

Fractional Business Setup Guide

How to Start, Run, and Simplify Your Fractional Business

Starting your fractional business isn't about scaling another company — it's about building a lean, simple system that lets you stay focused on what matters most.

You're not building workflows for 100 employees; you're creating clarity for one person: you. The goal is to get to revenue fast, stay focused on client impact, and keep expenses low. Every tool or system you add should earn its keep.

This guide is for general informational purposes only and does not constitute legal or financial advice.



i A practical guide to setting up and running your fractional business — built for professionals transitioning from full-time to independent work.

Topics

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Set Up Your Business

Register a Single-Member LLC in your home state — the simplest and most flexible structure for fractional operators. Forming an LLC separates your personal and business liability, allowing you to open a business bank account and operate as a professional entity.

You don't need to use LegalZoom or hire a lawyer. You can file directly through your state's Secretary of State website — the process usually takes less than 1 hour and costs between \$50–\$200 depending on your state.

When Filing Your LLC:

- **Registered agent:** List yourself with your home address. But if you want to avoid a little junk mail, use a low-cost registered agent service instead (\$50–\$100/year).
- **Business address:** It's fine to use your home address here but similar to above to avoid being on mailing lists you could purchase a virtual address (\$10–\$25/month).
- **Operating agreement:** Most states don't require one for a single-member LLC
- **EIN:** Apply for your Employer Identification Number directly at [IRS.gov](https://www.irs.gov) — it's free and instant, and you'll need it to open a business bank account.

Pro Tip:

Always file in the state where you live and work — not Delaware or Wyoming. Out-of-state filings create unnecessary paperwork and ongoing fees without any tax advantage for solo consultants.

01

Purchase a domain name

Buy your business domain from Domain.com or GoDaddy, etc. Keep it short, clear, and aligned with your name or business identity. Your domain name can be different from your legal business name. For example
Go To Market Partners, LLC
gtmpartners.com

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Set up GSuite for your domain

Use Google Workspace (Gsuite) to create your professional email (e.g., you@yourdomain.com). Point your domain's DNS records (MX entries) to Google during setup — Google provides simple step-by-step instructions for your registrar. Use the lowest-cost Workspace plan.

Banking & Payment Setup

Business banking

[Open a Mercury account](#) — it's simple, online, and integrates banking, ACH, Invoicing and card payments. Get \$250 back when you deposit 10K in first 90 days.

Invoicing

Use Mercury's built-in invoicing feature — it's good enough for most fractionals and includes ACH and credit-card payment handling. Businesses should pay you via ACH to avoid processing fees, but if you sell to individuals (e.g., coaching), you'll need the credit-card option. For recurring personal pay until you reach S-Corp tax-benefit level, transfer money to yourself as needed.

Paying yourself

Add yourself as multiple payees inside Mercury for clarity and bookkeeping ease when you transfer money to yourself:

- Your Name - Expense Reimbursement
- Your Name - Salary
- Your Name - Owner's Profit Draw (use this once you elect S-Corp status; draws are taxed at a lower rate).

Paying Others

Pay vendors & contractors using the payments feature in Mercury. Attach their invoice and add a note.

- 📌 Turn on two-factor authentication and notifications in Mercury to protect client payments and monitor incoming funds. Avoid using Venmo or personal PayPal — always pay vendors through your business account for clean tax records.

Vendor Payment Systems

Some larger clients will only process invoices through their internal systems (like Bill.com, Tipalti, or Ariba). You'll need to register an account in whichever platform they use so your invoice can be approved and paid. These systems often require your business name, EIN, filing docs, and bank approval letter — so keep that information handy.

- 📌 Create an email alias in Google Workspace such as `billing@yourdomain.com` and send invoices from that address. This makes follow-ups feel professional and less personal — like you have a billing contact managing payments. If a payment is overdue, you can send a friendly reminder from the billing alias, and then follow up later as yourself without awkwardness.

Credit Cards, Bookkeeping & Insurance

Credit card

Use a dedicated card — a business Amex if you travel or spend \$25K+ annually, or any card used only for your business expenses. If you don't need credit access, Mercury provides virtual and physical credit cards integrated directly into your account (no balances carried). Keep business and personal charges completely separate — mixing them can complicate deductions and bookkeeping.

Bookkeeping

Keep all business income and expenses flowing through your Mercury account and one dedicated card. If you ever pay for a business item personally, reimburse yourself using Mercury Payments — enter it as a payment to yourself and use the notes field to record details like date, vendor, amount, and purpose. You can also attach receipts directly to that transaction. Your tax professional can access Mercury or use exported statements to handle filings.

Legal Protection Insurance

Your LLC provides the main protection for your business—keeping your personal assets separate from business risks. Consider a professional liability policy (\$1M+ coverage) if you're serving public companies or your revenue level warrants it. We recommend Hiscox with cyber sec.

