MINNESOTA SMALL BUSINESS RESOURCE GUIDE

A Guide For Business Start-Up & Growth

SBA

SCORE®
Counselors to America's Small Business

WWW.SBA.GOV/MN
WWW.SCOREMINN.ORG

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Small business is essential to Minnesota. Our nearly 373,500 small businesses contribute valuable products and services for our personal and professional use as well as contributing to the economic well being of Minnesota and our nation.

The Minnesota District Office of the U.S. Small Business Administration and the Minnesota SCORE Association are pleased to provide this resource guide to assist you in starting or expanding your business. We extend special thanks to our Minnesota contributors who made publication of this guide possible.

This Small Business Resource Guide provides you with an overview of SBA programs:

- *The Business Resources* section of the publication identifies sources of business counseling and targeted business training, including sources of specialized technical assistance such as international trade and government contracting.

- *SBA Financing Programs* describes the many financial assistance programs available to Minnesota small businesses – from microloans totaling a couple hundred dollars to loans for financing the construction of a building, or working capital to export goods and services abroad.

- For new entrepreneurs, the *Business Start-up Kit* section serves as a basic guide to help you plan your business. Although you can never eliminate risk in starting a new venture, you can avoid many difficulties when you understand some of the fundamentals of operating a small business before you actually begin. Through a list of questions, the Start-up section helps you gauge your readiness for entrepreneurship. A checklist for going into business in Minnesota identifies basic responsibilities and considerations for a new enterprise and the Frequently Asked Questions page helps identify your business needs. Finally, this section provides specific guidelines for preparing a business plan. We suggest that you prepare a business plan to serve as a roadmap for the development of your business. For entrepreneurs seeking financing for their company, a business plan is an essential tool.

We hope you'll find this booklet useful, and wish you much luck and entrepreneurial success.
If you have questions after reading this guide, please visit our website at www.sba.gov/mn; e-mail our office at minneapolis.mn@sba.gov or telephone SBA at (612) 370-2324.

Edward A. Daum

District Director

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COUNSELING • TRAINING • INFORMATION CENTERS

Face-to-face business counseling is available at no charge through SBA resource partners at locations throughout Minnesota. Business information is available on-line 24 hours per day, 7 days per week at SBA's national website www.sba.gov; SBA's Minnesota website www.sba.gov/mn or SCORE's Minnesota website www.scoreminn.org.

BUSINESS INFORMATION CENTER

Minnesota's Business Information Center (BIC) offers a wide range of tools to assist business owners with business planning, market research, and training. The BIC functions under the direction of the SBA as a business reference library and a computer center for public use. Reference materials cover a wide variety of topics, such as marketing, management and sources for business financing; with a strong emphasis on creating business plans. Available tools include:

- High-tech computer hardware, copier and fax
- Up-to-date business software
- Reference library focused on small business
- DSL access to the Internet

Research guidance and help with the BIC tools are available from the BIC manager. SCORE counselors can meet with the entrepreneur at the BIC to provide free business counseling. No appointments are necessary to visit the BIC. Computers are available on a first come, first served basis.

Business Information Center (BIC)
Midtown Commons
2324 University Avenue
St. Paul, MN 55114
(651) 209-1884

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The SCORE Association is the premiere volunteer business counseling and advice service found in the United States. For more than 39 years, SCORE's retired and working business professionals have helped new generations of small business owners grow their businesses and new entrepreneurs start their ventures.

As a resource partner with the SBA, SCORE provides information vital to small business success. This includes counseling on financing options, business planning, marketing strategies, product development and more. Individual members and counseling teams with diverse business knowledge and experience provide one-on-one, confidential counseling at no cost to the business owner.

SCORE presents a free *Loan Information Seminar* every Thursday (excluding government holidays and weather emergency days) from 10:00 a.m. to 11:15 a.m. at the SBA office, 210-C Butler Square, 100 North Sixth Street, Minneapolis. There is no registration fee and there is no need to pre-register.

In St. Paul, the *Loan Information Seminars* are held on the first Wednesday of every month (excluding government holidays and weather emergency days) from 1:00 p.m. to 3:00 p.m. at the Lexington Branch of the St. Paul Public Library, 1080 University Avenue at Lexington Parkway. Although there is no charge for the seminar, seating is limited so please call the St. Paul SCORE Chapter at 651-632-8937 for reservations.

SCORE also presents workshops and business seminars at various locations throughout the state for a modest fee. Topics include:

- Preparing a Business Plan
- Financing Your Business
- Sales and Marketing
- Understanding SBA Lending

View future workshops and seminars via SCORE's website at www.scoreminn.org or SBA's at www.sba.gov/mn *select calendars.*

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"We recommend SCORE to everyone except our competitors."

Jan Ballman,
Managing Partner

Paradigm Reporting & Captioning Inc. – Minnesota's largest court reporter company with revenues of $2.1 million

There are seven SCORE Chapters located throughout Minnesota. Starting or expanding a small business can be overwhelming. SCORE can help your business succeed. SCORE counselors can help take some of the mystery out of getting started and taking control of your career in business. To request counseling or for a schedule of workshops and seminars, contact the SCORE Chapter convenient to you or mail in the Request for Counseling form on the following page.

