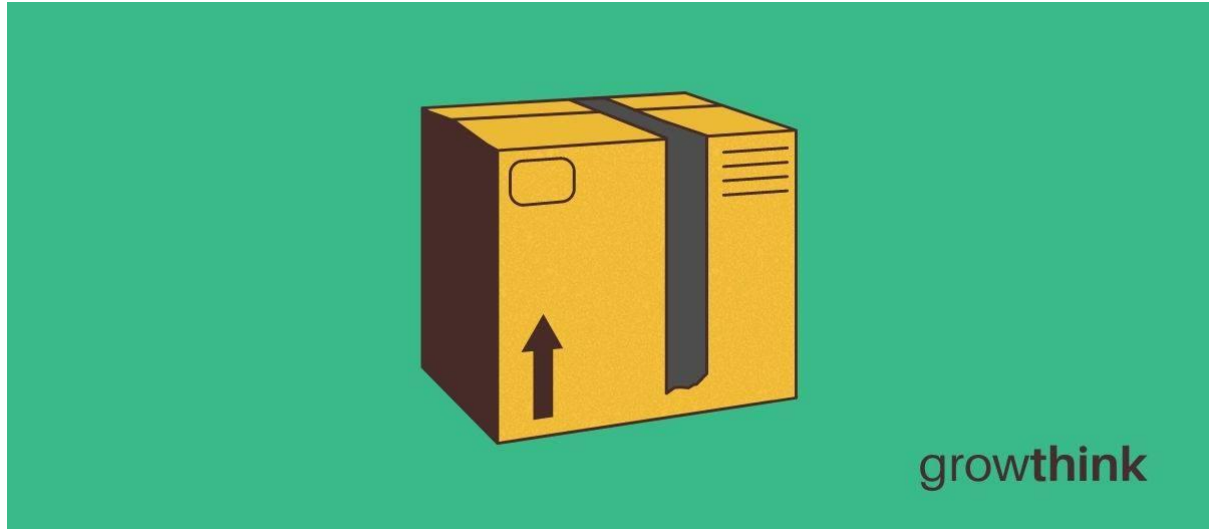


How to Start a Shipping Business



Starting a shipping business can be very profitable. With proper planning, execution and hard work, you can enjoy great success. Below you will learn the keys to launching a successful shipping business.

Importantly, a critical step in starting a shipping business is to complete your business plan. To help you out, you should download [Growthink's Ultimate Business Plan Template here](#).

Download our Ultimate Business Plan Template here

14 Steps To Start a Shipping Business:

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1. Choose the Name for Your Shipping Business

The first step to starting a shipping business is to choose your business' name.

This is a very important choice since your company name is your brand and will last for the lifetime of your business. Ideally you choose a name that is meaningful and memorable. Here are some tips for choosing a name for your own shipping company:

1. **Make sure the name is available.** Check your desired name against trademark databases and your state's list of registered business names to see if it's available. Also check to see if a suitable domain name is available.
2. **Keep it simple.** The best names are usually ones that are easy to remember, pronounce and spell.
3. **Think about marketing.** Come up with a name that reflects the desired brand and/or focus of your shipping business.

2. Develop Your Shipping Business Plan

One of the most important steps in starting a shipping business is to develop your business plan. The process of creating your [dropshipping business plan](#) ensures that you fully understand your market and your business strategy. The plan also provides you with a roadmap to follow and if needed, to present to funding sources to raise capital for your business.

Your business plan should include the following sections:

1. **Executive Summary** – this section should summarize your entire business plan so readers can quickly understand the key details of your shipping business.
2. **Company Overview** – this section tells the reader about the history of your shipping business and what type of pack and ship business you operate. For example, are you a freight forwarding, third party logistics (3PL), or a courier service?
3. **Industry Analysis** – here you will document key information about the shipping industry. Conduct market research and document how big the industry is and what trends are affecting it.
4. **Customer Analysis** – in this section, you will document who your ideal or target customers are and their demographics. For example, how old are they? Where do they live? What do they find important when purchasing services like the ones you will offer?
5. **Competitive Analysis** – here you will document the key direct and indirect competitors you will face and how you will build competitive advantage.

