

Workshop Proposal

Black Business & Economic Development

Serious Business: Going from side hustle to CEO through Incorporation

Many young brothers launch their side business as sole proprietorships in which they and their businesses are essentially one and the same. This can present limitations that can be avoided by taking the step to incorporate sooner than later.

Changing the format of a small business to a corporation or a Limited Liability Company (LLC) can offer a range of advantages for entrepreneurs. Most notable is that a corporation or LLC protects entrepreneurs' personal assets in case debts or legal judgments are claimed against the business.

But there are many other practical reasons why the corporation proves to be an attractive vehicle for carrying on a business.

- **Unlimited Life:** Unlike proprietorships and partnerships, the life of the corporation is not dependent on the life of a particular individual or individuals. It can continue indefinitely until it accomplishes its objective, merges with another business, or goes bankrupt. It could go on indefinitely. Which means you now have an asset that can be passed down generations.
- **Transferability:** It is always nice to know that the ownership interest you have in a business can be sold, transferred, or given away to another family member. Unlike your own business ownership, it can be transferred cleanly and legally creating a profit opportunity.
- **Ability To Raise Investment Capital:** It is usually much easier to attract new investors into a corporate entity because of limited liability and the easy transferability of shares. Shares of stock can be transferred directly to new investors, or when larger offerings to the public are involved, the services of brokerage firms and stock exchanges are called upon.
- **Continuous Employment:** As an owner of your own business you can create a perpetual employment history for yourself. This can strengthen your years of experience and prevent gaps as you career change.
- **Guidance:** Corporations have a reliable body of legal precedent to guide owners and managers.
- **Going Public:** Corporations are the best vehicle for an eventual initial public offering (IPO).
- **Job Creating Ability:** Incorporation means that you will have the ability to hire or bring on help as needed to assist your business endeavor and pay these people through your business revenues. Whether it is seasonal work or more consistent you can now be a legitimate job creator.
- **Scalability:** As an avenue for job creation your company can easily scale for big projects or bring in specialists while keeping you in control of clients or customer relationships.
- **Deductible Expenses:** Once organized as a corporation or LLC the vast majority of work-related expenses are now deductible as a business expense. This can lead to greater operational savings if correctly accounted for on tax returns.
- **Other Tax Benefits:** Many small business owners elect to operate their corporations under subchapter S of the Internal Code. Also known as an S corporation, this entity allows income to pass through to the individual shareholders.
- **Diversification:** As an incorporated business entity you have greater freedom to branch out into other business investments and endeavors seamlessly under the same corporate umbrella.

- **Memberships:** As a corporation you can join merchant and business groups such as the local Chamber of Commerce opening your business and you to heighten exposure and networking capability.

Getting Started

To start the process of incorporating, first define what it is you want to do and develop a business plan and revenue projection. Determine if your business is profitable enough to justify the expense and what business structure is best. There are checklist and information readily available [I can provide] to make this process very manageable.

Next contact the secretary of state or the state office that is responsible for registering corporations in your state and register the name of your business and pay the applicable fees.

It is true that operating as a corporation has its share of complications. For example, as a business owner, you would be responsible for additional record keeping requirements and administrative details. But in many cases, it is worth considering and can be means to greater success and economic stability.

**“I’m not a businessman,
I’m a Business man.”
- Jay-Z**

BIOGRAPHY:

Lemon Clyde Williams, Jr. or "L. C." as he is often called is a career business consultant and lifelong problem solver. He is a graduate of the University of Tennessee at Knoxville where he became a member of Alpha Phi Alpha Fraternity Inc. and remains active in alumni affairs and his fraternity to this day.



He is the youngest of five children raised by two strict and loving parents who instilled a strong work ethic that has never left him.

After graduation, Lemon embarked on a career in information technology.

After many years of travel and experience implementing risk management systems and cybersecurity programs for major corporations, government agencies and public utilities far and wide and coast to coast, he was bitten by the entrepreneurial bug and in 2014 founded The Ionado Group, a cyber security and emerging technologies consultancy providing advanced security solutions, services, and mitigation strategies against cyber threats facing leading industries.

REFERENCES

Fox Business. (2013). *Five Reasons Why a Small Business Should Incorporate*. [online] Available at: <https://www.foxbusiness.com/features/five-reasons-why-a-small-business-should-incorporate> [Accessed 18 Dec. 2018].

Entrepreneur. (2018). *How--and Why--to Incorporate Your Business*. [online] Available at: <https://www.entrepreneur.com/article/77730> [Accessed 18 Dec. 2018].

Incorporate.com. (2018). *Benefits of Incorporating | incorporate.com*. [online] Available at: <https://www.incorporate.com/starting-a-business/benefits-of-incorporating> [Accessed 18 Dec. 2018].