Minneapolis	(952) 938-4570	South Metro	(952) 890-7020
New Ulm	(507) 233-4300	St. Cloud	(320) 240-1332
Red Wing	(651) 388-4719 X 20	St. Paul	(651) 632-8937
Rochester	(507) 288-8103		

Minnesota SCORE District Office, 100 North Sixth Street, Suite 210-C,
Minneapolis, MN 55403
(612) 370-2309 E-mail: info@scoreminn.org www.scoreminn.org

OMB Approval No. 3245-0324
Expiration Date: 04/30/2003

Case Number: _____

U.S. Small Business Administration

Request for Counseling

1. Your Name (First, Middle, Last)	2. Telephone Number(s) Home _____ Business _____ Fax _____
3. Email address	

4. Street Address	5. City	6. County	7. State	8. Zip

9. Race (mark one or more)	10. Ethnicity	12. Do you consider yourself a person with a disability?	13. Veteran Status
a. Native American or Alaskan Native ☐ b. Asian ☐ c. Black or African American ☐ d. Native Hawaiian or other Pacific Islander ☐ e. White ☐	a. Hispanic Origin ☐ b. Not of Hispanic Origin ☐ 11. Business Owner Gender a. Male ☐ b. Female ☐ c. Male/Female ☐	Yes ☐ No ☐	a. Veteran ☐ b. Service Connected Disabled Veteran ☐ c. Disabled Veteran ☐ d. Non-veteran ☐

14. How did you hear of us?

a. Word of Mouth ☐	d. Chamber of Commerce ☐	g. Television ☐	j. SBA ☐
b. Bank ☐	e. Internet ☐	h. Magazine ☐	
c. Newspapers ☐	f. Radio ☐	i. Other _____	

15. Describe the nature of the counseling you are seeking.

16. Currently in Business? Yes ☐ No ☐ (If no, skip to line 20) Is this a Home-based Business? Yes ☐ No ☐

17. Type of Business

18. Name of Company:	19. How long in business?

20. Indicate preferred date & time for appointment:

Date: Time:

I request business management counseling service from a Small Business Administration Resource Partner. I agree to cooperate should I be selected to participate in surveys designed to evaluate SBA assistance services. I authorize SBA to furnish relevant information to the assigned management counselor(s). I understand that any information disclosed to be held in strict confidence by him/her.

I further understand that any counselor has agreed not to: (1) recommend goods or services from sources in which he/she has an interest and (2) accept fees or commissions developing from this counseling relationship. In consideration of the counselor(s) furnishing management or technical assistance, I waive all claims against SBA personnel, SCORE and its host organizations, and other SBA Resource Counselors arising from this assistance.

Please note: The estimated burden for completing this form is 15 minutes per response. You are not required to respond to any collection information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB 409 3rd St., S.W., Washington, D.C 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0091) **PLEASE DO NOT SEND FORMS TO OMB.**

Signature:	Date:

Fold Here

Place
Stamp
Here

SCORE/SBA
210-C Butler Square
100 North 6th Street
Minneapolis, MN 55403-1525

Fold Here

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers (SBDCs) provide high quality technical assistance, counseling and training to prospective and existing small business owners. SBDCs are sponsored by the SBA in partnership with the Minnesota Department of Trade and Economic Development, and the colleges, universities, and other organizations where SBDCs are located.

The Minnesota SBDCs provide one-on-one counseling and group training seminars on management topics to small businesses throughout the state. Counselors help new and growing businesses in the areas of business planning, financial analysis, loan packaging and marketing of their companies. Counseling is customized to meet the needs of the client. There is no charge for counseling services.

Training seminars offered by the SBDCs are designed to help small business owners and managers strengthen their management skills. Training seminars are provided at a nominal cost and are posted on SBA's Calendar of Events at www.sba.gov/mn *select calendar.* Recent topics have included:

- Access to capital
- Market analysis and planning
- Understanding and using financial statements
- Workplace communication
- Taxation
- Employment issues

The Duluth SBDC has created a virtual classroom on the internet where clients can attend and participate in real time, live training courses using their own personal computers. (Internet address: http://www.umdced.com/programs/sbdc.asp.) Resource libraries at SBDCs offer access to business books and computerized data bases. To set up an appointment with an SBDC consultant call the office nearest you or call the state administrative office if you need assistance.

SMALL BUSINESS DEVELOPMENT CENTER NETWORK

STATE ADMINISTRATIVE OFFICE:
Minnesota Small Business Development Center
Minnesota Department of Trade & Economic Development
St. Paul, MN
(651) 297-5770

NORTHEAST MINNESOTA:
Duluth Regional Office/University of Minnesota Duluth – SBDC/ Duluth Technology Village
Duluth, MN
(218) 726-6192

Northeast Regional Subcenters:

Natural Resources Research Institute - SBDC
Duluth, MN
(218) 726-7298

Vermilion Community College – SBDC
Ely, MN
(218) 365-7295

Quad Cities – SBDC/ Mesabi Range Com & Tech. College
Virginia, MN
(218) 749-7752

Itasca Development Corporation – SBDC
Grand Rapids, MN
(218) 327-2241

Hibbing Community College - SBDC
Hibbing, MN
(218) 262-6703

Rainy River Community College – SBDC
International Falls, MN
(218) 285-2255

North Shore Business Enterprise Center – SBDC
Two Harbors, MN
(218) 834-3494

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SMALL BUSINESS DEVELOPMENT CENTERS NETWORK – CONTINUED

NORTH CENTRAL MINNESOTA:
Brainerd Regional Office:
Central Lakes College – SBDC
Brainerd, MN
(218) 855-8145

North Central Regional Subcenter:
Pine Technical College - SBDC
Pine City, MN
(320) 629-4510

NORTHWEST MINNESOTA:
Bemidji Regional Office:
Bemidji State University – SBDC
Bemidji, MN
(218) 755-4900

Northwest Regional Subcenter:
Northland Community College - SBDC
Thief River Falls, MN
(218) 683-7053

WEST CENTRAL MINNESOTA:
Moorhead Regional Office:
Minnesota State University Moorhead – SBDC
Moorhead, MN
(218) 236-2289

CENTRAL MINNESOTA:
St. Cloud State University - SBDC
St. Cloud, MN
(320) 255-4842

TWIN CITIES METRO AREA:
Twin Cities Regional Office
University of St. Thomas - SBDC
Minneapolis, MN
(651) 962-4500

SOUTHWEST MINNESOTA:
Marshall Regional Office:
Southwest State University - SBDC
Marshall, MN
(507) 537-7386

SOUTH CENTRAL MINNESOTA:
Region Nine Development Commission - SBDC
Mankato, MN
(507) 389-8875

SOUTHEAST MINNESOTA:
Rochester Regional Office:
Rochester Community & Technical College - SBDC
Rochester, MN
(507) 285-7425

Southeast Regional Subcenters:
Owatonna Incubator, Inc. – SBDC
Owatonna, MN
(507) 451-0517

Southeast MN Development Corp. - SBDC
Rushford, MN
(507) 864-7557

FINANCING YOUR BUSINESS START-UP

More than 80 percent of new entrepreneurs start their business without any commercial loans or debt financing. Lenders and investors often prefer to finance a business with a track record and a plan for growth based on experience in the industry.

