



# HOW-TO: STARTING OUT

## How to Start Your ESD Practice

### Set the Scene

#### What?

Define what you want to do with your practice. Will you just be teaching ESD? Will you be teaching ESD and martial arts? Will you be teaching ESD and providing other wellness or counseling services? Will this be your primary source of income or supplementary to another business or job? What is your target income from your new ESD practice?

#### For Whom? Target Market

Who is your target clientele? Do you want to teach teenagers? Adults? A combination? Do you have or do you plan on having a specialty, such as clients who have suffered trauma, victims of domestic violence, veterans, people with physical or mental disabilities? Are your clients more likely to purchase a one-time package of classes or will they return for additional courses?

#### Revenue

Determine how much revenue you hope to bring in and on what timeline. How much can you/ will you charge clients? Will it vary? Will you provide discounts? How many clients can you accommodate and how often? Will you offer group lessons and private lessons and how much will you charge for each type?

#### Time Commitment?

How much time do you intend to dedicate to your ESD practice? Will it be a full-time venture or something you do for just a few hours a week or month?

#### Independent or Affiliated Practice?

If you are thinking about starting a new business, you should consider whether or not you want to become affiliated with a larger organization.

Another consideration is whether you want to become affiliated with a larger ESD organization, such as IMPACT Personal Safety. In some instances, it will be possible to open up a new chapter of one of these larger organizations. Usually, this will involve taking the following steps because, even operating under the umbrella name of an ESD organization, you will most likely be operating your business independently (more like a franchise than a chain). However, there could be instances where a larger organization may want to make your practice a program of their business, in which case you may not have the burden of starting your own business, rather you'll be developing a program with fewer business distractions from the practice of ESD.

## Where?

Given the number of hours you want to dedicate to your practice and the amount of income you hope to generate, will you need a brick & mortar location (which will come with overhead costs) or will you want something more mobile (less costly)? In your location, even if a storefront makes sense for economic reasons, is it practical for your clients or will they need you to be closer to them (i.e., you live in a large city and want to serve people who live at different ends of the city, perhaps a mobile practice or a practice that makes use of several locations will work better).

## Startup Costs

Think about the one-time costs involved in starting your practice. This will include fees for filing government documents, attorney fees, incorporation fees, fees for a registered agent, etc. You'll also need to acquire some basic equipment (i.e., mats, mitts, etc.), you might need to get a computer or printer, you might want to get a water cooler or fountain, possibly remodel your rental space. And your property lease may require one or more deposits. There are also software subscriptions you'll need, some of which will require that you pay annually.

- Fees for filing government documents
- Attorney fees
- Incorporation fees
- Registered agent fees
- Remodeling fees
- Deposit for property lease
- Software subscriptions
- Equipment fees such as:
  - Workout mats and mitts
  - Computer(s) or printer(s)
  - Water cooler

## Ongoing Costs/Budget Forecasting (from [SBA.gov\[1\]](#))

One of the first things you want to do when preparing to start your business is calculate a cost estimate. Calculating startup costs can help you in a variety of ways, such as:

- Estimating profits
- Conducting break-even analyses
- Securing loans
- Attracting investors
- Saving money with deductions

There are many common startup costs to consider when calculating your cost estimate. Below you can find a list of some expenses you can expect to face when starting a business. Keep in

mind that there are many different types of business, and the following list is not exhaustive, so be mindful of additional costs that may be unique to your business.

- Office space
- Equipment and supplies
- Communications
- Utilities
- Licenses and permits
- Insurance
- Lawyer and accountant
- Inventory
- Employee salaries
- Advertising and marketing
- Market research
- Printed marketing materials
- Making a website

Your ongoing and recurring operating costs, estimate future one-time costs, and incorporate in your startup costs, as well. Recurring costs can include things like: employee salaries (+ taxes and benefits), independent contractor fees, professional services like accounting or bookkeeping, business/liability insurance, rent, utilities, software subscriptions, advertising/marketing, conferences, and loan payments.

## **Financing**

If you don't have the cash on hand to invest in your new business, you'll need to figure out how to finance your startup and first year costs, enough to keep you going until you start generating profits. Financing most often comes in the form of investors, grants and loans. Investors can provide you with funding in the form of venture capital which is typically offered in exchange for a measure of ownership or an active role in the company. Venture capital differs from conventional funding in a handful of ways:

- Focuses on high-growth companies
- Invests capital in return for equity, rather than debt (it is not a loan)
- Takes higher risks in exchange for potential higher returns
- Has a longer investment horizon than tradition financing

Loans can also be a viable solution for securing funding for your business. One loan option is a small business loan. If you are seeking a small business loan you would typically contact a bank or a credit union. If you decide on this funding method, it is essential that you create certain documents that will help you get an idea of how big of a loan to request. It will also help convince the bank or credit union that your request deserves approval. These documents should outline the following:

- Business plan
- Expense sheet
- Financial projections for the next five year

One other option is to self-fund your business. This will allow you to retain complete control over the business but you also take on the all the risk. There are several different ways you can self-fund your business, such as:

- Turning to family and friends for capital
- Using your savings account
- Tapping into your 401(k)

### **Pick a Name**

This is a bit more fun. When choosing a name for ESD practice, we recommend that you choose something that will help you with marketing and attracting clients. You may want to put the term "self-defense" or even better, "empowerment self-defense" in your name. If you use "ESD" you might want something else in the name that indicates self-defense since the acronym is not yet widely known or understood by the general public. Or, if you think your clients will be coming through referrals from domestic violence and sexual assault shelters, counselors, and nonprofits, perhaps using the acronym will work well. Finally, it may be important to you to include something in the name that has personal meaning for you—but be careful to think about how the name of your practice may be necessary for helping you attract clientele.

### **For Profit or Nonprofit?**

The decision whether to run your business as a for-profit or non-profit may not be as significant as it seems at first glance. However, there are differences.

The biggest difference between running your business as for-profit v. non-profit is that, as a for-profit, your business will not be tax-exempt and as a non-profit, you will need to do a lot of fundraising and grant writing.

Once you have identified your clientele, the next step is to consider whether you would like to operate as a for-profit or nonprofit organization. Both are mission-driven, both will be guided by your vision and your values. Both require you to generate revenue, though in different ways.

The term “nonprofit” is deceptive. Nonprofits (and not-for-profits) do generate revenue, it’s just that most of the revenue generated is reinvested into the business for salaries and other business investments and doesn’t go to shareholders. To qualify as a nonprofit, you will have to show the IRS that your business is going to serve some public interest, that its purpose is to benefit the community. With ESD, this shouldn’t be difficult to do! Nonprofits also need to raise revenue through donations. If that is something for which you have the connections and contacts, if you think you will be good at fundraising and it is something to which you want to dedicate some time and effort, if you are willing to sing for your dinner, this can be a terrific option.

If you would like to start a practice run on a for-profit business model, that is a great option, as well. If that model will help you to do ESD work as your primary job, fantastic. The more ESD instructors there are in the world, the more ESD instruction there will be, and the more violence we will have prevented. Choose the business model that will work best for you. And please check back with the How-To section on our website for a piece focusing on the for-profit v. nonprofit question, coming soon.

Another option altogether is to run your ESD practice on a purely voluntary basis, donating your time (and perhaps some money) to your practice. Whether you want to teach free classes at a local shelter or community center and don't need to invest much money into it, or if you want to lease a space, hire a padded assailant, and purchase mitts, mats, and pool noodles, forming a nonprofit is a good way to go. Forming a nonprofit makes sense because it will provide structure for a whole variety of things, such as raising money, providing grants or scholarships, obtaining insurance, making your clients feel secure, and so much more.

Whether you choose the for-profit, nonprofit, or volunteer road, you can run your practice as a one-person show or a partnership, either with another ESD instructor or by partnering with an organization. If you go the partnership route and you don't already have someone in mind, you'll need to identify potential partners. Begin by looking to already-established entities, like an ESD practitioner or organization, a gym, school, spiritual center, retreat, or community center (see below for more ideas). You may want to open a chapter or subsidiary of an existing, larger organization and operate under their umbrella. Take the leap and reach out. Some will be interested and some won't—don't let the no's deter you, instead think about whether you need to shift your strategy and, either way, keep going.

## **To Incorporate or Not To Incorporate**

You will need to decide whether to incorporate your new practice. To protect your personal assets (money in the bank, a home or other properties, investment money, other valuables), you may want to incorporate. In the United States, incorporating is inexpensive and, if you keep your personal funds separate from your business funds, your personal assets are protected if you are sued and often from business debt collection. You can also consider forming an LLC as they afford similar protections. If you decide not to incorporate, you will be operating as a sole proprietorship or, if you have a partner, as a partnership.

## **Steps to Forming Your ESD Business (in the U.S.)**

These are the basic steps to forming a businesses (whether or not incorporating) in the U.S. We will be publishing similar toolkits for forming a business in other countries on a rolling basis, some of which we will also do our best to translate to the languages of the countries.

If you don't want to incorporate (or form an LLC) on your own, you can hire a service to do (most of) it for you. These services range from very inexpensive services (but there will be a lot of do-it-yourself features) like [ZenBusiness](#) and [Legal Zoom](#) to a bit more expensive but also more comprehensive (but there will still be some do-it-yourself features) like Harbor Compliance, Northwest Registered Agent, and law firms that sell flat-fee packages like Caritas Law Group, P.C. There are also a lot of online tips out there from [Nolo](#), [the Balance Small Business](#), and the [U.S. Small Business Administration](#) (resources we looked to for writing this piece can be found below under References).

