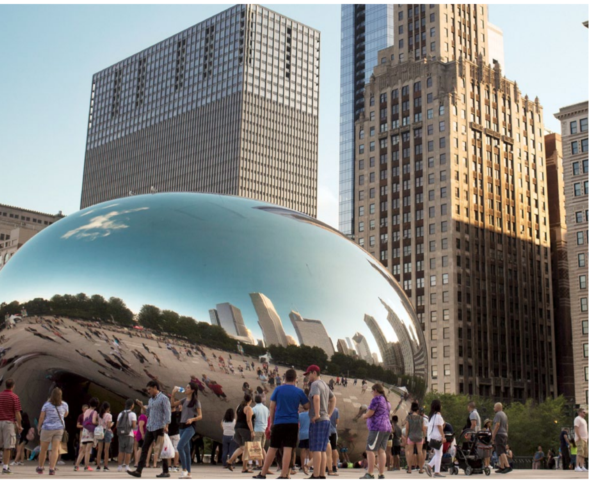
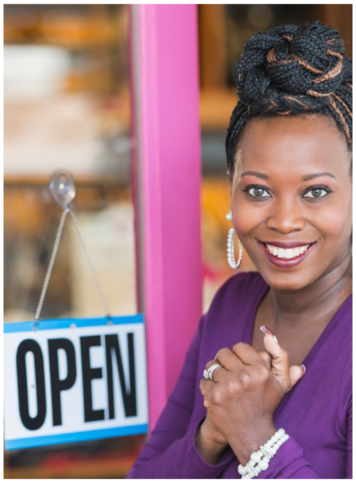
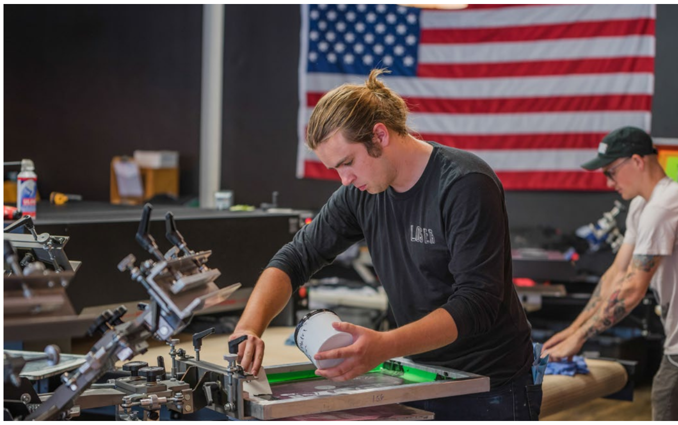
Illinois
Department of Commerce
& Economic Opportunity
JB Pritzker, Governor







Starting Your Business in Illinois Guide

A Comprehensive Resource for Entrepreneurs and Small Business Owners

Front cover images provided by Illinois Office of Tourism Image Library and Getty Images.

Dear Illinois Entrepreneur,

The Illinois Department of Commerce & Economic Opportunity is pleased to provide this Starting Your Business in Illinois Guide to help you create, operate, or expand your business.

Starting and owning a business can be exciting and challenging. There are so many things to consider - location, size, number of employees, ownership structure, and so on. Then, there are anxieties and concerns: “Where do I start?” “Am I in over my head?” “Will I make it?”

Start by building confidence in your plan and understanding the steps ahead. Familiarize yourself with this guide and utilize programs and services available through the Illinois Department of Commerce & Economic Opportunity. Our guide is designed to answer many of your basic questions, and it’s geared toward smaller companies, which make up over 98% of all businesses in Illinois.

To make your business successful, you also need to know about regulations, requirements, and other aspects of starting and running a business — have your licenses, permits, and registration forms submitted and approved before you open your door.

Our guide offers a great deal of information, but it should not be your only reference. This guide focuses primarily on Illinois’ requirements. Depending on your business activities, additional federal regulations or licensing requirements may apply. Rules and regulations are constantly changing, and updates are available on many state agencies’ websites. Remember to check with both your city clerk and county clerk’s offices before undertaking any new business venture to comply with local license or registration requirements.

This guide is organized by topic, so you can move directly to the section that fits your current stage, whether you are planning, registering, or preparing to operate your business.

For more information about State of Illinois services and requirements that apply to your new business, please contact us:

Illinois Department of Commerce & Economic Opportunity (DCEO)
Business Information Center (BIC)

800.252.2923 TTY: 800.785.6055

BIC@Illinois.gov

We look forward to connecting you with resources, experts, tools, and opportunities that translate into endless possibilities!

Table of Contents

Section 1: Understanding Entrepreneurship

1.1: THE ENTREPRENEURIAL MINDSET

A quick look at the traits and habits that support business success.

What it Involves	Why it Matters
Self-motivation	You set your own pace, goals, and direction.
Adaptability	Business conditions can change quickly; flexibility helps you stay competitive.
Problem-Solving	Challenges arise daily, and solutions keep your business moving forward.
Accountability	You are responsible for decisions, outcomes, and follow through.
Resilience	Setbacks are normal; persistence helps you recover and grow.
Initiative	Entrepreneurs act without waiting for permission.

1.2: PERSONAL & FINANCIAL READINESS

A simple self-check before starting a business.

Personal Readiness

- Comfort with uncertainty and risk
- Willingness to take responsibility for decisions
- Support system (family, time, energy)
- Openness to learning new skills

Lifestyle & Time Commitments

- Long or irregular hours, especially early on
- Balancing business with personal life
- Managing multiple roles until you can hire help

Financial Readiness

- Personal savings or a financial cushion
- Ability to cover expenses during startup
- Understanding that income may be inconsistent at first
- Awareness of financial risk and cash-flow needs

Have you sat at the planning stage but haven't felt secure enough to execute? Are you ready to turn that hobby into a legitimate business?

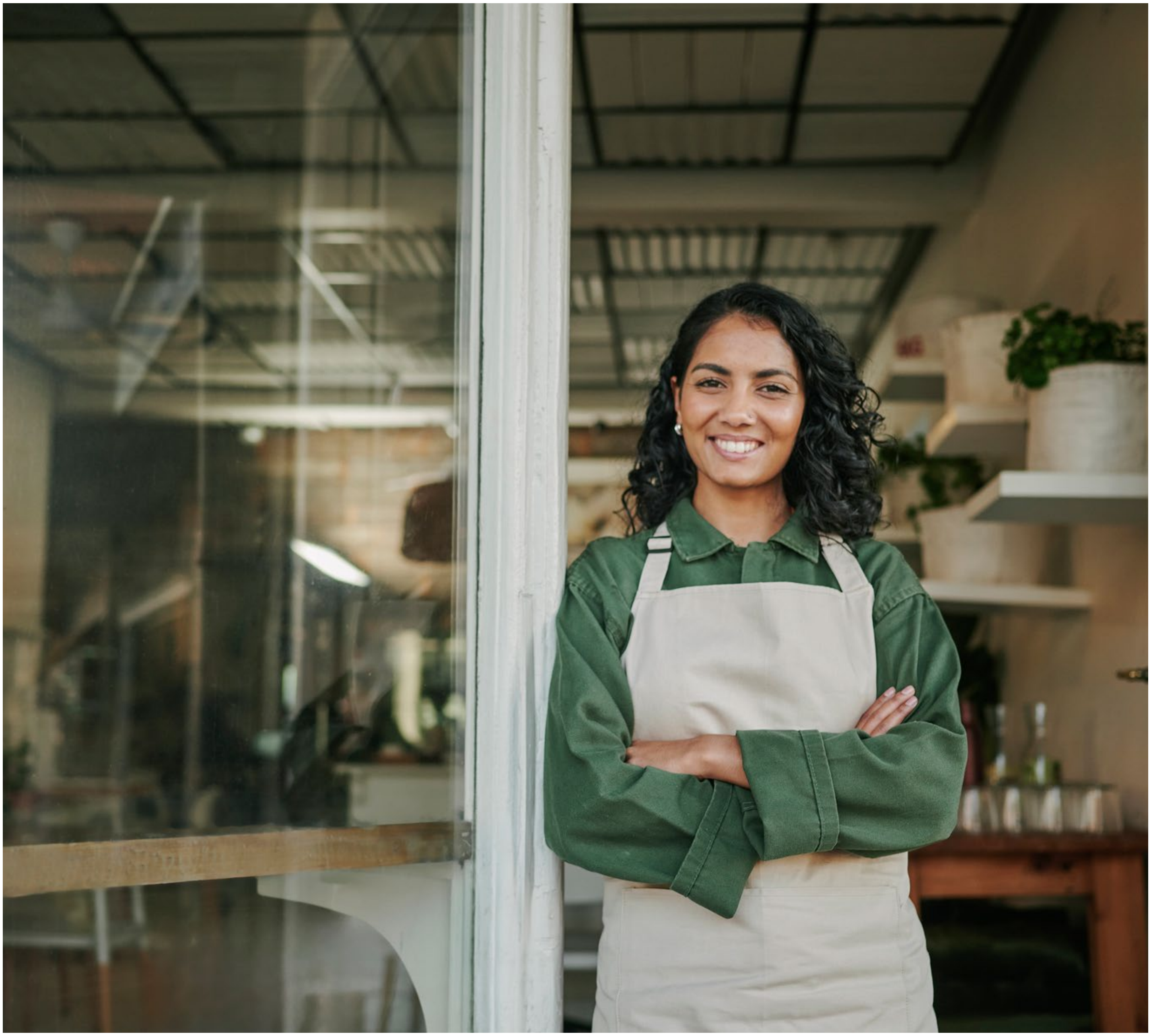
Starting your own small business is a major step, but you can save a lot of time and money by reaching out to the Illinois SBDC for guidance. Training and confidential one-on-one advising through our network will give you the tools and insights to get your business journey launched successfully and put you on the path to long-term sustainability.

1.3: THE REALITIES OF ENTREPRENEURSHIP

A clear view of what day-to-day business ownership looks like.

- You may handle many roles: operations, marketing, finances, customer service
- Leadership and communication skills become essential as you grow
- Not every day is predictable
- Success takes time, consistency, and ongoing effort
- Rewards include independence, impact, and building something of your own

These foundational traits and expectations help prepare you for the practical steps of planning and launching your business.