If you are just starting out and need a smaller amount to set up shop and fill your first orders, here are some other options to consider:

- Savings
- Personal bank credit, including credit cards and personal lines of credit
- Friends and family members
- Informal investors
- Home equity loans
- Credit unions
- City or county economic or community development loan programs

VETERANS ASSISTANCE

SBA encourages veterans currently operating a small business or interested in starting one to use the services and programs of the Agency as they proceed on their road to entrepreneurial success. SBA works with veterans service organizations, county veterans service offices, government agencies, and other organizations to inform veterans of SBA financial assistance programs, government procurement opportunities and management and technical resources. Veterans need only go online (www.sba.gov/mn) or pick up the phone and contact any of the resources outlined in this manual to get started. All SBA resource partners are keenly aware of the service and sacrifices made by America's veterans and are eager to extend a warm welcome and ready access to all services offered.

WOMEN'S BUSINESS CENTERS

Two Minnesota Women's Business Centers (WBCs) operate under contract with SBA. WBCs provide the latest in business information and long-term training, best practices advice, computer and Internet training and access, individual and group business counseling, access to the SBA's programs and services, and much more.

MN Women's Business Center
The People Connection
226 East First Street
Fosston, MN 56542
(218) 435-2134
www.mnwbc.org

Women Venture
2324 University Ave. W
St. Paul, MN 55114
(651) 646-3808
Toll Free: 1-866-646-3808
www.womenventure.org

ONLINE WOMEN'S BUSINESS CENTER

SBA maintains an Online Women's Business Center at www.onlinewbc.gov. This interactive, state-of-the-art website provides valuable information both for women starting their businesses as well as for established businesses. Website topics include:

- Business accounting and finance
- Market research
- Business Internet skills
- Federal contracting
- Management techniques
- International trade

Individual online counseling and interactive mentoring are available at the site.

GOVERNMENT CONTRACTING ASSISTANCE

8(a) BUSINESS DEVELOPMENT PROGRAM

The 8(a) Business Development Program is a nine-year program for businesses owned and controlled by individuals that are both socially and economically disadvantaged. In addition, businesses must also show a "potential for success" including proof of operations for at least two years. Benefits of the program include training in areas such as marketing and management, and access to negotiated contracts with Federal agencies.

Socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and Subcontinent Asian Americans. Individuals who are not members of these groups and can demonstrate that they are both socially and economically disadvantaged also may be eligible to participate in the 8(a) Program.

Additional information about the program and application forms are available at www.sba.gov/8abd. The Minnesota District SBA Office conducts 8(a) orientation seminars on the first Tuesday of every month at 9:00 a.m. at the SBA office. For registration or businesses interested in learning more about the orientation seminars telephone (612) 370-2316.

SMALL DISADVANTAGED BUSINESS

The Small Disadvantaged Business (SDB) Program is a certification program for businesses owned and controlled by individuals that are both socially and economically disadvantaged. Federal agencies and their prime contractors have goals for utilizing certified SDBs.

Socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, and Subcontinent Asian Americans. Individuals who are not members of these groups and can demonstrate that they are both socially and economically disadvantaged also may be eligible to participate in the SBD Program.

Additional information about the program and application forms are available at www.sba.gov/sdb.

HUBZONE EMPOWERMENT CONTRACTING PROGRAM

The HUBZone Program is a place-based program that is designed to encourage economic development in Historically Underutilized Business Zones or HUBZones through preferences in Federal Government contracting. To be eligible, a small business must be located in a designated HUBZone and 35% of its employees must reside in HUBZones. Certification is required. The HUBZone Program is designed as a virtual program with all of the necessary information; including an on-line application available at www.sba.gov/hubzone.

PRO-Net

PRO-Net is a free on-line database of small businesses interested in selling to government entities and to private-sector businesses. Potential buyers of products and services search the PRO-Net database for small businesses offering to supply them.

PRO-Net has been integrated with the Defense Department's Central Contractor Registration (CCR) System. In addition to the marketing information required by PRO-Net, the CCR record includes banking information needed for electronic funds transfer (EFT). By the fall of 2003 all vender payments made by Federal agencies will be made on the basis (EFT) information contained in CCR. To register in CCR and PRO-Net go to: http://www.ccr.gov and complete a vender profile on-line. A valid DUNS number is mandatory for registration. A DUNS number can be obtained free of charge from Dun & Bradstreet at (888) 333-0505.

Using the information supplied by the small businesses, buyers can search the PRO-Net database by keyword such as business location or product category; by ownership type; by NAICS Code; or by a combination of these and other factors. PRO-Net contains the official list of SBA certified 8(a), SDB, and HUBZone small businesses.

SBA SURETY BOND PROGRAM

SBA can guarantee bonds for contracts up to $2 million, covering bid, performance and payment bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. SBA's guarantee gives sureties an incentive to provide bonding for eligible contractors, and thereby strengthens a contractor's ability to obtain bonding and greater access to contracting opportunities. A surety guarantee, an agreement between a surety and the SBA, provides that SBA will assume a predetermined percentage of loss in the event the contractor should breach the terms of the contract. For information regarding eligibility for the SBA Surety Bond Program and a list of Bonding Agents currently participating in the program, telephone the SBA Surety Bond Specialist at 215-580-2703 (Internet address: www.sba.gov/osg).

