



Johnson & Sheldon, PLLC
Certified Public Accountants



Financial survival guide for startups



Starting a business often means jumping straight into serving clients, while also managing every other function behind the scenes. You're not just doing the work; you're also the CEO, the bookkeeper, the HR department, and everything in between. With so much competing for your time, it's easy for proper financial management to slip through the cracks.

But this is one area you can't afford to ignore. Without the right foundation and ongoing management, financial blind spots can quietly develop, leading to missed deductions, IRS penalties, cash flow problems, or costly tax decisions you didn't even know you were making. If you're in the startup phase, the good news is you don't need a finance department to get started. What you do need is structure and a system.

We'll walk you through the essentials for getting started and keeping your financial house in order.

Start with the basics: EIN, legal structure, and separate finances

The startup period is exceptionally busy, so it's important to start with the right structure. First, make sure you have an EIN and a basic legal structure that separates the business from your personal finances. For many early-stage businesses, a pass-through entity like a single-member LLC or partnership will suffice. This separation matters for liability protection and for creating a clean, compliant financial framework.

Set up a dedicated business bank account and business credit card. This is non-negotiable. It's a good idea to use a bank that's different from your personal bank - this extra layer of separation can make it even easier to track your business finances



and avoid mixing them with your personal spending. And while many banks now offer accounts that don't charge overdraft fees and simply reject payments if your account balance is too low, setting up overdraft protection on your business account is still smart. It can help you avoid disruptions in payments and maintain good standing with vendors and clients, even if your cash flow hits a temporary snag.

Set up your bookkeeping and document management systems

Once your accounts are in place, invest in bookkeeping software. QuickBooks, for example, is a popular platform because it integrates with your bank accounts, tracks income and expenses, and supports reporting that aligns with your tax obligations.

Then, start building a chart of accounts that reflects how your business operates. This is the foundation for how you'll categorize revenue and expenses. Work with your CPA to customize this structure to ensure it's comprehensive from the start.

In parallel, create a structured digital filing system for your corporate records and supporting documentation. At a minimum, consider keeping invoices, receipts, payroll reports, and bank statements as a backup for what's recorded in your bookkeeping software. You'll want these documents to be easy to find for tax filing, audits, or internal decision-making.

Build a financial forecast and monitor cash flow

Alongside your bookkeeping software, you'll need a working spreadsheet that includes your income statement, cash flow projection, operating budget, and financial forecast. Be sure to structure this spreadsheet so that all categories align with your chart of accounts. That way, everything from reporting to budgeting remains consistent and easy to reconcile.



During your monthly financial review, revisit this spreadsheet. See if your revenue and expenses are tracking with your expectations. If not, adjust. Costs fluctuate. Invoices get delayed. That's normal. But if you're working with outdated spreadsheets and forecasts, you're flying blind and potentially exposing your business to risks.

Set up reminders for bills, invoices, and other recurring financial tasks. If possible, set up alerts to notify you when your balance dips below a certain threshold. And have a backup plan in place, like a line of credit, so that unexpected expenses or temporary setbacks don't derail your operations.

Payroll: a major risk for new employers

If you have employees, set up a reliable payroll system as soon as possible. Payroll is one of the biggest and earliest risks for new business owners, and errors can result in penalties and legal issues.

Your bookkeeping platform may offer payroll options as an add-on, or you could work with a dedicated payroll provider. But often, it's more efficient and effective to keep payroll under the same roof as your broader accounting and advisory work. Many accounting firms offer payroll services alongside other functions like bookkeeping and tax planning, so you're not juggling multiple service providers or risking information gaps.

Start with a CPA - and know when to call on them again

One of the smartest steps you can take early in your business journey is to meet with a CPA, even if it's just for an initial consultation. Many new business owners assume they're too early or too small to need professional guidance, but that first meeting can lay the groundwork for everything that follows.



During an initial consult, a CPA will likely walk you through key questions and offer general guidance tailored to your business model. Even more importantly, it establishes a relationship with an advisor you can call on as new challenges emerge; someone who already understands your business and can offer support as you grow.

From there, build the habit of keeping a running list of financial questions. As your business evolves, you'll encounter decisions that aren't always black and white. Can you deduct your home office? Should you set up a retirement plan? Is it time to restructure your business for tax efficiency? Don't rely on memory or guesswork; log your questions and bring them into your check-ins with your advisors.

Eventually, you'll reach a point where an annual tax filing just isn't enough. If you're consistently missing deadlines, overwhelmed by recordkeeping, or starting to outgrow your current systems, that's your signal. And if you're seeking funding or opening a new location, clean and accurate financials are no longer optional; they're critical.

Your CPA will eventually become a long-term partner in structuring, planning, and guiding your business forward. The earlier you build that relationship, the more valuable and strategic it becomes.

Building your financial foundation: don't go it alone

You're not just doing the work - you're running a business. But running it well doesn't have to mean doing everything alone. With a few foundational habits and the right advisors, you can turn your business into a sustainable, growth-ready enterprise. Don't wait until the paperwork becomes a problem. Set up the systems now, and you'll be in a stronger position to make informed financial decisions.



Next Step

If you're not sure where to start or you're looking for experienced guidance, we're here to help. Our team has the expertise to set you up for long-term success and handle complex questions as they arise. Reach out to our office and we'll help you build the financial foundation your business needs.



About Johnson & Sheldon, PLLC

Johnson & Sheldon, PLLC is professional corporation that has established itself as one of the leading, aggressive accounting and consulting firms in the Panhandle Region of Texas. Our clients have been relying on the experience and guidance of our partners, Terry Sheldon , Richard Blankenship and Jeff Joyce for over 30 years. Located in Amarillo, Johnson & Sheldon's client base consists of small to medium size mostly privately-owned business and organizations. J&S is a member of the RSM US Alliance, the nation's fastest growing association of independent accounting firms. Through our affiliation with this network, Johnson & Sheldon, PLLC can offer the pooled expertise and resources of the RSM US Alliance, as well as other network members.



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