION NAME, and PHYSICAL LOCATION

TX [REDACTED]

NAICS CODE: [REDACTED] DESCRIPTION ON NEXT LINE:

Electronic Shopping

WE SHOW THIS BUSINESS IN THE FOLLOWING LOCAL SALES TAX AUTHORITIES:

CITY: [REDACTED] EFF: 02/01/2012

TRANSIT: [REDACTED] EFF: 02/01/2012

Type of permit
SALES AND USE TAX

Taxpayer number
[REDACTED]

Location number
[REDACTED]

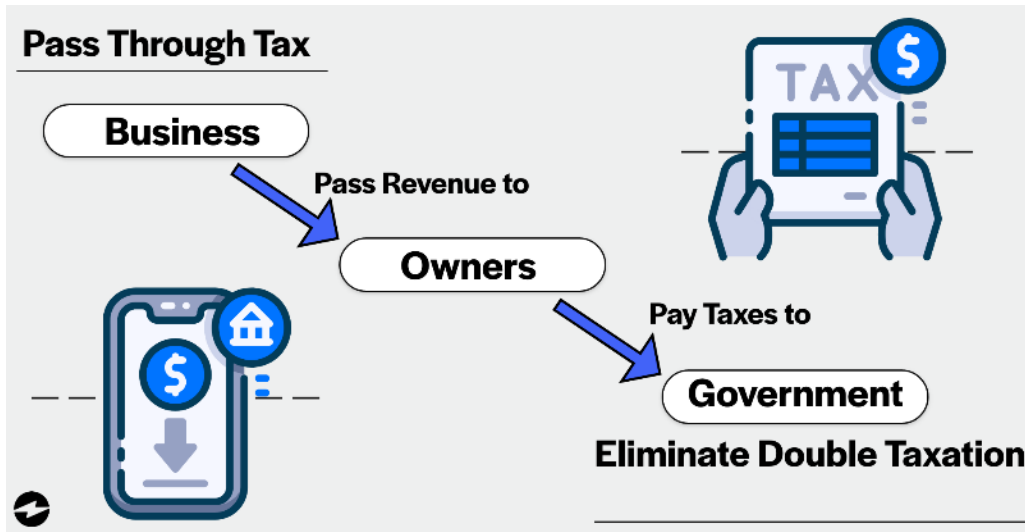
First business date
02/01/2012

Susan Combs
SUSAN COMBS
Comptroller of Public Accounts

YOU MAY NEED TO COLLECT SALES AND/OR USE TAX FOR OTHER LOCAL TAXING AUTHORITIES DEPENDING ON YOUR TYPE OF BUSINESS.

- Apply for a permit through the Texas Comptroller's Website <https://comptroller.texas.gov/taxes/permit/>
- Tax rate is determined by address/zip code
- Sales Tax payments are made either quarterly or monthly
- Best Practice: keep sales tax collected in separate bank account

Best Practice: Plan for Income Tax



- Unless a C-Corp, business taxes are paid on personal tax returns
 - Schedule C
 - K-1
- Business income is taxed as
 - Ordinary income (your normal tax rate)
 - Self-employment tax (15.3%)
- Best Practice
 - Plan for end-of-year tax payment
 - Consider quarterly estimated tax payments

Best Practice: Keeping Good Financial Records



- Have a plan for bookkeeping & income taxes
- Pay attention to your P&L
 - Watch your COGS (cost of goods sold)
 - Industry average is 30%-50% of sales
 - Track operating expenses
 - Labor
 - Supplies
 - Utilities
 - Maintenance