INTERNATIONAL TRADE ASSISTANCE

THE U.S. EXPORT ASSISTANCE CENTER

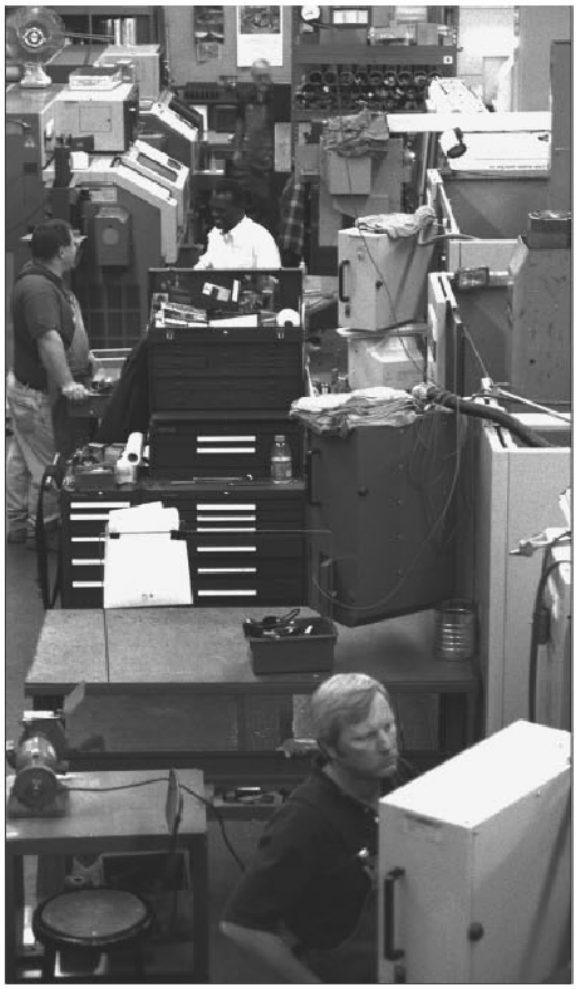
The U.S. Export Assistance Center (USEAC) offers a full range of federal export programs and services in one location. The Minnesota USEAC, one of 19 nationwide, is partnered by the SBA, U.S. Department of Commerce (DOC), Commercial Service and SCORE. It's a partnership that makes it easier for exporters to get the help they need to compete and succeed in the global marketplace. USEAC professionals are there to help small business with market research, trade finance, customized counseling, consulting and advocacy, trade events and international partners. The Minnesota USEAC is located in downtown Minneapolis and representatives travel throughout the state. For information or assistance with the SBA export financing programs (Export Working Capital Program; International Trade Program; SBA Export *Express*) explained in our SBA Financing Programs section, telephone (612) 348-1642. You may also wish to visit the SBA Office of International Trade website www.sba.gov/oit or the Minnesota District Export Council site at: www.exportassistance.com.

RESEARCH & DEVELOPMENT

SMALL BUSINESS INNOVATION RESEARCH PROGRAM (SBIR)

The Small Business Innovation Research (SBIR) Program is a highly competitive three-phased R & D funding system which provides qualified small businesses with opportunities to propose innovative ideas that meet the specific research and research/development needs of the Federal Government. Ten Federal agencies participate in this program: Agriculture, Commerce, Defense, Education, Energy, Environmental Protection Agency, Health and Human Services, National Aeronautics and Space Administration, National Science Foundation, and Transportation.

For more information, visit the SBA website at www.sba.gov/sbir. In addition to the SBA services, Minnesota Project Innovation offers counseling and low cost seminars to help you understand the SBIR awards process. They can be reached on the web at www.mpi.org or at (612) 338-3280.



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SBA FINANCING PROGRAMS

The SBA offers a variety of financing options through a loan guaranty program by working with lending institutions. SBA guarantees loans made by banks or other private lenders to small business clients. By sharing the risk with the lender, the SBA guaranty reduces the probability of a loss to the lender and makes it easier for a small business client to borrow money. Eligible small businesses that are unable to borrow on reasonable terms through conventional lenders may be able to borrow from these lenders through an SBA guaranty program. **SBA does NOT provide grants to start or grow a business.**

Prospective borrowers begin by visiting a local financial institution. The lender reviews the company's business plan; including company financial records, or projections if the company is just beginning operations, and plans for the use of the borrowed funds. That lender has information about SBA's loan guaranty programs and the lender has all of the required SBA application forms. The prospective borrower does not need to contact SBA. If the lender determines that the business meets SBA and the lending institution's eligibility and credit requirements, that lender can suggest which of the SBA guaranty programs would best suit that loan.

Information in this Resource Guide is meant to provide the prospective borrower with an overview of the requirements and types of guaranty programs SBA offers to the lending institutions.

BASIC TERMS AND CONDITIONS OF SBA-GUARANTEED LOANS

- *Eligibility Criteria*

  The business must be operated for profit and qualify as a small business under SBA size standards. The SBA has established two widely used size standards – 500 employees for most manufacturing and mining industries and $6.0 million in average annual receipts for most non-manufacturing industries. However, many exceptions exist. For the applicable size standard, see the SBA's Small Business Size Standard website at: http://www.sba.gov/size.

  The applicant must be of good character and demonstrate sufficient management expertise and commitment to provide reasonable assurance of a successful business operation.

  Loan applications must include historical earnings and cash flow records, and probable future earnings, that clearly demonstrate the ability to repay the loan.

  Generally, the SBA requires that the borrower have a minimum capital injection for a new business start-up or business acquisition equal to one-third to one-half of the total project cost. For an existing business, acceptable tangible net worth is required demonstrating that the business can operate on a sound financial basis.

- *Loan Limits*

  The maximum loan amount is $2,000,000. The maximum amount that the SBA can guaranty is $1,000,000. There is a fee between 1% and 3.5% on the guaranteed portion of the loan, depending on the loan amount. The average loan amount under the guaranty program is approximately $240,000.

- *Use of Proceeds*

  The loan proceeds may be used for a variety of business purposes including working capital, inventory, machinery and equipment, leasehold improvements, exporting your product or service and the acquisition or construction of commercial business property.

