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## Leasing and Operating Expenses

You will need to consider all of the following:

- Will you lease or buy your business site? If you buy, how long will it take your business to recover the investment?
- If you lease, you will need to know if your lease is a NNN (Triple Net) and what those yearly expenses are.
- Are there any additional charges ( landscape costs, graffiti removal charges, parking lot maintenance, signage lighting expenses)? In the case of graffiti removal, are you responsible for it? Is landlord? Is the city?
- Garbage removal and ecological compliance regulations for your type of business
- Heating costs
- Lighting costs
- Telephone costs
- Water/sewer costs
- Sign costs (is a permit required?)
- Sandwich board (is a permit required?)
- Advertising costs
- Insurance costs—general liability, product liability, tenant improvements, equipment, delivery vehicles, comprehensive, liability and property insurance.
- License requirements for vehicles

## Other Things to Consider

- Will employees be allowed to take a delivery truck or vehicle home. If not, where will you park them when your business is closed?
  - Licensing requirements for each delivery truck (if you plan to deliver to more than one area, state, federal and city licensing fees may apply)
  - Cost of goods (products) to be sold, including delivery costs if any
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- Cost of services including associated travel expenses if any
- Accounting costs
- Equipment costs—this could be something as simple as an adding machine, or could be as complicated as equipment to make a product, computers, cash registers, counters, display racks, desks, office supplies, etc.
- Computer repair maintenance
- Will you have a WEB page? Cost of development?
- Where is the capital to start the business coming from? Bank? Credit cards? Savings? Family Loans?
- Business Plan—do you need to develop one?
- Business conditions, regulations and taxes are constantly changing—this list is only an informative starting point!

## Personal Time

A business is a very demanding master! You need to be aware that, when you operate a business, your personal time is very, very important. You will need to become a “master “ at finding time for family, friends, and personal activities. There is a delicate balance between being a business owner and being a spouse, parent, son or daughter. You will become a very productive member of society, but a very busy one!

## Welcome to Business!

If you have considered all of the options, planned for all the contingencies, gotten your licenses, tax forms, products and services, hired your employees and are ready to open the doors, we wish you overwhelming success. Being in business is challenging and demanding of all your skills and talents, but it is also tremendously rewarding. Welcome to business! May you prosper and succeed.

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# Things to Consider before You Open Your Business

Developed by  
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in cooperation with  
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## A Business in Seattle...

We realize that you must be an optimist to open any business and applaud you for your thinking!

To assist you, the Seattle Small Business Coalition offers the following summary of financial and regulatory aspects of doing business that you should consider before you start. And we wish you much success!

### Location

Be very careful when considering a location. Parking, access and variety of businesses existing in the immediate vicinity must be considered.

Is the property zoned for your type of business? Check with the City to see if an occupancy permit or change of use permit is required.

Is the building maintained? Are you responsible for that maintenance? Is parking adequate? How will goods will be delivered to you? Is there an adequate receiving area? Is the access easy or difficult? Is the signage visible?

Check the competition in the area. Some people believe that if you see a successful business of the type you are planning to open, it would be smart to move close by and give them some competition. On the other hand, if there no business like yours, maybe the neighborhood needs you. That decision is yours and yours alone to make.

Consider the safety factor. Is your location available to pedestrian traffic? Is it safe for pedestrians to walk to your place of business? Can they? Do not discount pedestrian traffic even though you do not believe that it will be of benefit to you.

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Are you locating in an area that is conducive to business development? Are the existing businesses successful? Are there any businesses that are expanding or have recently expanded at their location? Is there room for your possible expansion?

Where will your employees park? Will you offer bus passes to employees?

### Business Licenses and Taxes

Business licenses and tax requirements are very strict, often complicated and expensive. Following is a short list (there may be more) of license and tax questions you should answer:

- Does the federal government require a license for your type of business?
- Have you obtained your State of Washington business license (UBI number)?
- Have you obtained your City of Seattle business license?
- What federal government business and personal tax requirements apply to you?
- What state government business tax requirements (Business and Occupation tax [B&O]) apply to you?
- What county government business tax requirements apply to you?
- What city government business tax requirements apply to you?
- Is the area in a local taxing district? If so, what is the tax?
- Do you have to collect sales tax? Consider the expense of recording and remittance to state agencies.
- If you have employees, how much federal SS tax (FICA) will you have to pay? (You must match his/her deduction and remit money to the federal government.)

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- If you have employees, how much will you have to pay in unemployment tax?
  - If you are self-employed, how much will you pay in self-employment tax (equivalent to an employee FICA tax—but much higher). This is in addition to any tax on profits.
  - If you have employees, how much will you have to pay in unemployment tax?

### Employee-related Expenses

You will need to consider all of the following:

- Labor and Industries tax rate applicable to all departments of your business
- Health care costs
- Vacation policies and costs and possible costs of temporary workers to fill in while regular employees are away
- Sick leave policies and costs and possible costs of temporary workers to fill in while regular employees are away
- You will need to consider the Federal Law for Family illness. If an employee takes time off because a family member is sick, you may have to pay them, and hold their job for them.
- You will need to check into federal, state and city regulations, if any, regarding a break (coffee time) for every 8 hours of work.
- Occupational safety laws. If you are producing a product what are the rules to protect your employees?
- You will need to decide if your employees will be allowed to unionize or must be unionized. If so, unions have requirements you should be aware of.
- Pension plans. You will need to decide if you will offer a pension plan of some type.