

STARTING A SERVICE BUSINESS

You sell expertise, labour or done-for-you work. This is the universal list plus everything specific to your path, in the order the work actually happens.

STEPS FOR YOU

95

PHASES

6

UNIVERSAL

70

FROM CONTRIBUTIONS

23

FROM CONTRIBUTIONS

Steps marked from contribution come from someone who has actually run the business, not from general advice. 23 of them here, contributed by James McConnell.

IDEA AND VALIDATION

Most lists start at "form an LLC". That is the wrong first step, and it spends money before you know whether you have a business. Nothing in this phase requires spending any.

- ☐ Write the problem in one sentence without naming your solution. If you cannot, you have a product idea rather than a business idea.
- ☐ Name the specific person who has this problem. Not a demographic — a person you could call.
- ☐ Find where those people already gather and read what they complain about in their own words. Save the exact phrasing; it becomes your copy later.
- ☐ Identify what they do today instead. Every problem already has a workaround, and that workaround is your real competitor.
- ☐ Establish what they currently pay for that workaround — in money, time or hassle.
- ☐ Talk to ten of them before building anything. Ask what they did last time the problem happened, not whether they would buy.
- ☐ Write down what would have to be true for this to fail, then check whether any of it is already true.
- ☐ Decide the smallest version that would prove someone will pay. Write it down and resist expanding it.
- ☐ Establish whether the work is licensed in your state, and what the licence actually requires.
- ☐ Decide whether you are selling your own hours or building something that runs without you. That choice determines everything downstream.
- ☐ Check whether anyone is already doing this well. A crowded market proves demand; an empty one often proves there is none.
- ☐ Work out how someone would find you. If the answer is "word of mouth" you do not have a channel yet.
- ☐ Set a decision date and a kill condition before you start. Without one you will keep spending on something out of stubbornness rather than evidence.
 - *From contribution - James McConnell*
- ☐ Ask whether you actually want to run this business day to day, not just whether it could work. Most founders skip this and regret it.
- ☐ Estimate the smallest amount of money that gets you to a first sale, and check you can lose it without damage.

- ☐ Price a first engagement before you have one. If the number embarrasses you, you have a positioning problem rather than a pricing problem.
- ☐ Identify the one deliverable a client would pay for even if nothing else came with it.

NOTES - PHASE 0

LEGAL AND FORMATION

Do this after validation, not before. Forming an entity for an unvalidated idea is a fee, not progress.

- ☐ Choose a structure — sole proprietor, LLC, S-corp election, C-corp. It affects taxes, liability and how you take money out.
- ☐ Check the name is genuinely available: state registry, federal trademark search, domain, and the social handles you need.
- ☐ Register the entity in the right state. Your home state is usually correct unless you have a specific reason.
- ☐ Get an EIN. Free, direct from the IRS, takes minutes. Never pay a service for this.
- ☐ Open a dedicated business bank account before the first dollar moves. Mixing personal and business funds is the most common expensive mistake there is.
■ *From contribution - James McConnell*
- ☐ Write an operating agreement even as a single member. It is what makes the liability shield real.
- ☐ More than one founder? Put equity, vesting, roles and what happens when someone leaves in writing now, while everyone still likes each other. A partnership ending badly is survivable; ending badly with nothing in writing may not be.
■ *From contribution - James McConnell*
- ☐ Decide what you are protecting and how: trademark for a brand, patent rarely, trade secret often, copyright automatically.
- ☐ Get the insurance the category actually needs — general liability, professional liability, product liability. General liability is usually rated on revenue, so treat the opening quote as a starting point: as you grow, the premium grows with you, and the audit at renewal trues it up. Ask what a claim would cost, not just the premium.
■ *From contribution - James McConnell*
- ☐ Get a contract template reviewed by a lawyer once, then use it every time. Handshakes are how service businesses lose money.
■ *From contribution - James McConnell*
- ☐ Decide your payment terms in writing — deposit, milestones, net terms — and then actually enforce them.
- ☐ Register any DBA or trade name you will actually use in marketing, if it differs from the legal entity name.

- ## NOTES - PHASE 1

FINANCIAL FOUNDATION

Profitable businesses die of timing, not of losses. This phase is about seeing the timing early.

- ☐ Separate accounting from day one. Cheap software beats a shoebox and beats reconstructing a year later.
- ☐ Know your unit economics before scaling anything: what one sale costs you and what it earns.
- ☐ Build a simple cash-flow forecast. Running out of cash while profitable is the classic way to die.
- ☐ Identify every recurring cost before launch. Software subscriptions accumulate quietly and are the single most underestimated line.
■ *From contribution - James McConnell*
- ☐ Decide how you are funding this — savings, revenue, loan, investors — and understand the consequences of each before choosing.
- ☐ Lending yourself money? Document it properly as a shareholder loan with a stated interest convention. Undocumented owner money creates tax and bookkeeping problems that surface at the worst time.
■ *From contribution - James McConnell*
- ☐ Understand your payment processor's real cost including per-transaction percentages. On a large vendor payment a low-single-digit percentage is real money, and founders routinely forget to include it.
■ *From contribution - James McConnell*
- ☐ Know your break-even in units, not dollars. It is the more useful number.
- ☐ Set aside for taxes as revenue arrives. Quarterly estimates surprise first-year founders badly.
- ☐ Price on value rather than hours as soon as you credibly can.
- ☐ Track utilisation honestly. Unbillable time is your real cost.
- ☐ Reconcile your accounts monthly rather than annually. Errors compound quietly, and a year of them takes days to unpick.
■ *From contribution - James McConnell*
- ☐ Keep a personal runway number separate from the business one. Founders usually run out of personal money first.
- ☐ Track every subscription with its renewal date and cost. Review the list quarterly and cancel what you are not using.
■ *From contribution - James McConnell*