- *Loan Term*

  The maturity of the loan is dependent on the use of the loan proceeds and may vary from five to seven years for working capital, ten years for fixed assets, or 25 years for real estate acquisition or construction.

- *Interest Rates*

  Interest rates are negotiated between the lender and borrower. However, for SBA guaranteed loans, lenders generally may not charge more than prime rate plus 2.25% for loans under seven years, and prime plus 2.75% for loans of seven years or more. SBA permits the lender to charge an additional 1% for loans between $25,000 and $50,000; and an additional 2% for loans under $25,000. The SBA Express Loan Program has different rate caps as are explained in that section.

- *Collateral*

  The SBA requires that sufficient assets be pledged as collateral for the loan to ensure that the business owner has a substantial interest in the success of the business. Although the SBA will not generally turn down a loan applicant solely for lack of sufficient collateral, most lenders will require a reasonable amount of collateral to provide a secondary source of repayment. Personal guaranties will be required of anyone owning 20% or more of the business.

BASIC 7(A) LOAN GUARANTY PROGRAM

This program provides funds to existing or beginning businesses for almost any legitimate business purpose including the purchase of land, construction, machinery and equipment, inventory, and working capital. Participating lenders loan the funds and the SBA guarantees a portion of the loan. The interest rate is negotiated between the lender and small business owner, with an upper limit set by the SBA. The length of the loan depends upon the use of the funds (fixed assets, working capital, equipment, etc.). For more information about SBA 7(a) loan guaranty programs, visit www.sba.gov/financing, attend one of the loan information seminars mentioned in the SCORE section, meet with one of the resources outlined in this guide or contact a potential lender. Although SBA works with most banks in Minnesota, a complete list of Preferred/Certified Lenders is available on our website www.sba.gov/mn *select financing*.

SPECIAL 7(A) LOAN GUARANTY PROGRAMS

LOW DOCUMENTATION LOAN PROGRAM (SBA*LowDoc*)

SBA*LowDoc* streamlines the loan application process for guaranteed loans under $150,000. The approval process focuses on character, credit and business experience. Under SBA*LowDoc*, the SBA can guarantee up to 85 percent of a loan made by a commercial lender to an existing business, for a business purchase or a business start-up. SBA processes completed applications within 36 business hours.

SBA*EXPRESS* PROGRAM

The SBA*Express* Program makes it faster and easier for lenders to provide SBA-guaranteed small business loans of $250,000 or less. The program gets its name from the streamlined loan review process and the predominant use of lender forms rather than using SBA forms for the application process. SBA*Express* loans can be used as a revolving line of credit for up to seven years. Under the SBA*Express* program, the maximum SBA guaranty is 50%.

CAPLINES LOAN PROGRAM

CAPLines is a lending program that helps small businesses meet their short-term and cyclical working capital needs. There are five short-term working capital loan categories under CAPLines. These are the Seasonal Line, Contract Line, Builders Line, Standard Asset-Based Line, and Small Asset-Based Line. The maximum amount of SBA's guaranty cannot exceed $1,000,000 or 75% of the amount needed - whichever is less.

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EXPORT FINANCE PROGRAMS

The Export Working Capital Loan *was developed to assist exporters seeking short-term working capital for their transactional financing needs. The loan funds may be used to finance the manufacturing costs of goods for export, the purchase of goods or services, foreign accounts receivable and standby letters of credit (used for performance bonds, bid bonds or payment guaranties to foreign buyers). The SBA can guaranty up to 90% of a secured loan or $1,000,000, whichever is lower. The EWCL uses streamlined documentation; turnaround is usually within 10 business days. An EWCL loan can support a single transaction or multiple sales on a revolving basis. When an EWCL is combined with an International Trade Loan (see below), the SBA's combined exposure can increase to $1.25 million (with a $1 million maximum for the working-capital portion). Call SBA at the U.S. Export Assistance Center (612) 348-1642 for more information.*

The International Trade Loan Program (ITL) *helps small businesses finance facilities and/or equipment and can provide working capital to assist them in exporting their products. To qualify for this program, the applicant must establish that the loan will expand existing export markets or develop new export markets; or that the business is adversely affected by import competition. The use of proceeds is limited to working capital and purchase of facilities and/or equipment. SBA can guarantee a maximum of 85% of a loan up to $1,250,000. Call SBA at the U.S. Export Assistance Center (612) 348-1642 for more information.*

SBA ExportExpress *helps small businesses that have exporting potential, but need funding to buy or produce goods, finance export development activities, and/or to provide services for export. Loan proceeds may be used for most business purposes, including expansion, equipment purchases, working capital, inventory, real estate acquisitions, trade show participation, marketing materials, overseas travel to interview distributors and to meet with potential buyers. Loan applicants must (1) demonstrate that the loan proceeds will enable them to enter a new export market or expand an existing export market, and (2) have been in business operation for at least 12 months. The SBA guaranty is 85% for loans up to $150,000 and 75% for loans more than $150,000 up to a maximum loan amount of $250,000. Lenders submit loan applications directly to SBA's processing center in Sacramento, California. Calll SBA at the Minnesota U.S. Export Assistance Center for financing information at (612) 348-1642.*

OTHER SBA LOAN PROGRAMS

BASIC TERMS AND CONDITIONS OF SBA 504 LOANS

The 504 Certified Development Company Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. The program is designed to enable existing small businesses to create and retain jobs. Typically, a 504 project includes –

- *A loan secured with a senior lien on the financed asset made by a private-sector lender (covering 50 percent of the fixed financing),*
- *A loan secured with a junior lien made by a CDC (funded by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the financing, and*
- *At least 10 percent is contributed by the small business.*

The SBA-guaranteed debentures are pooled monthly and sold to private investors. The maximum SBA debenture generally is $1 million (and up to $1.3 million if the financing satisfies certain public policy goals). Proceeds from 504 loans must be used for fixed-asset projects such as –

- *Purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping;*
- *Constructing, modernizing, renovating or converting existing facilities; and*
- *Purchasing machinery and equipment.*

The 504 program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

- *Terms, Interest Rates & Fees*

  Interest rates on 504 loans are fixed at the time of the debenture sale. The interest rates approximate the current market rate for five- and 10-year U.S. Treasury issues, plus a small increment. Maturities of 10 and 20 years are available.