Section 2: Planning Your Business

Planning is the foundation of a successful business. This section helps you define your idea, understand your market, evaluate feasibility, and build the core elements of your business model. Strong planning reduces risk, clarifies your direction, and prepares you for the steps that follow.

SBA Resource: [10 Steps to Start Your Business](#)

2.1: DEFINING YOUR BUSINESS IDEA

A clear business idea helps you stay focused and communicate your value.

- What will your business offer (product, service, or both)
- The customer needs or opportunity you address
- What makes your idea meaningful, valuable, or unique

2.2: MARKET RESEARCH & ANALYSIS

Market research helps you understand your customers, competition, and demand so you can make informed decisions based on data rather than assumptions.

Understand Your Customers

- Identify who your customers are (age, location, income, behaviors)
- Learn what they need, prefer, or struggle with
- Understand how they currently solve the problem and what gaps exist

Analyze Your Competition

- Identify direct and indirect competitors
- Compare competitors' pricing, products/services, strengths, and weaknesses
- Determine what makes your business different or better

Evaluate Market Demand

- Estimate how many potential customers exist
- Identify trends or shifts in your industry
- Determine whether demand is growing, stable, or declining

Gather Data

- Use surveys, interviews, or focus groups
- Review industry reports and government data
- Analyze online reviews, social media, and competitor websites

Assess Your Position

- Identify your unique value or advantage
- Determine whether the market is crowded or open to new entrants
- Understand where your business fits in the landscape

2.3: FEASIBILITY CHECKLIST

A feasibility check helps you determine whether your business idea is practical and achievable. It highlights costs, risks, and requirements so you can identify gaps early. Complete the Illinois Business Feasibility Checklist to rate your readiness and evaluate your overall feasibility**.**

Use the results of this checklist to refine your business model, financial assumptions, and planning decisions in Sections 2.4 and 2.7.

2.4: BUSINESS MODEL & REVENUE STRATEGY

Your business model explains how your business will operate and generate revenue. This section helps you outline how you will earn money, what it will cost to run your business, and how you will deliver your product or service.

Revenue Streams

- How your business will earn money (sales, fees, subscriptions, contracts, memberships, rentals, commissions)
- Whether you have one or multiple revenue sources

Pricing Strategy

- How you will set prices (competitive pricing, value-based pricing, cost plus, tiered pricing)
- How your pricing compares to competitors
- Whether you'll offer packages, discounts, or introductory pricing

Cost Structure

- Major startup costs (equipment, licenses, inventory, technology)
- Ongoing operating costs (rent, payroll, supplies, marketing)
- Fixed vs. variable expenses
- Understanding your breakeven point

Operational Model

- How you will deliver your product or service (in person, online, mobile, delivery, appointments, or self service)
- Key processes needed to run the business
- Tools, systems, or technology required

Key Resources & Partners

- Essential resources (equipment, software, staff, suppliers)
- Partnerships or vendors you rely on
- Any required licensing, certifications, or approvals needed to operate (licensing requirements depend on what your business does, not just how it is structured)

Basic Financial Assumptions

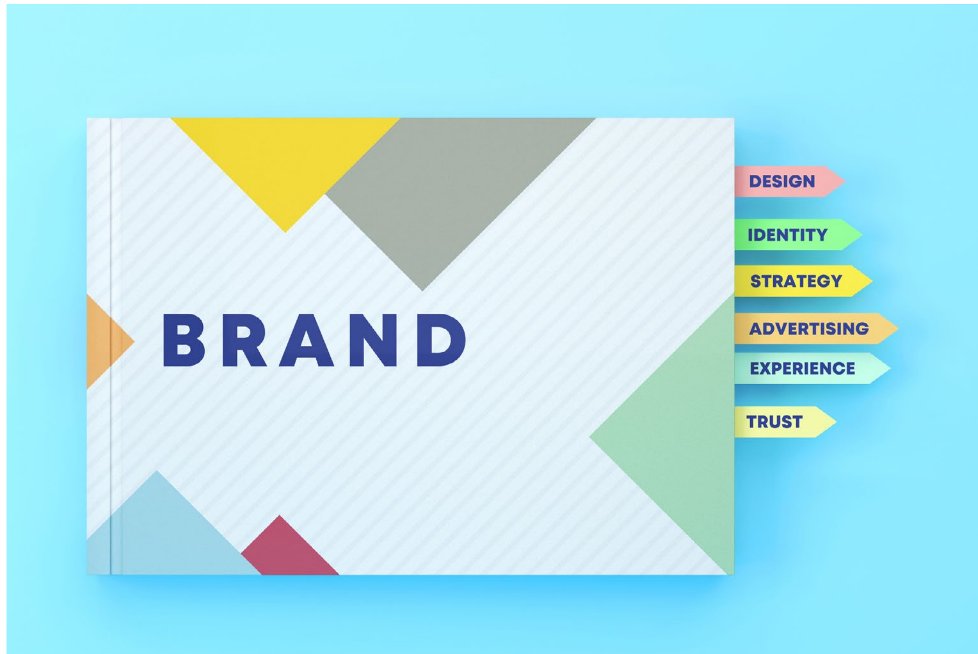
- Expected sales volume
- Estimated monthly revenue
- Estimated monthly expenses
- Early cashflow considerations

2.5: BRANDING & IDENTITY FOUNDATIONS

Your brand is how customers recognize and remember your business. Early branding doesn't need to be perfect, but it should clearly communicate who you are, what you offer, and why customers should choose you.

Business Name & Positioning

- Clear, memorable name
- Check availability (domain, social handles, trademarks)
- Check name availability through the Secretary of State database:
- Search for a Business Entity
- What sets your business apart



Core Messaging

- Simple description of what you offer
- Value proposition
- Key messages customers should remember

Visual Identity Basics

- Logo, color palette, and font choices that create a consistent look across materials

Voice & Online Presence

- How your business "sounds" in writing
- Website or landing page
- Social media profiles (if relevant)

2.6: LOCATION & OPERATIONAL CONSIDERATIONS

Your location and operational setup shape how your business functions day to day. Consider the following factors when choosing and designing your business location and operations.

Choosing a Business Location

- Accessibility for customers
- Proximity to suppliers or partners
- Parking, foot traffic, and visibility (if applicable)

Zoning & Local Requirements

- Local zoning rules for your chosen location
- Homebased business restrictions
- Local permits or approvals required for your type of operation

Facility Needs

- Space requirements (office, retail, storage, production)
- Utilities, equipment, and technology needs
- Safety, accessibility, and compliance requirements

Operational Workflow

- How customers will receive your product or service
- Hours of operation
- Appointment, delivery, or service processes
- Inventory or supply management

Staffing & Support

- Whether you need employees, contractors, or can operate independently
- Basic HR considerations (scheduling, training, payroll systems)
- Outsourced support (bookkeeping, IT, marketing, etc.)

2.7: DEVELOPING A BUSINESS PLAN

A business plan organizes your ideas into a clear roadmap for launching and growing your business. It helps you set goals, understand your financial needs, and communicate your vision to lenders, partners, or investors.

A basic business plan typically includes:

- A summary of your business
- Market and competitor insights
- Your business model and operations
- Marketing and sales strategies
- Financial projections and startup costs

For additional support, these resources are especially helpful:

Illinois SBDC Business Plan Workbook – A detailed, step by step planning guide with worksheets, lender expectations, and templates.

U.S. Small Business Administration (SBA) Business Plan Guide – Federal guidance on writing traditional and lean business plans, with examples and explanations of each section.

2.8: FINALIZING YOUR PLAN

Before moving into registration, take a moment to confirm your planning is complete. Use this step to wrap up any remaining items and prepare for the next phase.

- Finish any outstanding planning tasks (market research, feasibility, business model, branding basics)
- Create a simple prelaunch checklist (business name, availability, startup cost outline)
- Set a short timeline for completing remaining items
- Gather documents and clarify your business structure for registration

Section 3: Financing, Funding, and Incentives

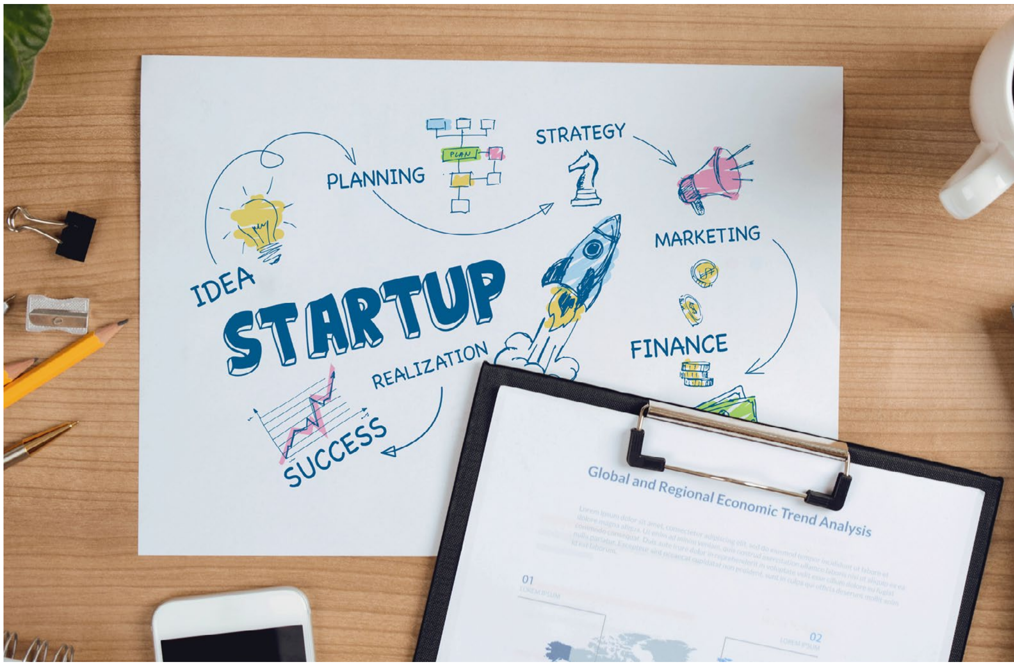
Starting or expanding a business requires financial resources. Understanding your funding options can help you plan realistically and select financing methods that fit your business needs and risk tolerance. Businesses often use a combination of personal funds, loans, and other financing sources to support startup and growth.

Financing needs vary depending on the type of business, startup costs, and growth plans. Careful planning and preparation can improve your chances of securing funding and help you avoid unnecessary financial risk.

