Mize Houser NextGen Mentor Program

Getting Your Business Started

MIZE RESTAURANT GROUP

Mize Houser & Co. PA NEXT GEN YOU

Objectives

- Identify resources to establish and maintain your new business
- Highlight the key players on your support team
- Define business entity structures
- Explain OPNAD
- Give you a new business check list

Primary Support Team

CPA Firm and Legal Counsel

- Provide guidance throughout your business' life cycle
- Strategies to avoid roadblocks
- Analyze your reinvestment needs
- Major transaction planning
- Trustworthy and confidential
- Available on your timeline
- Experienced with small businesses and franchise owners

Primary Support Team

Banking and Cash Management

- Treasury Department website through AccessMcD
- Location
- Compare banking fees
- FDIC insured

Primary Support Team

Insurance

- Multiple policies to cover your including; health, EPLI, workers comp, general liability
- As you grow, your insurance needs will change
- McDonald's approved insurance carriers
- McDonald's insurance coverage requirements
- Do not simply renew each year, always review your policies with your carriers

Retaining Records

Records Retention

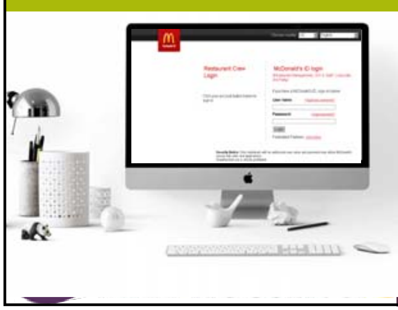
- No more paper
- Store your records digitally
- Keep paper copies offsite of:
  - Documents related to your franchise agreement
  - Other important transactions

☑ AccessMcD

Resources:
www.accessmcd.com

- Restaurant Economics Financial Policies (REFP)

☑ Corporation and O/O Group Support



Resources: **www.accessmcd.com**

- McDonald's Support Staff
- HR, Marketing, Training, Development, Field Service, Finance
- Owner/Operator Groups
- AMOA, WON, MHOA, etc
- OPNAD

☑ Entity Structure

What business entity structure will you choose for your restaurant?

Entity Structure – Sole Proprietorship

Advantages

- Easy to set up
- Business & owner same entity
- No fees associated with creation or ongoing entity establishment
- Deduct net business loss on personal income tax

Disadvantages

- Personally liable
- Income taxes for all net business profits

Entity Structure – Limited Liability Company

Advantages

- All owners receive limited liability for business debts, judgements and other liabilities of business
- Flexibility in allocating business profits & losses (does not have to align with ownership)
- Pass-through tax to individuals (no entity level tax)

Disadvantages

- Some costs with establishing and maintaining business entity
- Detailed ownership agreements, difficult to modify

Entity Structure – S Corporation

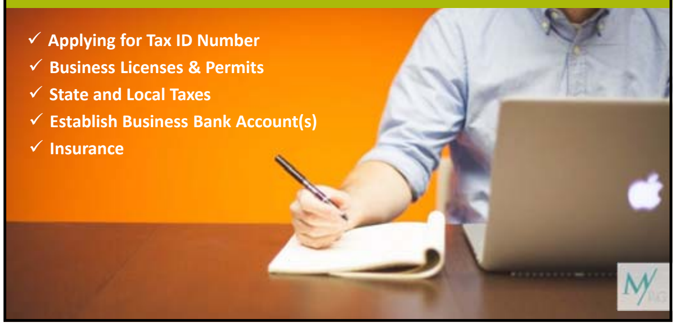
Advantages

- All owners receive limited liability for business debts, judgements and other liabilities of business
- Owners share net profits and report on personal income taxes (pass-through tax)
- Owners share the net business loss and can offset other income on personal income taxes

Disadvantages

- Costs establishing and maintaining business entity
- More complex paperwork required
- Ownership interest determines respective income from the profits 2% ownership rules
- May be subject to state or local business income tax assessed on corporations

☑ Additional Checklist Items



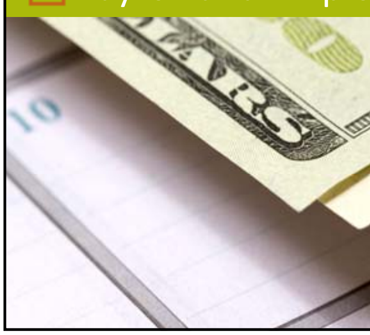
- ✓ Applying for Tax ID Number
- ✓ Business Licenses & Permits
- ✓ State and Local Taxes
- ✓ Establish Business Bank Account(s)
- ✓ Insurance

☑ Back Office Operations

Will you hire additional office staff?

- Bill pay
- Payroll
- Human resources/personnel issues
- Other business needs, sales & use tax, unclaimed property, etc.

☑ Payroll and Employee Benefits



Payroll and Employee Benefits

- Uniform policy
- Health insurance
- Vehicle use – company cars
- Retirement plans (IRA contribution)
- Vacation accrual policy
- Sick leave accrual policy
- Pay cards, direct deposit, paper checks

Quality Control

- Establish simple quality control measures
- Separate duties

Your New Business Checklist

- ✓ Establish your primary support team
- ✓ Record retention plan
- ✓ Familiarize yourself with AccessMcD
- ✓ Select an entity structure
- ✓ Apply for a tax ID number
- ✓ Apply for business licenses & permits
- ✓ Prepare for state and local taxes
- ✓ Establish business bank account(s)
- ✓ Purchase insurance
- ✓ Back office support
- ✓ Choose the benefits to offer your employees
- ✓ Establish quality control processes

Thank You