Health insurance

Purchase through the federal or state marketplace (Healthcare.gov). Plans are affordable for single-member LLC owners. Set them up to be paid via ACH from your business bank account allowing you to classify it as a tax deductible expense.

Password Management

We recommend using a tool like 1 Password - create a vault for your business and a vault for personal life. It has built in authenticator for two factor.

When to Take Advantage of S-Corp Tax Benefits

Once your business is consistently earning **\$150K+ per year**, file your LLC to be taxed as an S-Corporation.

This allows you to pay yourself a reasonable salary and take profits beyond that (owner draws) at a tax savings.

Pay yourself a regular W-2 salary through a payroll provider — we recommend [OnPay](#), which automatically files state and federal payroll taxes for S-Corp owners.

Example Tax Savings

If you earn \$350K in total profits and pay yourself a \$175K salary, the remaining \$175K can be taken as profit draws. Because those draws aren't subject to self-employment tax, you could save roughly **\$20K–\$25K in payroll taxes** depending on your state.

We recommend using [OnPay](#) or Gusto — both are designed for small and solopreneur business owners and make payroll simple and compliant.

- **Automatic tax filings:** They handle all state and federal payroll tax filings required for S-Corp owners.
- **W-2 salary:** You'll pay yourself a reasonable recurring salary (biweekly, monthly, or quarterly).
- **Profit draws:** Any profits beyond your salary can still be paid to yourself from Mercury as "Owner Draws" — these draws aren't subject to self-employment tax, creating the main tax benefit of S-Corp status.
- **Ease of setup:** Both platforms walk you through setup online, connect easily to your business bank account, and automatically generate year-end forms (W-2s, 940s, 941s, etc.).

Core Tech Stack



Zoom

Preferred over Google Meet for client working sessions. Use Zoom's built-in scheduling tool instead of Calendly, and its Clips feature instead of Loom.



Fathom

Record and transcribe calls automatically (even when you're not hosting). Powerful AI summaries to help with project recall. Zoom is too expensive for saving calls.



Google Workspace

Professional email, calendar, and documents (Gmail, Docs, Sheets, Slides).



ChatGPT, Etc

Use for research, ideation, client deliverables, & design



Canva, Gamma, Etc

Easy to use design & production tools that cover wide set of use cases.



Contracts & signatures

Use Dropbox Sign (HelloSign) free tier.



Website (Gamma App, Etc)

Keep it short and professional. It's for credibility, not lead generation.



Riverside

Only if you plan to produce high-quality podcasts or video interviews. For most, iPhone videos for LinkedIn posts are more than enough.



Brand & Engagement

Linkedin, Substack Newsletter, 1-1 email, DM's, & GTM Partners Funnel Tools



Zoom Scheduler Setup

Since you'll use your Zoom scheduling link as your primary tool for meetings and client engagements, it's worth setting it up intentionally:

Create Separate Schedule Links

- **Client link:** Use this for ongoing working sessions with clients.
- **Prospect link:** Create a separate booking link for new leads, with different availability windows.

This separation protects your client delivery time and prevents prospect calls from filling your core work hours.

Form Fields for the Prospect Booking Link

Use these questions to qualify prospects and subtly reinforce your offerings:

1. **What service are you interested in?**
(Include checkboxes for each of your fractional or workshop services so you know their focus.)
2. **Company size**
(Dropdown or short text — helps gauge fit and pricing readiness.)
3. **Job title / role**
(Useful for knowing if you're speaking with a decision-maker.)
4. **What would you like to discuss in this meeting?**
(Short paragraph field — provides context and filters out low-intent prospects.)

Purpose







This setup filters out unqualified prospects and saves time. It also acts as a light sales enablement tool — by listing your services in the form, you naturally remind people what you do before the call.

Creating Your Brand Identity

You don't need a full-scale Brand Kit or a complicated design system — just a clear, professional look that signals credibility and consistency.

Brand Basics

Hire a designer to create a lightweight visual identity package that includes:

-  **Logo (dark and white versions)**
Versatile for both light and dark backgrounds
-  **LinkedIn header image**
Aligned with your fractional positioning
-  **Slides template**
For client decks and proposals
-  **Canva or Gamma document examples**
For creating simple assets on your own
-  **Color palette**
Two to three complementary brand colors
-  **Typography**
One header font and one body font for consistent use



Pro Tip

A cohesive visual identity builds immediate trust. You're not building a marketing brand — you're building confidence that you're a professional business.

Get it designed once, load everything into your Canva Brand Kit, and move forward focused on landing clients.

Relationship Building & Nurturing

Contact & Relationship Building Tools

- LinkedIn — Your #1 platform for connecting, engaging, and staying visible.
- LinkedIn Sales Navigator — Optional; Good if you're prospecting beyond 1st connections
- Data tools (Apollo, etc.) — Not needed; focus on high-quality, low-volume client relationships.