For those exploring loan options, tools such as the SBA Lender Match can help connect you with participating lenders.

3.1: UNDERSTANDING STARTUP COSTS

Startup costs include the expenses required to launch and begin operating your business. Identifying these costs early helps you understand your funding needs and set your business up for success.



Common startup costs may include:

- Equipment, tools, or machinery
- Lease deposits or facility improvements
- Licenses and permits
- Initial inventory or supplies
- Technology and software
- Insurance coverage
- Marketing and advertising
- Professional services such as legal or accounting assistance
- Working capital for early operating expenses

Estimating startup costs helps you determine whether personal funds are sufficient or whether outside financing may be needed.

Resource:

- Small Business Administration (SBA): Calculate Your Startup Costs

3.2: PERSONAL INVESTMENT AND BOOTSTRAPPING

Many businesses begin using personal funds or reinvesting early revenue. Personal investment can reduce the need for loans and allow business owners to maintain full control of the business.

Common sources of personal funding include:

- Personal savings
- Income from other employment
- Contributions from family members or partners
- Reinvested business earnings

Using personal funds involves financial risk. Business owners should consider maintaining a financial cushion for personal expenses during the startup period.

3.3: DEBT FINANCING

Before applying, it's helpful to speak with a bank or lender directly to understand your options. Debt financing involves borrowing money that must be repaid over time, usually with interest. Loans are one of the most common forms of business financing.

Debt financing options may include:

- Bank loans
- Small Business Administration (SBA) backed loans
- Microloans
- Business lines of credit
- Equipment financing
- Credit cards used for business expenses

Lenders typically evaluate:

- Credit history
- Business plans and financial projections
- Available collateral
- Ability to repay the loan

Borrowers should review loan terms carefully and understand repayment obligations before accepting financing.

Resources:

- Illinois Department of Commerce & Economic Opportunity (DCEO): Low Interest Loan Programs
- Small Business Administration (SBA): Funding Programs

3.4: EQUITY FINANCING

Equity financing involves raising money by offering ownership interest in your business. Unlike loans, equity investments do not require repayment, but investors typically share in profits and decision making. In simple terms, you are trading a portion of ownership for capital, which can support growth but also creates long term legal and decision-making obligations.

Common sources of equity financing include:

- Investments from business partners
- Angel investors
- Private investors
- Venture capital firms

Equity financing is often used by businesses with significant growth potential. Legal and financial guidance can be helpful when evaluating equity arrangements.

3.5: GRANTS AND INCENTIVE PROGRAMS

Some businesses may qualify for grants or incentive programs offered by government agencies or nonprofit organizations. These programs are often designed to support business development, job creation, or economic growth.

Programs may include:

- State business incentives: Illinois Catalog of State Financial Assistance
- Illinois Department of Commerce & Economic Opportunity programs: Incentives and Tax Credits and DCEO Grant Opportunities
- Local business incentives
- Federal grant programs: Search Funding Opportunities
- Industry specific grants
- Community development programs

Grant programs often have specific eligibility requirements and application deadlines. Grants are competitive and not guaranteed.

Many incentives become available once your business is actively operating, because some programs apply only after you begin generating activity, hiring employees, or making qualifying purchases. However, it is still worthwhile to explore available programs early so you understand what you may be eligible for as your business grows.

3.6: ALTERNATIVE AND EMERGING FUNDING OPTIONS

Some businesses use alternative funding methods in addition to traditional financing. These options can be useful when a business needs faster access to capital or does not meet the requirements for conventional loans, but they often come with different costs and conditions to consider.

Examples may include:

- Crowdfunding platforms
- Online lending platforms
- Peer to peer lending
- Revenue-based financing
- Supplier or vendor financing

Alternative funding sources may offer faster access to funds but sometimes involve higher costs or more complex terms. Business owners should review agreements carefully before committing them.

3.7: PREPARING TO APPLY FOR FUNDING

Preparing in advance can improve the likelihood of obtaining financing and help lenders or investors evaluate your business. Strong plans demonstrate how you will generate revenue and repay what you borrow, which is a central factor lenders consider when deciding whether to approve funding.

Preparation may include:

- A written business plan
- Financial projections
- Estimated startup costs
- Personal and business financial information
- Credit history
- Supporting documents such as leases or contracts

Business assistance organizations can help business owners prepare funding applications and financial projections. (See Section 11 for organizations that can help with business plans and financial projections.)

3.8: AVOIDING PREDATORY LENDING

Business owners should be cautious when evaluating financing offers. Some lenders or financing products may involve high costs or unfavorable terms.

Warning signs may include:

- Very high interest rates or fees
- Pressure to accept financing quickly
- Unclear repayment terms
- Requests for large upfront payments
- Guarantees of approval without reviewing financial information

Carefully reviewing loan terms and comparing multiple offers can help reduce risk. Consider consulting a trusted advisor before signing financing agreements.

3.9: WORKING WITH ADVISORS AND SUPPORT ORGANIZATIONS

Many business owners work with advisors and support organizations when seeking financing. These resources can help evaluate funding options and prepare applications.

Advisors and support organizations may include:

- Small Business Development Centers (SBDCs)
- SCORE mentors
- Accountants or financial advisors
- Lenders or loan officers

Working with experienced advisors can help business owners identify appropriate financing options and avoid common mistakes.

Section 4: Choosing Your Business Structure

Your business structure determines how your business is taxed, how much personal liability you have, and what paperwork you'll need to file. Choosing the right structure early helps you register correctly and understand your legal and financial responsibilities.

4.1: OVERVIEW OF COMMON BUSINESS STRUCTURES

Sole Proprietorship

- Easiest and most common for new businesses
- Owner and business are legally the same
- Simple taxes, but no liability protection
- May require local assumed name registration and tax registration

Partnership

- Two or more owners
- Shared profits, responsibilities, and liabilities
- Requires a partnership agreement

Limited Liability Company (LLC)

- Popular for small businesses
- Liability protection for owners
- Flexible management and tax options

Corporation (C-Corp or S-Corp)

- Separate legal entity
- Strong liability protection
- More formal requirements and recordkeeping

Nonprofit Organization

- Mission driven, not profit driven

For additional guidance on choosing a business structure, the U.S. Small Business Administration (SBA) provides a helpful overview: Choose a Business Structure

4.2: KEY FACTORS TO CONSIDER

- Liability protection — How much personal risk are you willing to take?
- Taxes — How do you want your business income to be taxed?
- Management structure — Do you want flexibility or formal roles?
- Funding needs — Will you seek investors or loans?
- Future growth — Will your structure still work as you expand?

4.3: BUSINESS NAME REQUIREMENTS

Your chosen structure affects how you register your business name:

- LLCs and corporations must choose a unique name and include required designators such as "LLC," "Inc.," or "Corp." Check name availability through the Secretary of State (SOS) database: Search for a Business Entity

- Sole proprietors and general partnerships must file an Assumed Business Name (DBA) with their county clerk, where the business is located, if they are operating under a name other than the owner's legal name.

4.4: WHEN TO SEEK PROFESSIONAL ADVICE

While many entrepreneurs choose a structure on their own, some situations benefit from legal or tax guidance, especially if you have partners, plan to hire employees, or expect rapid growth. A brief consultation can help you understand the long-term implications of your choice.

Resources:

- Illinois State Bar Association: Lawyer Finder
- Illinois CPA Society: Find a CPA (certified public accountant)

Section 5: Business Registration

Registering your business makes it official. The steps you take depend on your business structure, location, and the type of activities you plan to conduct. Not all steps apply to every business. The following overview outlines the most common registration requirements. Some businesses may have additional obligations, so it's important to verify requirements with the appropriate agencies or seek legal guidance when needed.

Important: Before registering your business, contact your local government to confirm that your business type is allowed at your chosen location. Zoning or local ordinances may affect where you can operate.

5.1: OVERVIEW OF THE REGISTRATION PROCESS

Most Illinois businesses will complete some combination of the following steps:

- Select and verify a business name: Search for a Business Entity
- Obtain an Employer Identification Number (EIN), if required: Employer Identification Number
- Register with the Illinois Secretary of State (SOS), if required: Business Services
- Register with the Illinois Department of Revenue (IDOR), if required: Businesses
- Obtain required state and local licenses or permits (see Section 6 for details)
- Register for employer-related requirements, if hiring employees: IDES – Are You a New Employer?

The exact steps depend on your structure (sole proprietor, LLC, corporation, etc.) and your business activities.

If you have not finalized your business structure or plan, refer to Section 2 before completing registration steps.

5.2: REGISTERING YOUR BUSINESS NAME

Your business name must be unique and compliant with Illinois naming rules.

State-Level Name Availability (LLC, Corporation, LP/LLP, NFP)

Use the Illinois Secretary of State's Business Entity Search Tool to confirm that your desired name is available.

Business Entity Search: Search for a Business Entity

Incorporate a Business or Terminate an LLC: Overview

County-Level Name Registration (Sole Proprietors & General Partnerships)

If operating under a name other than the owner's legal name, you must file an Assumed Business Name (DBA) with your County Clerk.

This is a local requirement and does not involve the Secretary of State.

5.3: REGISTERING YOUR BUSINESS WITH THE ILLINOIS SECRETARY OF STATE (SOS)

Your business structure determines whether you must register with the Secretary of State (SOS).

Required SOS Registration

The following entities must file formation documents with the SOS:

- Limited Liability Companies (LLCs)
- Corporations (C-Corp and S-Corp)

- Limited Partnerships (LP) and Limited Liability Partnerships (LLP)
- Nonprofit Organizations (NFP)

Common filings include:

- Articles of Organization (LLCs)
- Articles of Incorporation (Corporations)

Forms and filing information:

Business Services

SOS Contact: 217-524-8008 (Springfield) | 312-793-3380 (Chicago)

Not Required to Register with SOS

- Sole proprietorships
- General partnerships

These businesses register only at the county level if using an assumed name.

5.4: FEDERAL REGISTRATIONS

Employer Identification Number (EIN)

Most businesses need an EIN for tax administration, banking, hiring employees, or forming an LLC or corporation. The EIN is issued by the IRS at no cost.

Sole proprietors without employees may be able to use a Social Security Number instead of an EIN, although many choose to obtain an EIN for business purposes.