Best Practice: Study Your P&L

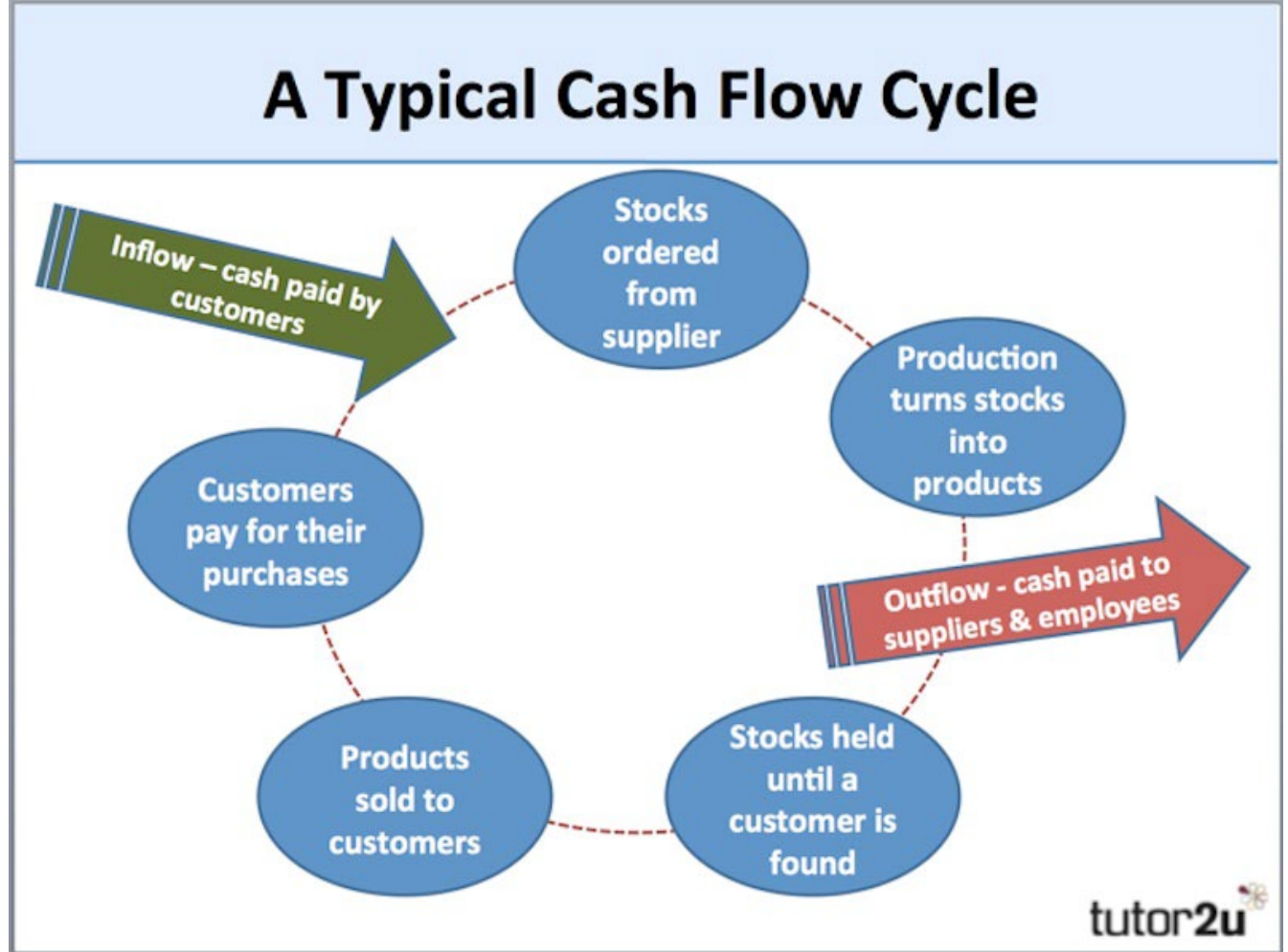
Pro-Forma Annual Income Statement: Victoria's Bakery						
Years 1 - 3						
SALES	Year 1	%	Year 2	%	Year 3	%
Gross sales	147,000	100%	176,400	100%	194,040	100%
Total Sales	147,000	100%	176,400	100%	194,040	100%
COST OF GOODS						
Food/Paper	44,100	30%	52,920	30%	58,212	30%
Total Cost Of Goods Sold	44,100	30%	52,920	30%	58,212	30%
Gross Profit	102,900	70%	123,480	70%	135,828	70%
OPERATING EXPENSES						
Merchant Credit Card Processing fees	2,587	2%	-	0%	-	0%
Rent/Lease	24,000	16%	24,720	14%	25,462	13%
Electricity/ Gas	6,000	4%	6,120	3%	6,242	3%
Telephone/ Cell/ Cable	1,200	1%	1,224	1%	1,248	1%
Water/ Garbage Disposal	300	0%	306	0%	312	0%
Insurance	1,200	1%	1,224	1%	1,248	1%
Postage & Freight	-	0%	-	0%	-	0%
Office Supplies	300	0%	306	0%	312	0%
Repairs & Maintenance	300	0%	306	0%	312	0%
Owner's Salary	-	0%	-	0%	-	0%
Wages & Salaries	12,000	8%	12,240	7%	12,485	6%
Payroll Taxes	1,836	1%	1,873	1%	1,910	1%
Advertising	6,000	4%	6,120	3%	6,242	3%
Internet	900	1%	918	1%	936	0%
Bookkeeping Fees	3,000	2%	3,060	2%	3,121	2%
Total Operating Expenses	59,623	41%	58,417	33%	59,832	31%
Operating Profit (EBITDA)	43,277	29%	65,063	37%	75,996	39%
Depreciation	-	0%	-	0%	-	0%
Amortization	-	0%	-	0%	-	0%
EBIT	43,277	29%	65,063	37%	75,996	39%
Interest Expense	-	0%	-	0%	-	0%
Net Income before tax (EBT)	43,277	29%	65,063	37%	75,996	39%