Here's the short list, with more detail below:

1. Choose a name and then do a search in your state to make sure it isn't already taken or that there aren't others with very similar names. Reserve and register the name with your state (and if you live in a major metropolitan city, in your city too).
  - a. Searching a Name: state secretary of state, \_\_\_\_\_
2. If you are not incorporating and instead going to operate as a sole proprietorship or partnership, you will need to file your business name with your county (statement of fictitious business name or DBA (doing business as) form, usually supplied by the County Clerk and found on their website).
3. Obtain a business license from your city (or county if unincorporated area). There may be a specific license for home-based businesses.
4. Obtain an EIN (employer identification number) from the IRS.
5. Choose or get an address.
6. Open a bank account and credit card. Use this account and card for ALL business expenses. Do not intermingle your personal expenses. If you make a mistake and use a personal account or card for a business purchase, make sure to fill out (first you'll have to create) a reimbursement form and then reimburse yourself from the business account. If you don't do this, incorporation will not protect your personal assets.
7. Create a business email.
8. Choose a phone number (your own or get a virtual business phone number).
9. Create a logo, tag line, and website.
10. Create social media pages.
11. Create business cards (if that makes sense for your clientele).
12. Obtain necessary permits and zoning clearances.[\[1\]](#)

## How to Incorporate

These are the basic steps to incorporating in the U.S. We will be publishing similar toolkits for incorporating in other countries on a rolling basis, some of which we will also do our best to translate to the languages of the countries.

Here's the short list, with more detail below:

1. Choose a state in which to incorporate. This will most likely be the state in which you live, but if you live on the border of more than one state or will be operating in more than one state, you'll need to examine this and do an analysis of fees and regulations for different states.
2. Hire a registered agent (i.e., [Northwest Registered Agent](#), [Harbor Compliance](#), and many others). Note that not all registered agent operate in every state, so you'll have to check that before moving forward.
3. Draft Articles of Incorporation. This can be as simple as filing a form with the state in which you are incorporating [CHECK THIS!].

4. File and publish Articles of Incorporation.
5. Draft Bylaws.
6. Form a Board of Directors.
7. Create a Minute Book/Corporate Binder.
8. First Board meeting – approve Articles of Incorporation and Bylaws.

#### Incorporation Details

1. Address.
  - a. Brick & Mortar. Address of the location where you will be teaching ESD.
  - b. Home Address. If you won't be opening a brick & mortar storefront and feel comfortable using your home address, this is an option. Note that your name and address together will become public record. Consider your security when making this decision.
  - c. Virtual Office. If you won't be opening a brick & mortar storefront and don't want to use your home address, lease a virtual office. You'll need this for the incorporation papers.

#### **How to get venture capital funding (from [SBA.gov](https://www.sba.gov)[2])**

Note that there is no guaranteed way to secure venture capital funding

1. Find an investor
  - a. As the name suggests, venture capital firms are one source of venture capital funding. You can also find funding from individual investors, who are sometimes also referred to as angel investors. Make sure to do your research and establish the legitimacy and reputation of the investor. A history of working with startup companies can be a good indicator.
2. Share your business plan
  - a. The investor will review your business plan to make sure it meets their criteria. Most investment funds concentrate on an industry, geographic area, or stage of business development.
3. Go through due diligence review
  - a. The investors will look at your company's business management team, market, products and services, corporate government documents, and financial statements.
4. Work out the terms
  - a. If your investor agrees to fund your business, the next step is to agree on a term sheet that describes the terms and conditions for the fund to make an investment.
5. Investment
  - a. Once you agree on a term sheet, you can get the investment! Once a venture fund has invested it becomes actively involved in the company, Venture fund normally come in "rounds". As the company meets milestones, further round so financing are made available, with adjustments in price as the company executes its plan.

#### References

<https://howtostartanllc.com/business-ideas/self-defense-training>

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<https://www.incorporate.com/starting-a-business/incorporation-overview/>

<https://www.thebalancesmb.com/how-to-incorporate-your-small-business-in-7-steps-2951524>

<https://www.forbes.com/sites/allbusiness/2018/07/15/35-step-guide-entrepreneurs-starting-a-business/?sh=c53006e184b5>

List of state tax agencies: <https://cdn2.hubspot.net/hubfs/127975/State%20%26%20Local%20Taxing%20Authorities.pdf>

[<sup>1</sup>] <https://www.sba.gov/business-guide/launch-your-business/choose-business-structure>

[<sup>2</sup>] <https://www.sba.gov/business-guide/plan-your-business/calculate-your-startup-costs>

Qwan– Need to learn about this - are there permits required by states, cities, or counties for practicing ESD (or martial arts)? If practice is going to include counseling and other healing practices, there may be licenses required for those, as well.