Learn more or determine if you need an EIN:

- Employer Identification Number
- Contact the IRS: 800-829-4933
- Locate a Taxpayer Assistance Center: Contact Your Local IRS Office

Apply for an EIN:

- Ways to Apply for an EIN

5.5: REGISTERING WITH THE ILLINOIS DEPARTMENT OF REVENUE (IDOR)

The Illinois Department of Revenue (IDOR) serves Illinois' taxpayers by administering Illinois tax laws and collecting tax revenues in a fair, consistent, and efficient manner. Many businesses must register with IDOR to obtain an Illinois Account ID. This is required for activities such as:

- Selling taxable goods or services
- Withholding employee income tax
- Operating certain regulated businesses that require tax registration

Businesses selling taxable goods or services must register for sales tax before making sales.

Determine whether you need an Illinois Account ID, visit: Do I need to register my business with the Illinois Department of Revenue?

Register for an Illinois Account ID online through MyTax Illinois.

IDOR Contact: 800-732-8866 | REV.CRD@illinois.gov

5.6: LOCAL & COUNTY-LEVEL REGISTRATIONS

Local governments may require additional registrations, permits, or approvals. Requirements vary by municipality and county.

Common local requirements include:

- Assumed Business Name (DBA) filings
- Local business licenses
- Zoning approvals
- Building or occupancy permits
- Health department permits (food, childcare, personal services, etc.)

Always check with:

- Your County Clerk
- Your City or Village Hall
- The City of Chicago (if applicable)

Additional licensing, permit, and regulatory information is available in Section 6 of this document.

5.7: EMPLOYER REQUIREMENTS (IF YOU HAVE EMPLOYEES)

Businesses hiring employees must complete several additional registrations:

Unemployment Insurance (IDES)

> Register with the Illinois Department of Employment Security: Are You a New Employer?
>
> IDES Contact: 800-247-4984

Workers' Compensation Insurance

> Illinois requires nearly all employers to carry workers' compensation insurance.
>
> IWCC Information: Workers' Compensation Insurance

Federal Form I9

> All U.S. employers must verify employment eligibility: I-9, Employment Eligibility Verification

5.8: HOME-BASED BUSINESS CONSIDERATIONS

- Home-based businesses must comply with:
- Local zoning rules
- Home occupation permits (if required)
- HOA or landlord restrictions
- Safety and building codes
- Any state or local licensing requirements

Always confirm with your city or county before operating from home.

Section 6: Understanding Business Licensing & Regulation in Illinois

Licenses, permits, and regulatory approvals ensure that your business operates legally and safely. Requirements vary widely depending on your industry, location, and business activities. This section outlines the major types of licensing and regulatory obligations Illinois businesses may encounter and can help you determine which apply to you. If you are unsure where to start, the Illinois Business Information Center (BIC) can help identify applicable requirements and connect you with the appropriate agencies.

To contact the BIC, email: BIC@Illinois.gov or call toll-free: (800) 252-2923

6.1: OVERVIEW OF LICENSING AND REGULATORY REQUIREMENTS

Most businesses need at least one license, permit, or regulatory approval before they can legally operate. Requirements may come from:

- The State of Illinois
- Your county or municipality
- The City of Chicago (if applicable)
- Federal agencies (for certain industries)
- Environmental or public health authorities

Licensing is separate from business registration. Registering your business (Section 5) does not automatically grant permission to operate.

Some businesses are also regulated by federal agencies depending on their activities. Examples include U.S. Department of Transportation (DOT), U.S. Food and Drug Administration (FDA), Federal Aviation Administration (FAA), and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Businesses in regulated industries should confirm whether federal registrations, licenses, or approvals are required before beginning operations.

6.2: HOW TO IDENTIFY YOUR LICENSING AND REGULATORY REQUIREMENTS

Determining which licenses and permits apply to your business starts with understanding your activities and location. A practical way to identify your requirements is to work through these steps:

- Define what your business will do - list your services, products, and any regulated activities (food handling, childcare, construction, transportation, etc.).
- Confirm your zoning classification - check with your city or village to ensure your business type is allowed at your chosen location.
- Review local licensing requirements - contact your municipality or county to determine whether a local business license, health permit, or occupancy permit is required.
- Check state licensing lists - review IDFPR, IDPH, Agriculture, and IEPA to see if your industry is regulated at the state level.
- Check for Chicago specific rules - if operating in Chicago, review the City of Chicago Business Licensing System and zoning requirements.
- Identify environmental or public health impacts - determine whether your business generates waste, emissions, noise, or requires inspections.
- Contact the applicable agency to confirm requirements - once you identify which state, county, or municipal agencies regulate your industry, reach out directly to verify licensing, permitting, and inspection obligations.

6.3: STATE OF ILLINOIS LICENSING & PERMIT REQUIREMENTS

Illinois regulates many professions and industries at the state level. Depending on your business type, you may need one or more state issued licenses or permits.

Common state licensing and regulatory agencies include:

- Illinois Department of Financial and Professional Regulation (IDFPR) – professional licenses such as cosmetology, real estate, healthcare, and certain construction trades. Check if your business activity is regulated by IDFPR:
- Professions and Industries Regulated by IDFPR
- Illinois Department of Public Health (IDPH) – food service, body art, health facilities, and sanitation requirements.
- Illinois Department of Children and Family Services (DCFS) – childcare licensing and facility standards.
- Illinois Department of Agriculture (IDOA) – food processing, livestock, pesticide application, and related activities.
- Illinois Environmental Protection Agency (IEPA) – air, land, and waste regulations.
- Illinois State Fire Marshal (OSFM) – fire safety, boilers, storage tanks, and related inspections.

State licensing requirements depend on the services you provide, the equipment you use, and the risks associated with your operations.

6.4: INDUSTRY SPECIFIC REGULATIONS

Some industries have additional regulatory requirements beyond basic licensing. Examples include:

- Food and beverage businesses - health inspections, food handler certifications, commercial kitchen requirements
- Childcare providers - DCFS regulations, background checks, facility standards
- Construction and trades - some specialized trades require state licensing, while many contractor licenses and registration requirements are issued at the municipal or county level
- Transportation and logistics - DOT numbers, commercial driver's licenses, vehicle permits
- Healthcare providers - professional licensing, facility accreditation requirements, and patient privacy requirements where applicable.
- Cannabis businesses - state licensing, security plans, zoning approvals
- Personal services (salons, spas, tattoo studios) - sanitation standards, practitioner licensing

Industry specific regulations often involve inspections, facility requirements, and ongoing compliance obligations.

6.5: LOCAL LICENSING & PERMIT REQUIREMENTS (OUTSIDE CHICAGO)

Cities, villages, and counties across Illinois may require additional licenses or permits. Specific obligations depend on your business activities and location.

Common local requirements include:

- General business licenses
- Zoning approvals (confirming your business type is allowed at your location)
- Home occupation permits (for homebased businesses)

- Building permits (for renovations or new construction)
- Occupancy permits (before opening a physical location)
- Health department permits (for food, childcare, personal services)
- Fire department inspections

Always check with your City Hall, Village Hall, or County Clerk to confirm local requirements before opening.

6.6: CITY OF CHICAGO BUSINESS REQUIREMENTS

Chicago has its own licensing and regulatory system. If your business is located in Chicago, you may need:

- A City of Chicago Business License (required for most business types)
- Zoning approval through the Chicago Zoning Ordinance
- Public health permits (food, childcare, personal services)
- Building and occupancy permits
- Fire safety inspections
- Environmental permits (air, waste, noise, hazardous materials)
- Special licenses for industries such as alcohol sales, transportation, or entertainment

Chicago's licensing process is more detailed than most municipalities, and businesses should review requirements early to avoid delays.

For more information, visit: Business Affairs and Consumer Protection (BACP)

Phone: 312-744-6060

6.7: ENVIRONMENTAL AND PUBLIC HEALTH CONSIDERATIONS

Some businesses must comply with environmental or public health regulations, even if they do not operate in industries typically associated with these requirements.

Examples include:

- Waste disposal requirements (grease traps, medical waste, hazardous waste)
- Air emissions permits (manufacturing, auto repair, printing)
- Water discharge permits (commercial kitchens, laundromats, car washes)
- Noise or odor regulations (restaurants, manufacturing, outdoor operations)
- Public health inspections (food service, body art, childcare)

Environmental and health regulations may apply at the state, county, or city level.

6.8: MAINTAINING COMPLIANCE OVER TIME

Compliance requirements continue after your business begins operating, and many obligations must be maintained on an ongoing basis. Renewals, inspections, and updates help ensure your business remains in good standing with state and local authorities.

Some requirements include:

- Annual or biennial renewals
- Inspections (health, fire, building, environmental)
- Recordkeeping
- Posting requirements (licenses, permits, notices)
- Updating licenses when you:
    - Move locations
    - Add services
    - Change ownership
    - Expand operations

Staying compliant helps you avoid fines, delays, or business closures. Some professional licenses require continuing education or periodic renewal through Illinois Department of Financial and Professional Regulation (IDFPR).

Section 7: Hiring Employees & Labor Laws

Hiring employees introduces new legal, tax, and administrative responsibilities. Illinois employers must follow both federal and state labor laws, classify workers correctly, maintain a safe workplace, and meet payroll and reporting obligations. This section outlines what you need to know before and after hiring employees.

7.1: UNDERSTANDING WHEN YOU NEED EMPLOYEES

Businesses typically hire employees when workload increases, specialized skills are needed, or the business plans to expand operations. Before hiring, consider whether the role requires an employee or an independent contractor, and whether you can meet ongoing payroll, tax, and compliance obligations. It is also helpful to evaluate whether technology or process improvements could reduce your workload or that of your current staff. Hiring can increase your capacity, but it also raises ongoing overhead costs.

7.2: PREPARING TO BECOME AN EMPLOYER

Before hiring your first employee, you must complete several required steps:

- Obtain an Employer Identification Number (EIN) from the IRS
- Register with the Illinois Department of Employment Security (IDES) for unemployment insurance
- Register with the Illinois Department of Revenue (IDOR) for employee withholding tax
- Secure workers' compensation insurance (required for nearly all Illinois employers)
- Set up a payroll system to manage wages, taxes, and reporting
- Ensure your workplace meets zoning, occupancy, and safety requirements
- Establish job descriptions and determine wages that comply with Illinois minimum wage laws

These steps ensure you are legally prepared to hire and manage employees.