← Industry Average for Mobile Foodservice (NAICS 722330): 40%

← Industry Average for Mobile Foodservice (NAICS 722330): 48.5%

← Industry Average for Mobile Foodservice (NAICS 722330): 11.5%

★ Make Sure You Have Working Capital



★ Best Practice: Point -of -Sale System

- Process & track payments
 - Credit, debit
 - Apple Pay/Google Pay
 - Cash
- Track sales of individual items
 - Inventory Management
- Can track customer contact info
 - Marketing opportunities





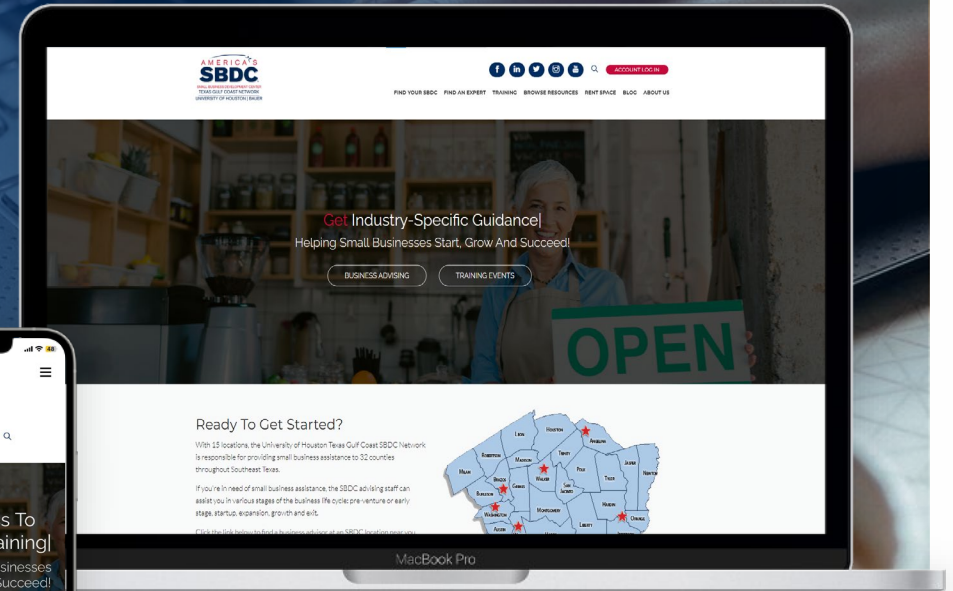
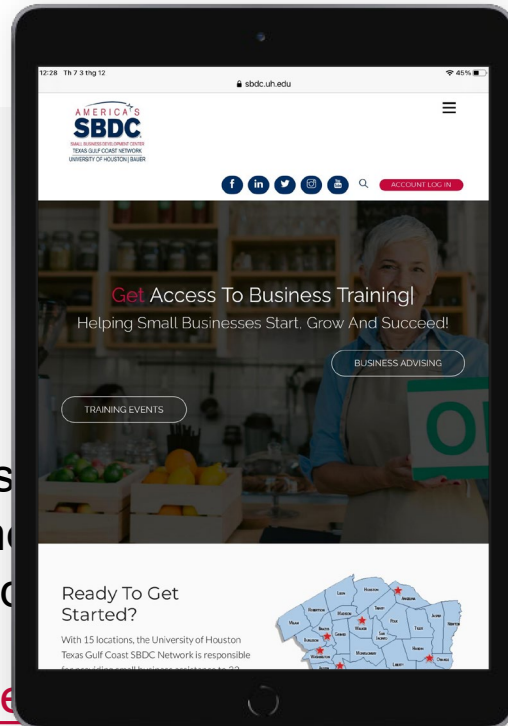
HOW TO SIGN-UP FOR NO-COST SMALL BUSINESS ADVISING

ONLINE SIGN-UP



Visit our website
to schedule a meeting
with business advisors

www.sbdc.uh.edu



[Home - America's SBDC \(americassbdc.org\)](http://americassbdc.org)



Questions & Answers