- *Collateral*

  In addition to the fixed asset mortgage, personal guaranties on the owners of 20 percent or more of the business are required.

- *Eligibility*

  To be eligible, a business with its affiliates must be operated for profit and fall with the size standards set by the SBA. The business must also have a tangible net worth of $7 million or less and an average net income of $2.5 million or less after taxes for the preceding two years. Loans cannot be made to businesses engaged in speculation or investment.

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FOR INFORMATION ON THE 504 PROGRAM CONTACT A CERTIFIED DEVELOPMENT COMPANY:

Certified Development Companies (CDCs) assist qualified businesses in applying for SBA 504 fixed asset loans. These community-based CDCs package and service the loans. Services provided vary according to community. They may assist with financial, building construction or marketing issues, property location, business planning and labor surveys. Contact a CDC for more information about the 504 program.

Central Minnesota Development Company
277 Coon Rapids Boulevard, Suite 212
Coon Rapids, MN 55433
(763) 784-3337
www.cmdc1stop.com

Minneapolis Economic Development Company
Minneapolis Community Development Agency
Crown Roller Mill, Suite 200
Minneapolis, MN 55401-2534
(612) 673-5070
www.mcda.org

Minnesota Business Finance Corporation
616 Roosevelt Road, Suite 200
St. Cloud, MN 56301
(320) 255-1685
www.mbfc.org

Prairieland Economic Development Corporation
1 Prairie Drive
Slayton, MN 56172
(507) 836-6656 (800) 507-9003
www.prairielandedc.com

St. Paul Metro East Development Corporation (SPEDCO)
2459 – 15th Street NW, Suite A
New Brighton, MN 55112
(651) 631-4900
www.spedco.com

Southeastern Minnesota 504 Development, Inc.
220 South Broadway, Suite 100
Rochester, MN 55904
(507) 288-6442

Twin Cities Metro Certified Development Company
4105 Lexington Avenue North, Suite 170
Arden Hills, MN 55126
(651) 481-8081
www.504lending.com

BASIC TERMS AND CONDITIONS OF THE 7(M) MICROLOAN PROGRAM

The MicroLoan Program combines the resources and experience of the SBA and locally-based nonprofit organizations to provide small loans and technical assistance to small businesses. Under the MicroLoan Program, the SBA makes funds available to qualified nonprofit organizations, which act as intermediary lenders. The intermediaries use these funds to make loans of up to $35,000 to new and existing small businesses. In addition, the intermediaries provide management and technical assistance designed to help ensure success. The intermediaries lend within their service area; this is not a statewide program.

MicroLoan funds may be used for working capital or to purchase inventory, supplies, furniture, fixtures, machinery and/or equipment. These funds may not be used to purchase real estate, to provide a down payment on a project in excess of $35,000 in value, or, with limited exceptions, to refinance existing debts.

- *Microloan Terms & Interest Rates*

  The maximum term for a microloan is six years. Interest rates can be up to 8.5% over the intermediary's cost of borrowing from the SBA. Microloans are direct loans from the intermediary lenders. They are not guaranteed by the SBA.

- *Collateral*

  Each intermediary lender will have its own requirements regarding collateral and personal guaranties.

- *Eligibility*

  Virtually all types of for-profit businesses that meet the SBA's size and type-of-business standards for the 7(a) Loan Guaranty Program may apply for a microloan, provided there is a microlender in the geographic area of the business.

FOR INFORMATION ON THE MICROLOAN PROGRAM CONTACT A MICROLENDER:

Southern Minnesota Initiative Foundation
525 Florence Avenue, P.O. Box 695
Owatonna, MN 55060-0695
(507) 455-3215 www.semif.org
Service Area: The Counties of Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Nicollet, Olmstead, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona

Minneapolis Consortium of Community Developers, Inc.
2308 Central Ave. NE
Minneapolis, MN 55418-3710
(612) 789-7337 www.cando.org
Service Area: City of Minneapolis

Northeast Entrepreneur Fund, Inc.
Olcott Plaza, 820 Ninth Street North
Virginia, MN 55792
(218) 749-4191 800-422-0374 www.neefund.org
Service Area: The counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Koochiching, Lake, and Pine

Northwest Minnesota Foundation
4225 Technology Drive, NW
Bemidji, MN 56601
(218) 759-2057 www.nwmf.org
Service Area: The counties of Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake, and Rousseau

Southwest Minnesota Foundation
1390 Highway 15 South, P.O. Box 428
Hutchinson, MN 55350
(320) 587-4848 www.swmnfoundation.org
Service Area: The Counties of Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac Qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine

Women Venture
2324 University Avenue
St. Paul, MN 55114
(651) 646-3808 Ext. 108 www.womenventure.org
Service Area: The counties of Anoka, Carver, Chisago, Dakota, Goodhue, Hennepin, Isanti, Ramsey, Scott, Stearns, Steele, Washington, Wright. Cities of Minneapolis and St. Paul.

The Neighborhood Development Center is a non-lending technical assistance provider.

Neighborhood Development Center, Inc.
[Non-Lending Technical Assistance Provider]
651 1/2 University Avenue
St. Paul, MN 55104
(651) 291-2480 www.windndc.org
Service Area: Districts 3,5,6,8,9, and 16 of the City of St. Paul

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VENTURE CAPITAL: SMALL BUSINESS INVESTMENT COMPANIES:

Small Business Investment Companies (SBICs) provide venture capital to small businesses. The SBA licenses, regulates and provides financial assistance to privately-owned and operated SBICs whose major function is to make venture investments by supplying equity capital and extending unsecured loans and loans not fully collateralized to small enterprises which meet their investment criteria. SBICs are privately capitalized and obtain financial leverage from the SBA. To locate a Small Business Investment Company in your area, visit www.sba.gov/mn *select financing* or call the Minnesota District Office at (612) 370-2324.