7.3: RECRUITING, HIRING & NEW HIRE REPORTING

Recruiting and hiring must follow federal and state nondiscrimination laws. Employers should:

- Create clear, lawful job postings
- Conduct interviews that avoid prohibited questions (age, disability, marital status, etc.)
- Use background checks only when legally permitted
- Provide written job offers outlining pay, schedule, and expectations
- Complete Form I9 to verify employment eligibility for every new hire

Illinois New Hire Reporting requires all employers to report newly hired and rehired employees within 20 days of their start date. The information is used by the state to help enforce child support, unemployment insurance, and tax laws.

7.4: EMPLOYEE CLASSIFICATION & WORKER STATUS

Correct worker classification is essential to avoid penalties. Illinois law sets specific criteria for determining whether a worker is an employee or an independent contractor.

Common worker types include:

- Employees
- Independent contractors

- Interns
- Temporary or seasonal workers

Misclassification can result in fines, back wages, and tax liabilities.

Resources:

- Illinois Department of Labor (IDOL): Illinois Employee Classification Act
- Internal Revenue Service (IRS): Worker Classification 101: employee or independent contractor

7.5: WAGE, LABOR & LEAVE LAWS

Illinois employers must comply with:

- Illinois Minimum Wage & Overtime Law
- Illinois Equal Pay Act
- Meal and rest break requirements
- Recordkeeping requirements for hours, wages, and employment history
- Paid leave laws, including:
  - Illinois Paid Leave for All Workers Act
  - Chicago Paid Sick Leave Ordinance (if applicable)

Employers must also display required Illinois & Federal labor law posters in the workplace, and they are available free of charge.

Illinois posters can be found here: Required Posters & Disclosures

Federal posters can be found here: Workplace Posters

7.6: WORKPLACE SAFETY & EMPLOYER RESPONSIBILITIES

Employers must provide a safe workplace under federal Occupational Safety and Health Administration (OSHA) and the Illinois Workers' Compensation Act.

Responsibilities include:

- Maintaining a hazard free workplace.
- Providing safety training and protective equipment when required.
- Reporting workplace injuries and maintaining injury logs.
- Cooperating with inspections and investigations.

Some industries require additional safety certifications or inspections.

Resources:

Occupational Safety and Health Administration (OSHA): Helping Small Businesses

Occupational Safety and Health Administration (OSHA): OSHA's Recordkeeping Requirements

7.7: PAYROLL, TAXES & REQUIRED WITHHOLDINGS

Employers must:

- Withhold federal and state income taxes.
- Withhold and pay Social Security and Medicare (FICA) taxes
- Pay unemployment insurance taxes to IDES
- File payroll tax returns on required schedules
- Provide employees with pay stubs
- Issue W2 forms annually

Payroll can be managed internally or through a payroll service provider.

Payroll tax filings are due on specific schedules (monthly, quarterly, or annually) depending on your tax obligations.

Resources:

- Internal Revenue Service (IRS): Employer's Tax Guide
- Illinois Department of Revenue: Business Income Tax Estimated Payments

7.8: EMPLOYEE BENEFITS

Illinois employers must provide certain benefits, including:

- Workers' compensation insurance.
- Unemployment insurance.
- Paid leave as required by state or local law.
- Certain notices and protections under federal laws (e.g., FMLA for eligible employers).

Optional benefits may include health insurance, retirement plans, paid holidays, or bonuses. Offering optional benefits can help attract and retain employees.

7.9: WORKPLACE POLICIES & EMPLOYEE HANDBOOK BASICS

Even small businesses benefit from written policies. A basic employee handbook may include:

- Code of conduct
- Attendance and scheduling policies
- Antiharassment and nondiscrimination policies
- Sexual harassment prevention training for all employees
- Safety procedures
- Pay and overtime practices
- Leave and time off policies
- Technology and social media use
- Disciplinary procedures

Handbooks help set expectations, ensure consistent company standards, and reduce misunderstandings.

7.10: TERMINATION & EMPLOYEE SEPARATION

When ending employment, employers must follow Illinois and federal laws regarding:

- Final paychecks (Illinois requires payment by the next regular payday).
- Accrued vacation payout if company policy treats vacation as earned wages.
- COBRA or continuation of health benefits (if applicable).
- Documentation of performance or conduct issues.
- Avoiding discriminatory or retaliatory termination.

Proper documentation protects both the business and the employee.

Resources:

- Illinois Department of Labor (IDOL): Wage Payment and Collection Act

7.11: WHERE TO GET HELP

Employers can access guidance from:

- Illinois Department of Labor (IDOL)
- Illinois Department of Employment Security (IDES)
- Illinois Department of Revenue (IDOR)
- U.S. Department of Labor (DOL)
- Small Business Development Centers (SBDCs)
- Business Information Center (BIC)
- Employment law attorneys or HR consultants

These resources can help clarify requirements and ensure compliance.

Section 8: Protecting Your Business

Protecting your business helps reduce risk, prevent financial loss, and supports long-term stability. Business owners face many types of risks including accidents, legal disputes, data loss, and financial fraud. Taking simple steps early can help prevent costly problems and disruptions later. This section introduces practical ways to protect your business operations, assets, and information.

8.1: UNDERSTANDING BUSINESS RISKS

Every business faces risks, even small or home-based operations. Planning for these risks helps protect your finances and allows your business to continue operating if unexpected events occur.

Common business risks include:

- Property damage caused by fire, weather, or accidents
- Injuries involving employees, customers, or visitors
- Legal disputes with customers, vendors, or partners
- Loss or theft of business equipment or funds
- Data breaches or cyber incidents
- Business interruptions that prevent normal operations

Business protection involves identifying potential risks and taking reasonable steps to reduce or manage them before problems occur.

8.2: INSURANCE ESSENTIALS

Business insurance helps protect your business from financial loss caused by accidents, claims, or unexpected events. The types of insurance you need depend on your industry, location, and level of risk.

Common types of business insurance include:

- General liability insurance covers claims involving injuries or property damage related to business activities
- Property insurance protects buildings, equipment, and inventory from damage or loss
- Professional liability insurance protects service-based businesses from claims related to professional advice or services
- Commercial auto insurance covers vehicles used for business purposes
- Product liability insurance protects businesses that manufacture or sell physical products
- Cyber liability insurance helps cover costs related to data breaches or cyber incidents
- Business interruption insurance helps replace lost income if operations are temporarily disrupted
- Some industries (such as healthcare, finance, or ecommerce) may require additional cybersecurity measures or insurance due to the type of data they handle

Required and Contract Based Insurance:

- Workers' compensation insurance is required for nearly all Illinois employers.
- Some businesses may also be required to obtain surety bonds as part of licensing or contract requirements.

Some businesses may be required to carry insurance as part of:

- Commercial leases
- Professional licensing requirements
- Loan agreements or financing arrangements
- Vendor or contract agreements

Insurance needs may change as your business grows. Review coverage periodically and consult a licensed insurance professional if needed.

8.3: INTELLECTUAL PROPERTY PROTECTION

Intellectual property includes the ideas and creative work that make your business unique. Protecting these assets helps prevent others from using your business identity, content, or inventions without permission.

Intellectual property protections such as trademarks, copyrights, and patents are primarily administered at the federal level.

Common types of intellectual property include:

- Trademarks protect business names, logos, and slogans used to identify your business
- Copyrights protect written content, photographs, artwork, and digital materials
- Patents protect inventions, products, and processes
- Trade secrets protect confidential information such as formulas, methods, or customer lists

Basic protection steps include:

- Confirm business name availability before investing in branding
- Consider trademark protection for business names or logos
- Keep records showing ownership of creative work
- Use written agreements when hiring designers, developers, or consultants
- Limit access to confidential business information

Resources:

- Illinois Secretary of State (SOS): Trademark/Servicemark Search
- U.S. Patent and Trademark Office (USPTO)
- U.S. Copyright Office

8.4: CONTRACTS AND LEGAL AGREEMENTS

Written agreements help define expectations and reduce misunderstandings between business owners, customers, vendors, and partners. Clear agreements can help prevent disputes and provide protection if problems arise.

Common business agreements include:

- Service agreements with customers
- Sales or product agreements
- Vendor or supplier agreements
- Lease agreements for commercial space
- Partnership or operating agreements
- Employment agreements
- Independent contractor agreements
- Nondisclosure agreements

Effective agreements typically include:

- Description of services or products
- Payment terms and schedules
- Responsibilities of each party
- Timelines or deadlines
- Procedures for resolving disputes

Avoid relying on verbal agreements when conducting business. When agreements involve significant financial or legal obligations, professional legal advice may be helpful.

8.5: CYBERSECURITY AND DATA PROTECTION

Many businesses rely on computers, online services, and electronic payments. Protecting digital systems and business information helps reduce the risk of fraud, data loss, and operational disruption.

Common cybersecurity risks include:

- Phishing emails designed to steal passwords or financial information
- Malware or ransomware that locks or damages computer systems
- Unauthorized access to business accounts

- Theft of customer or payment information

Basic security practices include:

- Using strong passwords and multifactor authentication when available
- Keeping software and devices updated
- Securing wireless networks
- Installing antivirus or security software
- Backing up important business data regularly

Businesses that collect or store personal or financial information should take extra care to protect sensitive data and limit access to authorized users only. Illinois businesses must follow state data breach notification laws if personal information is exposed.

Resources:

- Cyber Guidance for Small Businesses
- FTC Cybersecurity for Small Business

8.6: FINANCIAL PROTECTION AND FRAUD PREVENTION

Financial controls help protect your business from fraud, errors, and unexpected losses. Establishing simple financial practices early can help you monitor activity and identify problems quickly.

Common financial risks include:

- Payment scams or fraudulent invoices
- Check fraud or unauthorized transactions
- Identity theft
- Misuse of business funds
- Employee theft or financial errors

Basic financial protection practices include:

- Keeping business and personal finances separate
- Using a dedicated business bank account
- Monitoring accounts and transactions regularly
- Maintaining accurate financial records
- Using accounting software or bookkeeping services when possible
- Requiring approval for large or unusual payments

If you suspect fraud or unauthorized activity, contact your financial institution immediately and take steps to secure your accounts.

Resources:

- Scams and Your Small Business: A Guide for Business
- Identify Theft Information for Businesses

Section 9: Operating Your Business

Operating a business involves ongoing responsibilities beyond registration and startup activities. Business owners must manage daily operations, track finances, maintain relationships with customers, supervise employees when applicable, and maintain required records. Staying organized and consistent with these responsibilities helps businesses operate smoothly and remain compliant with regulatory requirements.