6. **Marketing Plan** – your marketing plan should address the 4Ps: Product, Price, Promotions and Place.
 - *Product*: Determine and document what products/services you will offer
 - *Prices*: Document the prices of your products/services
 - *Place*: Where will your business be located and how will that location help you increase sales?
 - *Promotions*: What promotional methods will you use to attract customers to your shipping business? For example, you might decide to use pay-per-click advertising, public relations, search engine optimization and/or social media marketing.
7. **Operations Plan** – here you will determine the key processes you will need to run your day-to-day operations. You will also determine your staffing needs. Finally, in this section of your plan, you will create a projected growth timeline showing the milestones you hope to achieve in the coming years.
8. **Management Team** – this section details the background of your company's management team.
9. **Financial Plan** – finally, the financial plan answers questions including the following:
 - What startup costs will you incur?
 - How will your shipping business make money?
 - What are your projected sales and expenses for the next five years?
 - Do you need to raise funding to launch your business?

Finish Your Business Plan Today!

If you'd like to quickly and easily complete your business plan, [download Growthink's Ultimate Business Plan Template](#) and complete your plan and financial model in hours.

3. Choose the Legal Structure for Your Shipping Business

Next you need to choose a legal structure for your shipping company and register it and your business name with the Secretary of State in each state where you operate your business.

Below are the five most common legal structures:

1) Sole proprietorship

A sole proprietorship is a business entity in which the owner of the shipping business and the business are the same legal person. The owner of a sole proprietorship is responsible for all debts and obligations of the business. There are no formalities required to establish a sole proprietorship, and it is easy to set up

and operate. The main advantage of a sole proprietorship is that it is simple and inexpensive to establish. The main disadvantage is that the owner is liable for all debts and obligations of the business.

2) Partnerships

A partnership is a legal structure that is popular among small businesses. It is an agreement between two or more people who want to start a shipping business together. The partners share in the profits and losses of the business.

The advantages of a partnership are that it is easy to set up, and the partners share in the profits and losses of the business. The disadvantages of a partnership are that the partners are jointly liable for the debts of the business, and disagreements between partners can be difficult to resolve.

3) Limited Liability Company (LLC)

A limited liability company, or LLC, is a type of business entity that provides limited liability to its owners. This means that the owners of an LLC are not personally responsible for the debts and liabilities of the business. The advantages of an LLC for a shipping business include flexibility in management, pass-through taxation (avoids double taxation as explained below), and limited personal liability. The disadvantages of an LLC include lack of availability in some states and self-employment taxes.

4) C Corporation

A C Corporation is a business entity that is separate from its owners. It has its own tax ID and can have shareholders. The main advantage of a C Corporation for a shipping business is that it offers limited liability to its owners. This means that the owners are not personally responsible for the debts and liabilities of the business. The disadvantage is that C Corporations are subject to double taxation. This means that the corporation pays taxes on its profits, and the shareholders also pay taxes on their dividends.

5) S Corporation

An S Corporation is a type of corporation that provides its owners with limited liability protection and allows them to pass their business income through to their personal income tax returns, thus avoiding double taxation. There are several limitations on S Corporations including the number of shareholders they can have among others.

Once you register your shipping business, your state will send you your official “Articles of Incorporation.” You will need this among other documentation when

establishing your banking account (see below). We recommend that you consult an attorney in determining which legal structure is best suited for your company.

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4. Secure Startup Funding for Your Shipping Business (If Needed)

In developing your shipping business plan, you might have determined that you need to raise funding to launch your business.

If so, the main sources of funding for a shipping business to consider are personal savings, family and friends, credit card financing, bank loans, crowdfunding and angel investors. Angel investors are individuals who provide capital to early-stage businesses. Angel investors typically will invest in a shipping business that they believe has high potential for growth.

5. Secure a Location for Your Business

To find a location for your shipping business, you'll need to research the area and find a spot that is accessible to roads and highways. You'll also want to find an area that is in a safe location, with plenty of commercial businesses in the area. Additionally, find a location that is affordable, and has the space you need to operate your business.

