How to Start a Small Business (Step by Step for Beginners)

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A fully illustrated 29-step guide to starting a small business: validate the idea, set up the legal and money basics, launch a first offer, and track what actually works.

Phase 1 — Validate the Idea Before You Spend

1. **Write a one-sentence description of what you sell**
   Write a one-sentence description of what you sell.
2. **Describe one specific customer**
   Describe one specific customer.
3. **Interview ten potential customers**
   Interview ten potential customers.
4. **Check that people will pay, not just praise**
   Check that people will pay, not just praise.
5. **Estimate your startup costs on one sheet**
   Estimate your startup costs on one sheet.
6. **Set a price that covers cost and time**
   Set a price that covers cost and time.
7. **Work out the break-even point**
   Work out the break-even point.
8. **Open a separate business account early**
   Open a separate business account early.

Phase 2 — Set Up the Legal and Money Basics

9. **Choose a simple business structure**
   Choose a simple business structure.
10. **Register the business and get its ID**
    Register the business and get its ID.
11. **Check which licences and permits apply**
    Check which licences and permits apply.
12. **Insure against the risks you can see**
    Insure against the risks you can see.
13. **Record every income and expense from day one**
    Record every income and expense from day one.
14. **Set aside a fixed share of every payment**
    Set aside a fixed share of every payment.
15. **Separate essential costs from nice-to-haves**
    Separate essential costs from nice-to-haves.

Phase 3 — Build and Launch a First Offer

16. Define a minimal first offer

Define a minimal first offer.

17. Set up one simple way to take payment

Set up one simple way to take payment.

18. Create one clear place customers can find you

Create one clear place customers can find you.

19. Write a short, plain description

Write a short, plain description.

20. Tell your existing network directly

Tell your existing network directly.

21. Offer a small number of founding deals

Offer a small number of founding deals.

22. Ask every happy customer for a referral

Ask every happy customer for a referral.

23. Collect written feedback in the first week

Collect written feedback in the first week.

Phase 4 — Measure, Comply and Keep Going

24. Pick three numbers to watch weekly

Pick three numbers to watch weekly.

25. Review the numbers at a fixed time

Review the numbers at a fixed time.

26. Keep records for tax and audit

Keep records for tax and audit.

27. Reinvest the first profit deliberately

Reinvest the first profit deliberately.

28. Plan a three-month cash buffer

Plan a three-month cash buffer.

29. Write the next 90-day plan

Write the next 90-day plan.

Sources

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Written as a checklist from https://www.howcompass.com/how-to/How-to-Start-a-Small-Business. Corrections: https://www.howcompass.com/co