9.1: DAY TO DAY OPERATIONS

Daily operations involve the routine activities required to keep your business running. Establishing clear processes helps improve efficiency and ensures consistent service for customers.

Operational responsibilities may include:

- Managing schedules, appointments, or production timelines
- Ordering and maintaining inventory or supplies
- Maintaining equipment, tools, and facilities
- Coordinating with vendors or suppliers
- Monitoring service quality and delivery
- Adjusting operations as demand changes

As your business grows, your operational processes may need to change. Periodically reviewing how your business operates can help identify improvements and reduce inefficiencies.

9.2: FINANCIAL MANAGEMENT

Maintaining accurate financial information supports good decision making and helps prepare for tax reporting.

Basic financial management practices include:

- Tracking income and expenses consistently
- Monitoring cash flow and available funds
- Paying bills and financial obligations on time
- Maintaining organized financial records
- Separating business and personal finances
- Using accounting software or bookkeeping services when appropriate

Many business owners work with accountants or tax professionals to help maintain accurate records and meet reporting requirements.

For further guidance on funding, startup costs, and financial planning, see Section 3: Financing, Funding, and Incentives.

Resource:

- Small Business Administration (SBA): Manage Your Finances

9.3: WORKING WITH CUSTOMERS

Maintaining strong relationships with customers helps support long-term business success. Clear communication and consistent service help build trust and encourage repeat business.

Common practices include:

- Responding to inquiries and service requests promptly
- Maintaining accurate customer records
- Providing clear information about products or services
- Addressing concerns or complaints professionally
- Monitoring and responding to online reviews when appropriate

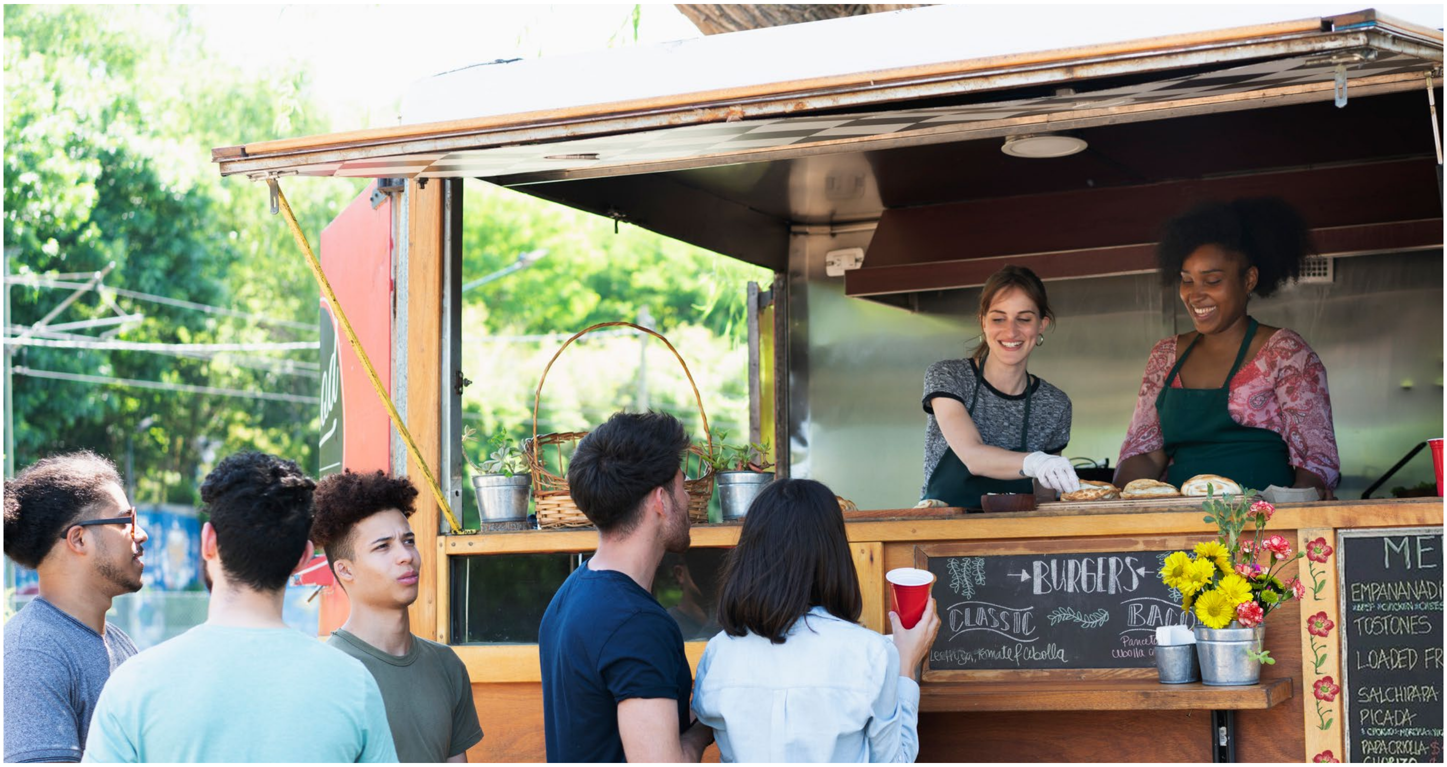
Many businesses maintain an online presence to help customers find and learn about their products and/or services.

This may include:

- A basic website or online listing
- Business directory listings
- Social media profiles when relevant
- Updated contact and location information
- Operating hours

Marketing approaches vary by business type, location, and industry. Local business assistance organizations can provide guidance on developing marketing strategies.

For more information on branding, messaging, and marketing foundations, see Section 2: Planning Your Business.



9.4: MANAGING EMPLOYEES

Businesses with employees must manage ongoing responsibilities beyond the initial hiring process. Clear expectations and consistent management practices help maintain a productive workplace.

Ongoing responsibilities may include:

- Scheduling and supervising employees
- Maintaining required payroll and employment records
- Providing training or instruction as needed
- Maintaining workplace policies and procedures
- Addressing performance or conduct concerns
- Maintaining a safe work environment

As your business grows, you may need to update policies, job roles, and management practices to support changing needs.

Resource:

- Small Business Administration (SBA): Hire and Manage Employees

9.5: COMPLIANCE AND RECORDKEEPING

Businesses must maintain records and complete required filings to remain in good standing with regulatory agencies. Obligations vary depending on your business structure, industry, and location.

Common ongoing requirements may include:

- Renewing licenses and permits
- Filing required tax returns
- Submitting required reports to state or local agencies
- Maintaining required business registrations
- Updating registrations when business information changes
- Maintaining employee records if you have employees

Examples of changes that may require updates include:

- Business name changes
- Address changes
- Ownership changes
- Adding new services or activities
- Hiring employees

Maintaining organized records helps simplify reporting requirements and allows you to respond quickly if documentation is requested by regulatory agencies or financial institutions.

Resource:

- Small Business Administration (SBA): Stay Legally Compliant
- Illinois Secretary of State (SOS): File an Annual Report

Section 10: Taxes and Compliance

Businesses operating in Illinois may have tax responsibilities at the federal, state, and sometimes local levels. The specific taxes that apply depend on your business structure, activities, and whether you have employees. Not all taxes apply to every business. Understanding your obligations and maintaining organized records can help you avoid penalties and remain in good standing.

10.1: OVERVIEW OF BUSINESS TAXES

Most businesses will have tax responsibilities beyond initial registration. The specific taxes that apply depend on your business structure, the products or services you offer, and how your business operates.

Business taxes may include:

- Federal income taxes on business earnings
- Illinois state taxes on business income or activities
- Sales taxes on taxable goods or services
- Employer related taxes if you have employees
- Local taxes in certain municipalities

Registering with tax agencies does not necessarily mean that all taxes apply to your business. Requirements depend on your specific activities and may change as your business grows.

10.2: FEDERAL TAX REQUIREMENTS

Most businesses must report income and expenses to the Internal Revenue Service (IRS). Federal tax requirements depend on your business structure and whether you have employees.

Common federal tax responsibilities include:

- Reporting business income and expenses on annual tax returns
- Paying income taxes on business earnings
- Paying self-employment taxes for sole proprietors and partners
- Making estimated tax payments when required
- Filing employer-related tax reports if you have employees

Many businesses obtain an Employer Identification Number to report federal taxes, open business bank accounts, and hire employees.

For federal registration steps, including obtaining an EIN, see Section 5: Business Registration.

Resources

- Internal Revenue Service (IRS):
  Tax Information for Businesses
  Small Business and Self-Employed Tax Center
  Estimated Taxes

10.3: ILLINOIS STATE TAX REQUIREMENTS

Many businesses must register with the Illinois Department of Revenue (IDOR) and obtain an Illinois Account ID. State tax requirements depend on your business activities.

Common Illinois tax responsibilities include:

- Sales and use taxes for businesses that sell taxable goods or services
- Withholding taxes for businesses with employees
- Business income or replacement taxes for certain business structures
- Excise taxes for specific regulated products or activities

Most state tax registrations and filings are completed through MyTax Illinois.

Filing schedules vary depending on the type of tax and the volume of business activity. Some business structures, such as corporations and partnerships, must file separate state income or replacement tax returns.

For more information on registering with IDOR and obtaining an Illinois Account ID, see Section 5: Business Registration.

10.4: LOCAL TAX OBLIGATIONS

Some municipalities impose local taxes or additional reporting requirements. These requirements vary by location.

Local tax obligations may include:

- Local sales or use taxes
- Home rule taxes in certain municipalities
- Taxes on food or beverages
- Specialty taxes on activities such as gaming, amusement devices, or other regulated entertainment
- Chicago specific business taxes and reporting requirements

Businesses should check with their municipality or local government to determine whether local tax requirements apply.

10.5: PAYROLL AND EMPLOYER TAXES

Businesses with employees must comply with additional tax requirements at both the federal and state levels.

Employer tax responsibilities may include:

- Withholding Illinois state income taxes
- Withholding federal income taxes from employee wages
- Paying Social Security and Medicare taxes
- Paying unemployment insurance taxes
- Filing required payroll tax reports

Employer tax filings must be completed on required schedules throughout the year.

