

## When to Form another Entity for your Business vs. Just adding a DBA!

*Six insights for you to consider*

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Many times to be successful in business today you are involved in 2-3 different business activities to develop multiple streams of income. Perhaps your business has been successful and growing over the past several years and it is time to evaluate whether you need another entity or should simply file a DBA (doing business as) attached to your primary entity.

Here are some common situations and different recommendations to consider. You may also want to run this past your CPA or attorney who understands your big picture.

**1. You are just starting your home based business and are operating a direct sales opportunity online from home and you are involved in 2-3 different affiliate products.** Should all of that be operated through the same LLC (or corporation) or should you have one entity for the direct sales opportunity and one for the affiliate opportunities?

Most likely if you are starting both endeavors at the same time it would be ok for both to be run through the same entity. Typically an affiliate opportunity should not cause much liability to your direct sales opportunity. Check in after 6 months, if both are extremely profitable and successful you may want to consider a separate entity. For most of you one entity would be fine in this case. There is nothing to change on the articles of an LLC for this. Typically, if a corporation, it should state on the articles *to engage in any legal business* which gives you the flexibility to operate more than one business.

***The exception would be if you***

***own real estate outside of your residence. If you own a rental properly that would not go into the same entity as your direct sales opportunity.***

The real estate will bring unnecessary risk to the direct sales opportunity which should be a low overhead and high profit type business. Plus if you buy real estate in the future typically you want a flow through entity for the direct sales business like an LLC taxed as an S corporation so you can pay taxes once and then close on a piece of real estate in your own name personally and after the closing transfer it into a brand new LLC.

**2. You have an entity with a partner (other than your spouse) and you are going to have an affiliate program or start a side internet business.** The big problem of filing a DBA linked to your entity in this case is that you already have a partner. Let's say it is a 50/50 business. If you point the internet business to the existing entity your partner would get 50% of the profits. Assuming your partner has nothing to do with the internet business this makes no sense.

In this case you would form a separate legal entity for your internet or affiliate business to separate it from the entity you operate with your partner. Exception, if your partner is involved in the internet or affiliate opportunity and you are putting in the same effort in the short term it may be ok to have a DBA linked to the entity.

**Key point:** What I mean when I say the DBA is linked to the entity that means that the entity is the applicant for the DBA. If you are the applicant for the DBA you created a sole proprietorship with unlimited liability! I see this often especially when one had a DBA as a sole proprietorship before they formed the LLC and later forgot to "re-link" the DBA to the new entity. Which basically means you have to close out the DBA linked to you and the same day refile it linked to the entity. This is very important!

**3. You have had an entity for 8 years and your primary business is very profitable and successful.** Now you want to start a new business that has more risk to it, like a restaurant. Of course, I know you are thinking, who would ever start a restaurant especially in this economy, and I agree with you, but it is just an example. You would not want the

new business, the restaurant, to cause unnecessary liability to your existing business that is a cash cow! Therefore invest in the money to separate out the two businesses!

**4. You have a successful business and now are going to add a partner with a new business.**

***If the partner is not involved in the existing business, form a new entity.***

**5. You have an old entity from a previous business with an old partner. Now you have a new business with a new partner.** Form a new entity! Do not be cheap and risk using the old entity and make a lot of money with the new partner and later on find out the first partner never was properly removed from the company. Many people forget that at renewal time and they update officers or managers that we are an extension of the Nevada Secretary of State and when it comes to update the list of officers for the Nevada Secretary of State that is very different then did your previous director or present properly resign. This happens too often and can come back to haunt you down the road.

**6. You have a new business with several different products and you are not sure which one will take off.** This is probably ok to start with one entity and several different DBAs linked to that one entity. The big mistake we see is that four years later after two or three of them are successful, many people risk four years of business by not wanting to form a separate entity or two because they want to keep things “simple”.

***Remember “simple” and asset protection are inversely related. The least protection, the most exposure, the more likely you will lose everything and have to start all over.***

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**Scott Letourneau is** *“The Expert on Establishing and Positioning Network Marketing Companies for Maximum Profit!”*

Worldwide **successful entrepreneurs turn to *only one person*** when they want to establish their **company in the United States**. They want the one person who they know can deliver a truly

turnkey experience to position themselves for profits and success. That person is Scott Letourneau!

**Scott is the prominent entrepreneur and CEO** who founded Nevada Corporate Planners, Inc. in 1997. He also founded the complementary Fast Business Credit, Inc. in 2003, again with great success.

In addition, Scott is a busy lecturer, consultant and author, who is recognized worldwide for helping entrepreneurs get their businesses off to a fast start in the United States.

You will learn from Scott’s diverse expertise and complete turnkey business solution, along with his comprehensive and ever-growing list of powerful business resources. These are the very elements that have **allowed his 5,000+ clients both domestic and abroad** to incorporate their business with confidence, ***“propelling their business on a fast track to profits!”***

Scott is the *only* speaker offering a solution to help clients accomplish two goals: how to grow net worth and profits in the shortest period of time and how to **sustain and protect your net worth as it builds and accumulates**.

He is **recommended by top professionals** such as **Sandy Botkin**, a top Attorney/CPA; Attorney **Dr. Arnold Goldstein**; top Internet marketers **Tom Hua**, **Brett McFall**, and **Stephen Pierce**; and marketing expert **Jay**

**Abraham** and other top CEOs and professionals throughout the U.S. and internationally. Leading entrepreneurs throughout the world laud him as the foremost expert on not only incorporating businesses, but also helping owners get access to capital and other invaluable business tools. Scott has a BA in Finance, a Masters Practitioners Degree in NLP (Neuro Linguist Programming, the study of patterns of success) and is the author of *"The Insiders Guide to Incorporating Your Business and Protecting Your Assets!"* He is also a contributing author for the new book from *Entrepreneur Magazine's Start Up series*; *"Start Your Own Information Marketing Business – Your Step-by-Step Guide to Success."*

He has appeared on **CNN Headlines News with Pat Summerall's Success Stories**, and has been interviewed by various radio and TV stations throughout North America, eager to tap into his expertise and experience.

Scott understands the **energy and passion required** to balance a successful and growing **business along with a healthy and thriving family life**. He has been in **business for over 12 years and married for 13 years** to his beautiful wife De Ann, an amazing classical violinist, and is the proud father of three beautiful girls, Gracie, Rosie and Faith. His family and offices are headquartered in Las Vegas, Nevada, where he has made his home for the last 15 years.

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