- ☐ Decide what you pay yourself and when, even if the answer is nothing yet. Ambiguity here causes bad decisions.
- ☐ Understand the difference between profit and cash in your own numbers, and which one you are actually managing.
- ☐ Before any large vendor payment, confirm the payment rail and its fee. A percentage fee on a five-figure payment is real money that founders routinely forget to budget.
 - *From contribution - James McConnell*
- ☐ Know what your business would be worth to someone else, even if you never sell. It clarifies what you are building.
- ☐ Take a deposit before starting work. It filters unserious clients better than any qualification call.
- ☐ Know your effective hourly rate after unbillable time. It is usually far below your quoted rate.

NOTES - PHASE 2

The first version exists to prove someone will pay, not to be complete.

- ☐ Define your scope precisely, and define what is explicitly out of scope. Scope creep is the primary killer of service margin.
■ From contribution - James McConnell
- ☐ Build a repeatable delivery process before taking volume. Heroics do not scale.
- ☐ Create templates for proposals, contracts and onboarding.
- ☐ Decide how you will handle work you cannot personally do — subcontract, hire, or decline.
- ☐ Set up a way to capture what you learn on each job so the next one is faster.
- ☐ Ship something a real person can use before adding a second feature. Feedback on something real beats any amount of planning.
- ☐ Write down decisions as you make them, with the reason. Six weeks later you will not remember why, and you will relitigate it.
■ From contribution - James McConnell
- ☐ Set up a single place where work lives. Scattered across notes, chats and memory is how things get dropped.
- ☐ Run your process on one real client before selling it to five. The gaps only appear under real conditions.
- ☐ Build a simple intake questionnaire. It saves a call and surfaces bad fits early.

NOTES - PHASE 3

GO TO MARKET

Launch is rarely an event. Most businesses start slowly and compound.

- ☐ Pick one channel and get it working before adding a second.
- ☐ Write your positioning in one sentence a stranger would understand.
- ☐ Build an email list from the first day you have anything to say. It is the only audience you own.
■ *From contribution - James McConnell*
- ☐ Set up basic analytics and know which three numbers actually matter to you.
- ☐ Prepare for launch not being an event, and for the first month being quieter than you hope.
- ☐ Referrals are your best channel. Build asking for them into your delivery process.
- ☐ Say the same thing consistently for longer than feels comfortable. Founders change their message right as it starts working.
■ *From contribution - James McConnell*
- ☐ Get your first ten customers manually, one at a time, before automating anything.
- ☐ Ask every early customer how they found you and write the answer down.
- ☐ Have one clear next step on every page and in every post. Confusion converts worse than a weak offer.
- ☐ Publish before it is ready more often than you think. The version you polish for a month rarely beats the version that got feedback in week one.
■ *From contribution - James McConnell*
- ☐ Decide how you will handle your first unhappy customer before you have one.
- ☐ Write up one piece of work as a case study, with a number in it, as soon as you have permission.
- ☐ Raise your price on the next client rather than the current one. It is the least confrontational way to test the ceiling.

OPERATIONS AND SCALE

The point where the business either starts running without you or starts consuming you.

- ☐ Document how things work as you do them the first time. Later is a lie.
■ *From contribution - James McConnell*
- ☐ Identify what only you can do, then start removing yourself from everything else.
- ☐ Review your numbers on a fixed schedule rather than when something feels wrong.
- ☐ Know your single point of failure. Usually it is you.
- ☐ Decide what "working" looks like, so you know whether to continue, change or stop.
- ☐ Build one weekly review habit and keep it even when things are busy. Busy is exactly when things get dropped.
■ *From contribution - James McConnell*
- ☐ Know your three most likely failure modes and what you would do about each.
- ☐ Do not let a system depend on you remembering something. If it matters, it needs to live somewhere that is checked.
■ *From contribution - James McConnell*
- ☐ Take a real break before you need one. Founder burnout looks like a business problem from the inside.
- ☐ Revisit pricing at least twice a year. Most founders underprice for far too long.
- ☐ Decide what growth you actually want. Bigger is a choice, not an obligation.
- ☐ When something breaks, fix the reason it went unnoticed as well as the thing itself. Silent failures are the expensive category.
■ *From contribution - James McConnell*
- ☐ Keep a bench of one trusted subcontractor before you need them urgently.

NOTES - PHASE 5

NOT PROFESSIONAL ADVICE

This guide is general information, not legal, financial, tax or professional advice. No professional relationship is created by using it. Laws and requirements vary by location and change over time. Consult a licensed attorney, accountant or relevant professional before making decisions for your business. Use at your own risk.

KEEP IT CURRENT

The live version of this checklist is at startupguide.overbuilt.ai, where ticks save in your browser and steps get added as contributors send them in. If you have run this kind of business and hit something that is not here, add it.

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