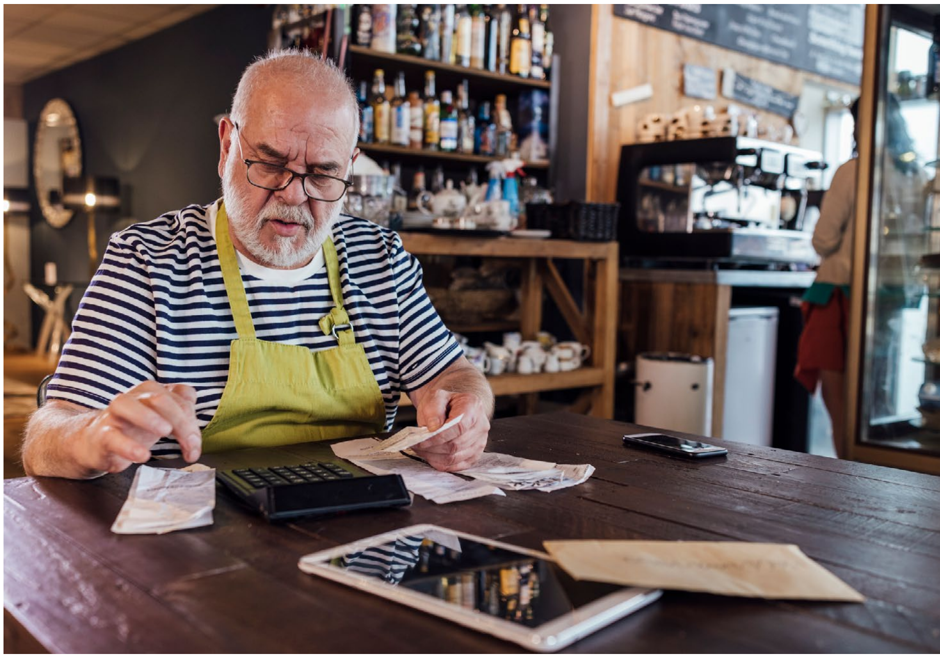
Payroll service providers or accountants can help businesses manage employer tax requirements.

For detailed employer tax and payroll requirements, see Section 7: Hiring Employees & Labor Laws.

Resources:

- Illinois Department of Revenue (IDOR): Withholding Income Tax
- Internal Revenue Services (IRS): Business Taxes

10.6: RECORDKEEPING AND FILING RESPONSIBILITIES



Maintaining organized financial records helps businesses meet tax reporting requirements and respond to requests from tax agencies. Accurate records also help business owners understand financial performance.

Important recordkeeping practices include:

- Tracking income and expenses consistently
- Maintaining receipts and supporting documentation
- Keeping copies of tax returns and filings
- Maintaining payroll records if you have employees
- Retaining bank and credit card statements

Many businesses are required to make periodic tax payments throughout the year. Filing schedules and payment deadlines vary depending on the type of tax and business activity.

Maintaining a calendar of filing deadlines can help ensure that required reports and payments are submitted on time.

Resources:

- Internal Revenue Services (IRS): Recordkeeping
- Illinois Department of Revenue: What must I keep in my books and records?

10.7: WORKING WITH TAX PROFESSIONALS

Many business owners work with accountants or tax professionals to help manage tax responsibilities. Professional assistance can help ensure accurate reporting and identify potential tax issues early.

Tax professionals may assist with:

- Preparing and filing tax returns
- Maintaining financial records
- Identifying applicable tax requirements
- Planning for estimated tax payments
- Responding to tax notices or questions

Keeping organized records and financial information can help reduce the time and cost of professional tax services.

Section 11: Training & Support Resources

Illinois entrepreneurs have access to a statewide network of organizations that provide advising, training, and technical assistance. Many services are available at no cost or low cost and are designed to help business owners make informed decisions at every stage of development.

These organizations do not replace legal or tax professionals, but they can help business owners understand requirements, evaluate options, and strengthen business planning.

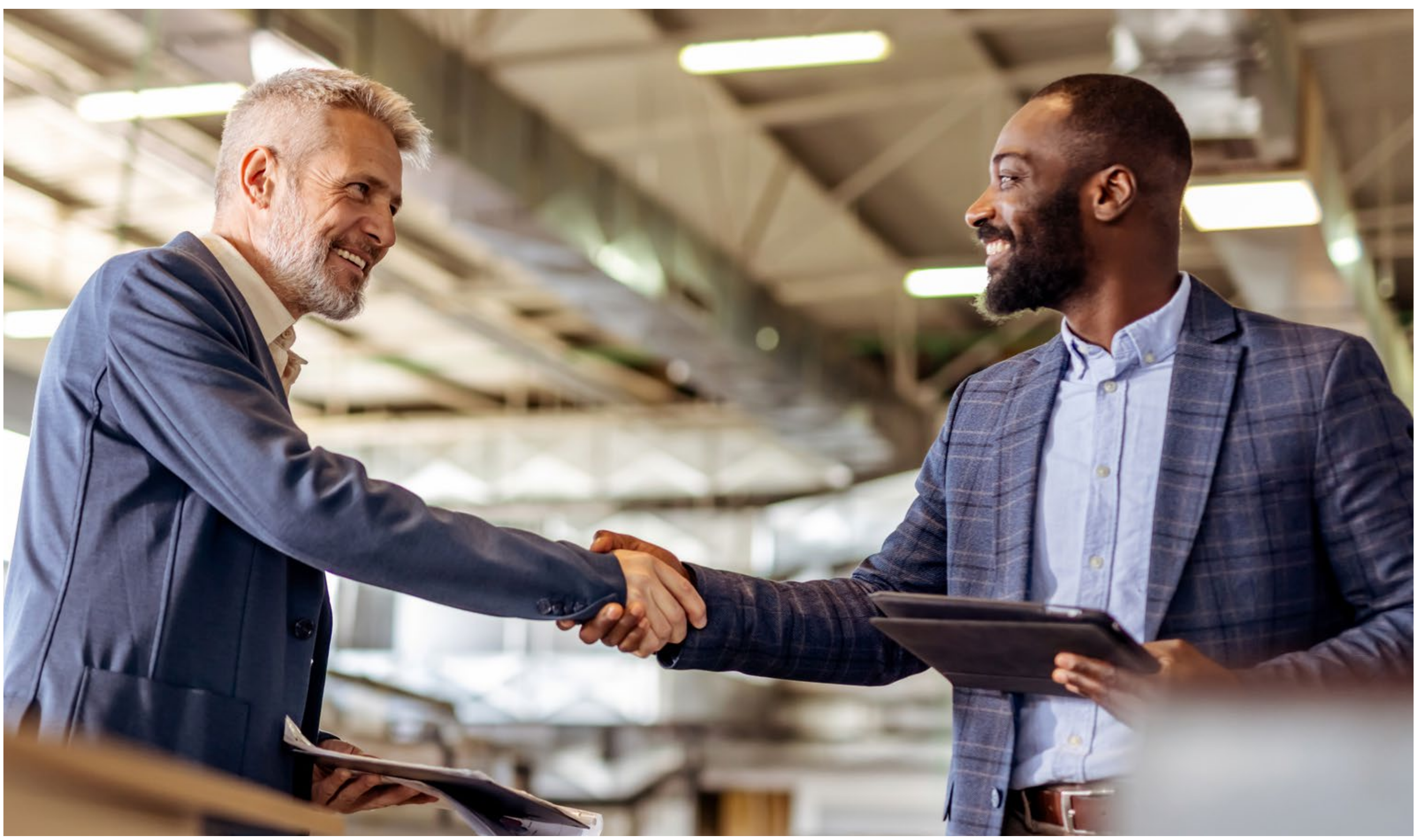
11.1: WHY SUPPORT RESOURCES MATTER

Starting and operating a business involves many decisions. Business support organizations provide guidance and training that can help entrepreneurs build skills, improve planning, and solve business challenges.

Support resources can help with:

- Business planning and financial projections
- Market research and feasibility analysis
- Licensing and regulatory questions
- Marketing and growth strategies
- Financial management
- Access to financing programs

Many business owners continue to use one or more of the following support resources after launching to help address new challenges as their businesses grow.



11.2 BUSINESS INFORMATION CENTER (BIC) – LICENSE, PERMITS, & RESOURCE REFERRALS

The Illinois Business Information Center provides guidance to entrepreneurs and small business owners on licensing and permit requirements and helps connect them with appropriate state agencies and available business resources.

To contact the BIC, email: BIC@Illinois.gov or call toll-free: (800) 252-2923

11.3 REGULATORY FLEXIBILITY PROGRAM

The Regulatory Flexibility Program assists small businesses that are concerned about proposed state regulations that may affect their operations. The program works with business organizations and state agencies to explore ways to make rules more flexible, cost effective, or less restrictive for small businesses. In certain cases, regulatory proposals may include modified requirements or limited exemptions for qualifying small businesses.

To contact the Regulatory Flexibility Program, email: CEO.RegFlex@illinois.gov

11.4 SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PROGRAM (SBEAP)

The Small Business Environmental Assistance Program provides confidential, no cost assistance to small businesses that have environmental regulatory obligations. The program helps businesses understand air, water, and waste requirements and supports compliance with state and federal environmental laws.

To contact SBEAP, email: dceo.sbeap@Illinois.gov or call toll-free: (800) 252-3998

11.5: ILLINOIS SMALL BUSINESS DEVELOPMENT CENTERS (SBDC)

Illinois Small Business Development Centers provide one on one business advising and training for entrepreneurs and for-profit small business owners.

Services may include:

- Business planning assistance
- Financial analysis and projections
- Market research support
- Guidance on licensing and registration
- Growth planning

SBDC advising services are typically provided at no cost.

To locate a center near you, visit: SBDC Locator

11.6: SCORE MENTORING

SCORE offers mentoring and business education through experienced volunteers who support both for profit and nonprofit businesses.

Services may include:

- One on one mentoring sessions
- Business startup guidance

- Workshops and webinars
- Templates and planning tools

SCORE mentoring services are typically provided at no cost. Find a Mentor

11.7: SMALL BUSINESS ADMINISTRATION (SBA)

The U.S. Small Business Administration provides training, counseling, and resource programs to support entrepreneurs at every stage of business development. SBA programs are available nationwide and offer guidance on planning, financing, operations, and growth.

SBA support may include:

- Learning Platform - Online training courses and business education
- Business Guide - Guidance on starting, managing, and growing a business
- Funding Programs - Information on financing programs and loan options
- Federal Contracting - Resources for government contracting

Many SBA services are available at no cost.