THE AMERICAN DREAM: IS ENTREPRENEURSHIP FOR YOU?

There is no way to eliminate all the risks associated with starting a small business. However, you can improve your chances of success with good planning and preparation. Thorough research is critical. Taking the time to thoughtfully consider all aspects of your venture will save you time and money in the long run. It is also a good idea to evaluate your strengths and weaknesses as the owner and manager of a small business. Consider the following:

ARE YOU A SELF-STARTER?
It will be up to you – not someone else – to develop projects, organize your time and follow through on details.

HOW WELL DO YOU GET ALONG WITH DIFFERENT PERSONALITIES?
Business owners need to develop working relationships with a variety of people including customers, vendors, employees, bankers and professionals such as lawyers, accountants or consultants. Can you deal with a demanding client, an unreliable vendor or cranky employee in the best interest of your business?

HOW GOOD ARE YOU AT MAKING DECISIONS?
Small business owners are required to make decisions constantly, quickly, independently, and under pressure.

DO YOU HAVE THE PHYSICAL AND EMOTIONAL STAMINA TO RUN A BUSINESS?
Business ownership can be challenging, fun and exciting. It is also a lot of work. Can you face 12-hour work days six or seven days a week?

HOW WELL DO YOU PLAN AND ORGANIZE?
Research indicates that many business failures could have been avoided through better planning. Good organization of financials, inventory, schedules, and production can help avoid many pitfalls.

IS YOUR DRIVE STRONG ENOUGH TO MAINTAIN YOUR MOTIVATION?
Running a business can wear you down. Some business owners feel burned out by having to carry all the responsibility on their shoulders. Strong motivation to make the business succeed will help you survive slowdowns as well as periods of burnout. Do you feel passionate about your business venture enough to sustain your commitment?

HOW WILL THE BUSINESS AFFECT MY FAMILY?
It can be hard to balance the time required for your business with the demands of family life during the first few years of a business start-up. There also may be financial difficulties until the business becomes profitable. This could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

ON THE UPSIDE...It's true, there are a lot of reasons not to start your own business.

But for the right person, the advantages of business ownership far outweigh the risks.

- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earning and growth potential are far less limited.
- A new venture is exciting. Running a business will provide endless variety and challenge and you won't settle into a dull routine.

PREPARING YOUR BUSINESS PLAN

WHY HAVE A BUSINESS PLAN?

A business plan defines your vision for the future. It takes time, energy and patience to develop a satisfactory business plan. However, by getting your ideas and the facts in writing, you will see the strengths and weaknesses of your venture more clearly in time to address concerns.

Your goal is to execute your plan into action. There are four major benefits to developing your own plan:

1. A plan gives you a path to follow. Chart your future by setting goals and defining action steps to guide your business through turbulent economic cycles.
2. A plan lets your banker in on the action. By reading the details of your business plan, your lender gains insight into your situation that will help determine whether or not to lend you money.
3. A plan provides a way to communicate your operations, goals, and business philosophy to personnel, suppliers and your other business contacts.
4. A plan develops you as a manager by making you construct a clear 'blueprint' of your business venture.

GUIDE TO WRITING A BUSINESS PLAN: BEGIN WITH THE BASICS

1) **NAME OF FIRM**

State the legal name of the business.

2) **OWNER OR OWNERS-TO-BE**

State owner(s) name(s), as well as the form and percent of ownership.

3) **INFORMATION ON THE BUSINESS**

a) *Type of Business*

- State the general and specific nature of the business (i.e.; general-energy; specific-oil, solar, wind; or general food; specific-bakery, restaurant, catering, farming, ice cream parlor). State the type of business (manufacturing, service, construction, wholesale, retail, other).
- State the company's goals and objectives.
- Describe your products and/or services. State who buys the product/service and who the final users are (be brief here, because you will be discussing your customers thoroughly under Market Analysis).
- Describe how the product or service is sold to customers (walk-in, stores, sales representatives, mail order catalogs, telephone orders, internet, etc.).
- Describe how and where buyers get your product/service (retail outlet, wholesale, mail, pickup or delivery, etc.).
- Comment on quality of product/service.
- Estimate average price of product/service.

b) *History*

If your business is new, say so. If you have an existing business, discuss age of the company, prior owners, how acquired and length of time operated by you, image or reputation, number of employees, last year's sales volume and profit and any significant events that have affected the company's development.

c) *Offices*

- State whether rented, leased or owned. If rented or leased, state from whom and under what conditions.
- Describe type of access to building (major roads, freeways, walking, parking, etc.). Is the location a good one that is convenient to customers?
- State business hours. State size (square footage).

d) *Personnel*

State current and future figures for: number of employees, type of labor (skilled, unskilled,etc.), sources of labor (especially minorities, handicapped, veterans or other socially or economically disadvantaged groups), timing of hiring (or layoffs).

e) *Economic/Accounting*

- Describe how this business makes money.
- State how and by whom prices are determined.
- State what financial records will be kept and who will keep them.

f) *Production*

- Describe the inventory, raw materials and/or supplies the business uses (initial and continuing).
- List your suppliers - name, address, type and percent of supplies furnished, and length of time you have been buying from each, reliability and frequency of purchase.
- How easy or difficult is it to get necessary supplies? If it is difficult, how will you deal with potential or an actual shortage?
- Are the prices of your supplies steady or fluctuating? If so, how will you deal with changing costs?

g) *Legal*

- State form of business (sole proprietorship, partnership, corporation) and status (not yet applied, applied and pending, obtained).
- State licensing requirements (type and licensing source) and status (not yet pending, obtained).
- State zoning requirements and status (verified, OK, rezoning).
- State insurance requirements (type, source) and status.
- Describe compliance with building codes.
- State compliance with health code requirements.
- Describe any other laws and regulations that affect the business and the measures you have taken to comply.
- Describe the specifications of your lease, if you have one.
- Trademarks, patents, licenses and copyrights should be checked for legality.

h) *Future Plans*

Explain your plans for the future - whether to maintain, expand, diversify, sell, etc.

