

Mentor Sheet Module 7 - Getting Official

Getting a Business Name

Help your teen come up with an applicable name for their business. It is their business, so don't poo poo any names they come up with. Simply ask questions. For instance if they come up with the name Susie's Service, ask, "What do you think people will think your service is?" If there name is something 'hip' like ROFL Dog Walking, ask, "Do you think people will know what ROFL is?" (Remind them of their ideal customer and ask what that customer would think about the name.)

DBA or Assumed Name Certificate

Take your teen to the county clerk's office to fill out a DBA or Assumed Name Certificate. You can help them ahead of time by going online to download the form. These should cost around twenty dollars or less (each county is slightly different). It is worth the 'investment' in your teen because this makes their business official and they will start taking it more seriously. You will be surprised at how they act differently when they apply and see this official government document. (If you do not have the money, go ahead and download the form and let your teen fill it out. It will be a good exercise and you can encourage them to earn the money they need to file the form.)

Bank Account

It is not a mandatory step to create a bank account. However, it gives your teen a sense that what they are doing is real and not just 'play.' When your teen feels like their business is real there will be a shift in their thinking and you will probably notice a difference in the way they act when they talk about their business. Take them to the bank and open a basic FREE small business account. As long as it is not used over the limited number of transactions, it should not cost you any fees. As the mentor, you should ask the questions to see what would incur fees: minimal balances, minimum transactions, etc... Many banks will let you open a business account with as little as one hundred dollars in the account with no fees. As the adult, you will be a guarantor or guardian of the account. You will need to talk to your bank about the best way to handle this so that when the teen turns 18 they can get your name off the account if that is what they desire. This may be a good time to talk about your role in helping with their business. Do you want to be their 'accountant?' Do you want to help them keep track of finances? Talk it over and at least oversee the account until your name is no longer associated with the account.

Ledger and Asset Sheet

Help your teen fill out these forms. Get them started, but let them do it. Don't fill it out for them at first, unless they want you to be their 'accountant.' The more familiar they are with the way these kinds of things work, the better it will be for them in the long run. You may want to go over with them how to use their check book and show them how the ledger and the check book are similar. In today's digital world, there may be a lot of things on the ledger, but very few things in the checkbook.

What about Business Checks?

I suggest shopping online for business checks instead of getting them at the bank, if your teen will be using checks at all. There are large three-up business checkbooks, but I suggest getting a single check book, much like a personal account. I would get duplicate checks, so that keeping up with them is a bit easier. You can help your teen decide what would be the best system for them and their checks. If you use something like VistaPrint.com, they can have custom made checks and business cards made pretty cheaply. Make sure you watch the shipping costs. Help your teen set a budget for things like this and stick to it.

OTHER QUESTIONS

What if we don't have any money?

You don't have to go to the clerk's office, but you can go through the process of filling out the DBA/Assumed Name Certificate at home. You don't have to set up a bank if you are not ready. These steps just get the teen thinking beyond where they are (in their head) and show them that their business is 'out in the real world' because they have these official forms filled out. You can find places where they can at least set up a free webpage.

Isn't my teen too young for a business account at a bank?

Not necessarily. If your teen is old enough to work on developing a business, they are old enough to learn how a bank account works. Business and personal bank accounts pretty much work the same, but they have a different fee structure. Since your teen is not eighteen, you will have to be the official signer on record for the bank account, but your student can still sign checks. You might talk to your teen and tell them that you can help them out by being their 'finance person' while they develop their business. You know your teen and how well they can handle things like this.

Can I trust my teen to handle finances properly?

You know your teen and will want to work with them in the area of finances. You can 'hold' the records for your teen while they figure out how the finance system works for their business. Some teens will find finances easy, others may need a lot of help in this area. Teens need to learn to handle money, so stress the importance of learning how to handle money. If they want to be successful, learning how to deal with money will take them far.