11.8: SPECIALIZED BUSINESS SUPPORT PROGRAMS

Some businesses have specialized needs based on their industry, growth goals, or regulatory environment. Illinois offers targeted assistance programs in several areas.

Targeted Business Assistance Programs

The Office of Economic Equity & Empowerment (OE3)

The Office of Economic Equity & Empowerment supports minority, women, veteran, and disability owned businesses, eligible nonprofit organizations, and other underserved communities across Illinois. OE3 works to expand access to funding, certification programs, and business development resources.

Women's Business Centers

Women's Business Centers provide free or low-cost counseling and training services, with a focus on supporting women entrepreneurs who are starting, growing, or expanding small businesses.

Veterans Business Outreach Centers (VBOC)

The Veterans Business Outreach Center program provides training, advising, and business development resources to veterans, service members, and military spouses who are starting or expanding a small business.

International Business Assistance

Illinois International Trade Centers (ITC)

Businesses seeking to export goods or expand into international markets may access trade counseling and export support services.

Services may include:

- Export readiness assessments
- Market research and trade data
- Guidance on federal export regulations and compliance requirements
- Assistance with trade missions or export financing

Illinois International Trade Centers (ITC) provide export assistance services to Illinois businesses exploring or expanding international sales.

To locate a center near you, visit: ITC Locator

International Business Services

The Illinois Department of Commerce Office of Trade and Investment (OTI) supports Illinois businesses by expanding access to international markets and promoting foreign direct investment in Illinois. The office works to strengthen Illinois' global business presence through a network of trade professionals focused on economic growth. With headquarters in Chicago and offices located in key international markets, the Office of Trade and Investment assists small and medium sized businesses in exploring export opportunities and expanding their international reach.

Government Contracting

Illinois APEX Accelerators

Illinois APEX Accelerators provide assistance to businesses pursuing government contracts at the federal, state, and local levels. These programs help businesses understand procurement systems and compete for public sector opportunities.

Services may include:

- Registration guidance for government contracting systems
- Assistance identifying and responding to bid opportunities
- Education on procurement requirements and small business certifications

To locate a center near you, visit: APEX Accelerator Locator

11.9: LOCAL AND REGIONAL SUPPORT RESOURCES

Many communities offer additional business support through local and regional organizations.

Examples include:

- Chambers of commerce
- Economic development organizations
- Community colleges
- Business incubators and accelerators
- Industry associations

Local organizations often provide networking opportunities, workshops, and information about regional business programs.

Contact your local economic development office or chamber of commerce to learn about available resources in your area.

Section 12: Buying an Existing Business or Franchise

Starting a business does not always mean creating a new operation from the beginning. Some entrepreneurs choose to purchase an existing business or operate a franchise. These options may offer established operations and brand recognition, but they also require careful evaluation and planning.

Buying a business or franchise may involve additional legal, financial, and regulatory considerations. Business owners should review requirements carefully and seek professional guidance when appropriate.

12.1: UNDERSTANDING YOUR OPTIONS

Entrepreneurs may choose from several approaches when entering business ownership.

Common options include:

- Starting a new independent business
- Purchasing an existing business
- Buying into a partnership
- Operating a franchise

Each approach has different advantages and challenges.

Purchasing an existing business may provide:

- Established customers and revenue
- Existing equipment or inventory
- An existing location
- Trained employees

Franchise ownership may provide:

- Established brand recognition
- Standardized operating procedures
- Training and support
- Marketing assistance

Business owners should carefully evaluate whether a particular opportunity matches their goals, experience, and financial resources.

12.2: EVALUATING AN EXISTING BUSINESS

Purchasing an existing business requires careful review of financial and operational information. Understanding the condition of the business helps reduce risk and identify potential challenges.

Important factors to review may include:

- Financial records and past performance
- Existing contracts or obligations
- Equipment and facility conditions
- Inventory levels
- Existing employees and roles

- Lease agreements or property arrangements
- Reason for sale

Professional assistance from accountants or attorneys may help evaluate a potential purchase.

Buyers should also determine whether business registrations, licenses, or permits must be updated or reapplied for after ownership changes.

For guidance on evaluating feasibility and financial projections, see Section 2: Planning Your Business.

12.3: EVALUATING A FRANCHISE OPPORTUNITY

Franchises operate under agreements with a parent company that establishes operating standards and requirements. Franchise agreements typically include fees and ongoing obligations.

Important considerations may include:

- Initial franchise fees and startup costs
- Ongoing royalty or service fees
- Required equipment or suppliers
- Training requirements
- Marketing requirements
- Territory restrictions
- Length of the franchise agreement

Franchise opportunities must provide a Franchise Disclosure Document that outlines the business model, costs, and obligations. Reviewing this document carefully is important before making a commitment.

Resources:

- Small Business Administration (SBA): Buy an Existing Business or Franchise
- Federal Trade Commission (FTC): Franchise Rule

12.4: TRANSITIONING OWNERSHIP

Purchasing a business often requires updating registrations, licenses, and financial accounts. Requirements vary depending on the type of business and structure.

Common transition steps may include:

- Registering the business under new ownership
- Updating Secretary of State filings when applicable
- Registering with the Illinois Department of Revenue
- Updating licenses and permits
- Updating business bank accounts
- Updating contracts and agreements
- Notifying customers and vendors

Some licenses and permits cannot be transferred and must be obtained again under the new owner.

Buyers should confirm requirements with the appropriate agencies before completing a purchase.

For detailed registration and licensing requirements, see Sections 5 and 6.

Section 13: Business Growth and Expansion

Many businesses grow over time by adding services, hiring employees, expanding to new locations, or increasing production. Growth can create new opportunities but may also introduce additional regulatory, financial, and operational requirements. Planning for expansion helps businesses manage risk and remain compliant as operations change.

13.1: UNDERSTANDING GROWTH OPTIONS

Businesses expand in different ways depending on their goals and resources. Growth may occur gradually or through larger changes to business operations.

Common growth approaches include:

- Adding new products or services
- Expanding to a larger or additional location
- Hiring additional employees
- Increasing production or service capacity
- Expanding into new markets
- Expanding online operations

Different types of growth may involve new costs, regulatory requirements, or operational changes. Reviewing requirements early can help prevent delays or unexpected expenses.

13.2: PREPARING FOR GROWTH

Growth often requires additional planning and resources. Preparing in advance can help businesses expand more smoothly and reduce the risk of disruption.

Preparation may include:

- Evaluating financial capacity and funding needs
- Assessing staffing requirements
- Reviewing facility or equipment needs
- Updating operational processes
- Confirming market demand
- Identifying potential risks

Business support organizations such as the Small Business Development Center Network can assist business owners with evaluating expansion plans and financial readiness.

For guidance on financing and financial readiness, see Section 3: Financing, Funding, and Incentives.

13.3: EXPANSION REQUIREMENTS AND CONSIDERATIONS

Expanding a business may require additional registrations, licenses, or permits depending on the type of expansion and the location of the business. Reviewing requirements before expanding can help prevent delays and unexpected costs.

Businesses expanding operations may need to:

- Obtain licenses or permits for new locations
- Confirm zoning requirements for additional locations
- Obtain permits for renovations or construction
- Update tax registrations if business activities change
- Update insurance coverage to reflect expanded operations

Requirements vary depending on the type of expansion and the municipality where the business operates. Businesses should confirm requirements with the appropriate agencies before expanding.

For registration, licensing, and zoning requirements, see Sections 5 and 6.

13.4: GROWING THROUGH ACQUISITION

Some businesses expand by purchasing another business or acquiring business assets. Acquisitions can increase capacity, add new locations, or expand services without building operations from the beginning.

Businesses growing through acquisition may need to:

- Update business registrations and tax accounts
- Obtain licenses or permits for new locations or activities
- Transfer or reapply for licenses when required
- Integrate employees and operations
- Update insurance coverage

Some licenses and permits cannot be transferred and must be obtained again under the new owner. Businesses should confirm requirements with the appropriate agencies before completing an acquisition.

Professional assistance from accountants or attorneys may be helpful when planning an acquisition.

For guidance on purchasing an existing business, see Section 12: Buying an Existing Business or Franchise.

13.5: MANAGING RISK DURING EXPANSION

Growth can increase both opportunity and risk. Managing risk during expansion helps protect the business and supports long term stability.

Risk management practices may include:

- Maintaining adequate financial reserves
- Monitoring cash flow during expansion
- Reviewing insurance coverage
- Updating policies and procedures
- Training employees for new responsibilities
- Maintaining compliance with regulatory requirements

Planning carefully and expanding in manageable stages can help reduce disruptions and support continued business success.

Section 14: State and Federal Agency Directory

Businesses in Illinois may interact with a variety of state and federal agencies depending on their activities, industry, and stage of development. These agencies administer programs, registrations, licenses, taxes, and regulatory requirements that support and oversee business operations.

This section provides a brief overview of common state and federal agencies that businesses may encounter. Not every agency will apply to every business. Requirements depend on your business structure, location, products or services, and whether you have employees.

Understanding which agencies may be involved can help you identify requirements more quickly and find reliable sources of information. When questions arise, contacting the appropriate agency directly or reaching out to the Illinois Business Information Center can help clarify requirements and next steps.

Agency information and contacts are available through the Business Information Center (BIC):

- Illinois Agency Guide
- Federal Agency Guide

Section 15: Moving Forward

Starting and operating a business involves many decisions and requirements. This guide provides an overview of the major steps and considerations for starting and growing a business in Illinois, but individual requirements vary depending on your business activities, location, and structure.

As you move forward, it is important to verify requirements with the appropriate agencies and local governments before making major business decisions. Regulations and requirements may change over time, and staying informed helps ensure your business remains in good standing.

Business owners do not have to navigate the process alone. Illinois offers a wide range of programs and assistance to support entrepreneurs at every stage of business development.

For guidance on state requirements and available resources, contact:

Illinois Department of Commerce and Economic Opportunity
Business Information Center (BIC)
800.252.2923
TTY 800.785.6055
BIC@Illinois.gov

Business owners are encouraged to continue using available resources and professional advisors as their businesses grow and change. Careful planning, informed decision making, and ongoing learning can support long term business success. Starting or operating a business is a significant step, and we hope this guide has provided helpful information as you move forward with confidence.

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