6. Register Your Shipping Business with the IRS

Next, you need to register your business with the Internal Revenue Service (IRS) which will result in the IRS issuing you an Employer Identification Number (EIN).

Most banks will require you to have an EIN in order to open up an account. In addition, in order to hire employees, you will need an EIN since that is how the IRS tracks your payroll tax payments.

Note that if you are a sole proprietor without employees, you generally do not need to get an EIN. Rather, you would use your social security number (instead of your EIN) as your taxpayer identification number.

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7. Open a Business Bank Account

It is important to establish a bank account in your shipping business' name. This process is fairly simple and involves the following steps:

1. Identify and contact the bank you want to use
2. Gather and present the required documents (generally include your company's Articles of Incorporation, driver's license or passport, and proof of address)
3. Complete the bank's application form and provide all relevant information
4. Meet with a banker to discuss your business needs and establish a relationship with them

8. Get a Business Credit Card

You should get a business credit card for your shipping business to help you separate personal and business expenses.

You can either apply for a business credit card through your bank or apply for one through a credit card company.

When you're applying for a business credit card, you'll need to provide some information about your business. This includes the name of your business, the address of your business, and the type of business you're running. You'll also need to provide some information about yourself, including your name, Social Security number, and date of birth.

Once you've been approved for a business credit card, you'll be able to use it to make purchases for your business. You can also use it to build your credit history which could be very important in securing loans and getting credit lines for your business in the future.

9. Get the Required Business Licenses and Permits

You will need a business license, a permit to operate a commercial vehicle, and a permit to transport goods. You may also need a license to import or export goods, depending on the type of shipping business.

10. Get Business Insurance for Your Shipping Business

The type of insurance you need to operate a shipping business will depend on the type of business.

Some business insurance policies you should consider for your shipping business include:

- **General liability insurance:** This covers accidents and injuries that occur on your property. It also covers damages caused by your employees or products.
- **Auto insurance:** If a vehicle is used in your business, this type of insurance will cover if a vehicle is damaged or stolen.
- **Workers' compensation insurance:** If you have employees, this type of policy works with your general liability policy to protect against workplace injuries and accidents. It also covers medical expenses and lost wages.
- **Commercial property insurance:** This covers damage to your property caused by fire, theft, or vandalism.
- **Business interruption insurance:** This covers lost income and expenses if your business is forced to close due to a covered event.
- **Professional liability insurance:** This protects your business against claims of professional negligence.

Find an insurance agent, tell them about your business and its needs, and they will recommend policies that fit those needs.

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11. Buy or Lease the Right Shipping Business Equipment

To start a shipping business, you will need some essential equipment. You will need a printer, computer, and scanner to print shipping labels and track packages. You will also need a scale to weigh packages and a credit card processing machine to accept payments. Finally, you will need packaging materials like boxes, tape, and labels.

12. Develop Your Shipping Business Marketing Materials

Marketing materials will be required to attract and retain customers to your shipping business.

The key marketing materials you will need are as follows:

1. **Website:** Likewise, a professional shipping business website provides potential customers with information about the services you offer, your company's history, and contact information. Importantly, remember that the look and feel of your website will affect how customers perceive you.
2. **Social Media Accounts:** establish social media accounts in your company's name. Accounts on Facebook, Twitter, LinkedIn and/or other social media networks will help customers and others find and interact with your shipping business.
3. **Logo:** Spend some time developing a good logo for your shipping business. Your logo will be printed on company stationery, business cards, marketing materials and so forth. The right logo can increase customer trust and awareness of your brand.

13. Purchase and Setup the Software Needed to Run Your Shipping Business

You'll need software to manage your shipping business. This software includes software to track your packages and customers, and software to manage your inventory. You may also need software to generate shipping labels. Make sure to research the different software options available and find the one that meets your needs.

14. Open for Business

You are now ready to open your shipping business. If you followed the steps above, you should be in a great position to build a successful business. Below are answers to frequently asked questions that might further help you.