

How to Start a Business in Texas

If you're wondering how to start a business in Texas, you're not alone. After creating a business plan, many entrepreneurs ask what to do next. This comprehensive startup checklist will guide you through every step.

Step 1: Validate Your Business Idea

Before you invest time and money, take a step back and consider if your idea is worth pursuing.

- **Clarify your motivation:** Are you solving a problem, following a passion, or seeking financial independence? A strong motivation helps guide decisions and creates drive.
- **Test your concept:** Use platforms like [BrightIdea](#), [Zappi](#), and [IdeaMensch](#) to help validate ideas before you commit.
- **Take advantage of resources:** Our business advisors can help you refine your concept and connect you with local resources.

Step 2: Write a Winning Business Plan

Congratulations, you found a winning idea! Now it's time for a business plan. A solid business plan can help outline goals, strategies, and financial projections, serving as a roadmap to success.

- **Include:** Market research, target audience, competitive analysis, and operational strategy.
- **Use a business plan template PDF** from [SCORE](#) and the [US Small Business Administration \(SBA\)](#)
- **Apply for business loans:** Once your plan is developed, you can apply for business loans and lines of credit through UFCU.

Step 3: Assess Your Finances

Now that you've built the foundation, it's time to talk about finances. Understanding your financial needs is key to long-term sustainability.

- **Run a break-even analysis:** A break-even analysis will help you understand how much revenue you need to earn to cover all of your expenses. This is important to know if you plan on making a profit.
- **Calculate your startup capital:** Estimate the costs for equipment, inventory, branding, and marketing. These are one-time expenses that are intended to build the foundation of your business.
- **Search for funding options:** Having funds available is key to staying afloat until you begin generating revenue.
- **Start building an emergency fund:** Expect the unexpected. Set aside a financial buffer to cover unforeseen expenses, so you can continue to focus on growth.



Step 4: Know Your Market and Competition

You've figured out funding, now you need to figure out the market.

- **Conduct market research:** Tools like Google trends and industry reports are a good way to identify key trends, customer demographics, and market size. You can also conduct surveys and interviews to dive deeper into customer needs and buying habits.
- **Conduct a competitive analysis:** Understanding your competitors' strengths and weaknesses helps you identify ways to stand out and address unmet needs. Use a competitive analysis chart to visualize your market position
- **Build relationships with suppliers:** Start requesting samples or trial orders to evaluate quality, efficiency, and reliability before signing the check. Strong supplier relationships provide flexibility, better pricing, and stable supply, which is essential for your business growth.

Step 5: Stay Compliant

Abiding by the law is important, especially when your mistakes will cost you.

- **Obtain the right licenses and permits:** The licenses and permits needed will vary depending on your industry, location, and operations. Check federal, state, and local requirements. [Find licenses and permits in your state.](#)
- **Pick your business structure:** The business structure you choose will determine how you report and pay federal taxes. Choose between sole proprietorship, LLC, partnership, or corporation. [Find detailed information on each option](#) or consult with a UFCU business advisor to help you determine the best fit.
- **Register for taxes:** Understand your state's obligations and register accordingly. [Find out more about your state tax obligations.](#)
- **If you've invented something, protect your intellectual property (IP):** Identify what protection is needed. Trademarks protect your business name and logo, patents protect unique products/processes, and copyrights apply to original content. You can apply for IP protection with the [United States Patent & Trademark Office \(USPTO\) website.](#)
- **Understand different business insurance types:** Stay protected from unexpected risks such as theft, property damage, and accidents with the right business insurance. You may need general liability, property, or workers' compensation insurance depending on your industry. Additionally, it may be beneficial to consider cyber insurance as well. Visit the [SBA website](#) to find which cover best suits your business or talk to a business advisor about [UFCU business insurance.](#)



Step 6: Operation Set Up

Pick smart operational tools for smooth day-to-day management. You should also:

- **Set up your Employer Identification Number (EIN):** Business with employees, corporations, partnerships, or those withholding non-wage taxes are required to have an EIN. An EIN is a unique 9-digit identifier number assigned by the IRS and is needed for most financial business operations. You can apply for an EIN for free through the [IRS website](#).
- **Set up business bank accounts:** Open a UFCU business [checking](#) or [savings](#) account.
- **Set up accounting software and record keeping:** Track income, expenses, and invoices in real time, giving you more time to focus on your business. Consider tools like [Wave accounting software](#), [Quickbooks](#), or [Xero](#).
- **Find a convenient pay system:** Offer flexible options to improve customer convenience. If you have a retail business, you should consider a POS system. Service-based businesses can take advantage of mobile payments like [Square](#), [PayPal](#), or [Venmo](#).

Step 7: Launch and Grow

You've turned your once idea into reality and now it's time for the most exciting part — launch day.

- **Start marketing:** Use your identified target audience and tailor messages specifically to them. Use a mix of marketing strategies, including online ads, social media, email campaigns, and community outreach. Staying consistent will help build brand recognition.
- **Develop a great customer experience:** You want your customers to come back again, so give them a reason too. Focus on value, outstanding service, and loyalty programs.
- **Build credibility:** It's time to prove you're an expert. Share insights, highlight past successes, and demonstrate knowledge through social media, blogs, and seminars.
- **Discover strategic alliance opportunities and join business associations:** Forming partnerships can open doors you never knew existed. It is great for reaching new markets and collaborative opportunities. Additionally, business associations are key for networking and obtaining resources for growth. Consider orgs like [US Chamber of Commerce](#) and the [US Association for Small Business and Entrepreneurship \(USASBE\)](#).
- **Find employees:** As your business grows, it's important to grow your team as well to help manage the workload. Build a strong team with clear roles and competitive compensation. Care for the employee experience in the same manner you do for the customers. Invest in their development to encourage strong company culture.



By Your Side, Every Step of the Way

From business banking to financial planning, UFCU offers the tools to start your business. Connect with our Business Services team to explore:

- [Business checking](#) and [savings](#) accounts to safely hold deposits and facilitate payments.
- Business loans, including [auto](#), [working capital](#), and [equipment loans](#) to acquire equipment and one time needs.
- [Business lines of credit](#) to provide cash during low sales or to take advantage of discount.
- [Business credit cards](#) to make purchases and defer payment until statement is issued and the due date arrives.
- [Insurance options](#)* to protect you and your business from loss.

Your dream deserves a strong start. [Talk to a UFCU Business Advisor and make it happen.](#)

Subject to credit eligibility. Certain restrictions apply. Federally insured by NCUA.

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