Nurturing & Audience Building



Newsletter

Use Substack (companyname.substack.com) to nurture your list with weekly insights. Substack branding adds credibility.



Build Your List

Add every contact or key relationship to Substack.
Pro tip: Add full exec teams of anyone you've spoken with to build a warm audience.



Identify Engagement

Use Substack's analytics to spot who opens or clicks most often — these are warm leads for direct outreach.

Optionally, use a LinkedIn Newsletter to expand reach beyond your existing contacts. Post the same content to both.

Email marketing: Avoid bulk email. If needed, use Kit for simple automation.

Simple CRM & Forms

- CRM — Use a spreadsheet to track prospects and follow-ups. Keep it personal.
- Forms — Capture emails through Substack and use DMs or your calendar link for 1:1 selling.
- Email — personally written 1-1 email is preferred.
- Nurture — Weekly Newsletter is your nurture - No MAP's required.
- Contacts — Pull from LinkedIn 1st connections or sales navigator. Once your business is thriving and you're ready to grow beyond your network you could consider a data provider tool.

Hiring & Working With Others

As your fractional business grows, you might bring on support — a virtual assistant, designer, or other fractional peer. It's important to structure this correctly so you don't create unexpected tax or compliance issues.

Don't Hire W-2 Employees

Hiring W-2 employees means you're taking on full employer responsibilities — payroll taxes, unemployment insurance, and access to benefits. If your business already pays for your own health insurance through the LLC, adding a W-2 triggers nondiscrimination rules: you'd be required to offer that same health plan to any employee on payroll.

Working With 1099 Contractors

If you need extra help — hire independent contractors (1099s), not employees.

Here's the simplest, compliant path:

- **Independent contractor agreement:** Create a short written contract stating they are an independent contractor responsible for their own taxes and benefits.
- **Payment threshold:** If you pay a contractor more than \$600 in a calendar year, you'll need to issue them a 1099-NEC form at tax time.
- **How to file:** You can issue 1099s directly from QuickBooks, Mercury (via integrations), or through IRS.gov's free FIRE system or a service like Track1099.
- **Avoid control:** Don't dictate work hours, location, or methods — contractors must control *how* they perform the work to maintain independent status.
- **Pay method:** Pay them via your Mercury account (ACH) and label the payment clearly — e.g., *"1099 contractor – project design support."*

Google Workspace Tips

Set up Google Workspace like a business — not a personal account — to stay organized and protect client confidentiality.

Drive Management

Don't store client or business-critical files in your personal My Drive folder. Instead, create **Shared Drives** to keep your files structured, secure and ready for sharing.

Confidential (*private to you*)

Use this drive for sensitive company files and internal records.

Suggested folders:

- Business Filings – LLC registration, EIN, insurance, payroll docs
- Finance – Forecasting & Pro forma, tax docs
- Contracts
 - Drafts – templates or redlines in progress
 - Client Contracts – subfolders by client, store fully executed copies

GTM Ops (*shared with EAs, contractors, and internal helpers*)

This is your internal operating drive for running your business to include things like:

- Sales Tracker, Lists,
- Presentation Decks
- Product Marketing & Collateral
- Brand Assets
- Client Photos & Testimonials

Customers (*shared with each client individually*)

Create a subfolder for each active client.

Store all working decks, deliverables, and project files here.

Share only the specific client folder with that client — not the full Customers drive.



Business System Checklist

This checklist covers everything needed to launch and manage your fractional business infrastructure. Separate checklists will cover Brand, Demand, and Delivery Systems.



Before your first client

- ☐ Register your LLC and get your EIN
- ☐ Purchase a domain and set up Google Workspace email
- ☐ [Open a Mercury](#) business account and dedicated card
- ☐ Set up invoicing and ACH payments in Mercury
- ☐ Create payees in Mercury for reimbursements, salary, and draws
- ☐ Select a dedicated credit card (Amex, Mercury, or other) for business use
- ☐ Purchase a personal umbrella insurance policy and a health insurance plan
- ☐ Set up core tools: Zoom, Fathom, Canva, ChatGPT Plus
- ☐ Configure your Zoom scheduler links and add qualifying form questions
- ☐ Keep all expenses and receipts in Mercury



After your first few clients

- ☐ Establish your brand identity and upload assets into your Canva Brand Kit
- ☐ Build a simple, credibility-focused website
- ☐ Track client and prospect conversations in a simple spreadsheet
- ☐ Create independent contractor agreement templates (for 1099 hires if needed)
- ☐ Pay any contractors through Mercury (ACH)



After Revenue threshold

- ☐ File for S-Corp tax status (~\$120K–\$150K+ annual profit)
- ☐ Begin payroll via OnPay or Gusto (auto-files state & federal taxes)
- ☐ Schedule quarterly reviews of your income & expense
- ☐ Continue reimbursing personal business expenses in Mercury with detailed notes and attached receipts