4) **MARKET ANALYSIS**

a) *Customers*

- Define your market and your customers (wholesalers, retailers, consumers, government, etc.).
- Why does this market need your product/service? Is your product or service a fad or a continuing need?
- Will it soon be phased out or recreated by new technology?
- List the characteristics of your average customers: age, location (market area), average income/sales, sex, lifestyle (family or single), employment and other important information. The more you understand about your market, the better you can sell to it.
- What do customers like and dislike about your product or service?
- Estimate the size of your market in terms of number of customers.
- Estimate how much the total market will spend on this or similar products or services in the next year.

b) *Environment*

- Discuss any external environmental factors (economic, legal, social or technological) that affect your market or product/service. Environmental factors are those that have significant effects on your operation, but over which you have no control, i.e., county growth, rising energy prices, etc.

c) *Competition*

- Discuss your competition: number of competitors (direct and indirect), type of company (i.e. product or service), location, age, reputation, size (sales or customers), and market share.
- List major competitors (names and addresses) and discuss their product/service features, price, location/distribution, reputation/image, size (sales or customers), market share.

d) *Competitiveness*

- Discuss how your product/service meets market needs and how you compare with the competition in terms of product/service features, location/distribution, price, other.
- Compare your estimates of the market's demand and the competition's supply.

e) *Projections*

Give your projections in terms of the number of customers, items sold, contracts obtained, etc.

5) **MARKET STRATEGY**

a) *Sales Strategy*

- Present your marketing strategy. Tell how you will get the edge on your competition and get customers. This is your action plan to get business.
- Your product/service will sell because one or more of the following is attractive: features, pricing (high, medium or low), distribution system (limited, widespread, etc.) and promotion.

b) *Promotion*

- Describe how you plan to promote your product/service: advertising, direct mail, personal contacts, sponsoring events or other (word of-mouth, trade associations).
- If you plan to advertise, state what media you will use: radio, television, newspaper, magazines, telephone book Yellow Pages, and/or other (billboard, etc.). State why you consider the media you have chosen to be the most effective.
- State the content of your promotion or advertising: what your product/service is, why it is attractive, business location, business hours, and business phone number. When you are designing your advertising, remember you are selling to satisfy someone's need. Refer back to your Market Analysis to ensure you've designed your advertising with your target market in mind.

6) **MANAGEMENT**

- Why have you chosen this type of business? For owners and key management personnel, include the following: resumes, personal financial statements, tax returns for the last three years and personal family budget.
- Describe prior experience that qualifies management to run this type of business. State how much time management will devote to running this business. Discuss local contacts that may assist you.

7) **FINANCIAL**

a) *Sources and Uses*

- Describe the project to be financed.
- State where the money to pay for the project will come from (sources) and specifically how it will be used (uses). The most common uses are equipment, leasehold improvements, inventory, and working capital.

b) *Statements*

- If the business is an existing one, include business tax returns and financial statements for the last 3 years. Financial statements should include:
  - Balance Sheet
  - Income Statement
  - Accounts Payable and Aging
  - Debt Schedule
  - Accounts Receivable and Aging
  - Reconciliation of Net Worth
- For both existing and new businesses, project the following financial statements for the next 3 years (monthly for first year, annually for second and third):
  - Operating/Income Statement with explanation (sales, expenses, profit)
  - Cash Flow with explanation
  - Balance Sheet
  - Break-even Analysis

How to Choose a Bank that Meets Small Business Needs
by the Minnesota Bankers Association

As the owner of a small business, finding a bank that is able to meet your financial needs is essential to your business success. How do you determine which bank is right for you, or in some cases, if you are right for the bank? There are several factors small business owners should consider when thinking of establishing a business banking relationship.

1. ASSESS YOUR BUSINESS FINANCIAL NEEDS

Ask yourself several key questions:

- What credit (loans) and non-credit products and services (deposit accounts, investments, cash management, trust services, letters of credit) does my business need?
- Is convenience of the bank's location important?
- Is it important for me to have access to the senior management of the bank?
- How much will pricing influence my decision?

Put some thought into what type of financing you will need. Is it for inventory, equipment or real estate? Know how much money you need to borrow and what repayment schedule fits with your business cash flow. Once you have determined what the financial needs of your business are, you will be better able to assess which bank can best meet your needs.

2. GET REFERENCES

Check with other small business owners or people in your industry and find out where they bank and whom they suggest. Certain banks serve niche markets and there may be a bank that focuses on your industry.

3. INTERVIEW BANKS

When interviewing banks, a good starting place is the bank where you currently do your banking and have a proven track record. Ask whether they have a small business lending department. If not, do they have staff dedicated to serving the needs of small businesses? If you are interested in Small Business Administration programs, ask whether the bank makes SBA loans and if it has been designated as a certified or preferred SBA lender. The SBA provides the preferred lender designation to banks that have been heavily involved in SBA lending. Lastly, describe your product and service needs and ask how the bank can meet those needs. For example, if your business is involved in international trade, does the bank have international service capabilities?

4. VISIT THE BANK

After you have narrowed down your choices, visit the bank and discuss your business needs with them. Be prepared. Have a marketing plan and financial data available. In some cases, your business may not fit into the bank's marketing strategy. Before you get too far into the credit approval process, find out whether the bank thinks it can meet your financial needs based on preliminary information you provide to them. Ask the bank about its credit approval process.

- Who at the bank will need to approve your loan?
- What is the turnaround time on a loan decision?
- What type of financial data will you need to provide to them?
- What is the bank's in-house lending limit?

It is important for you to find out whether the bank is able to structure the financing so that it meets your business' cash flow cycle.

Next, find out about the person at the bank you will be dealing with. Are you comfortable with the bank staff? In many instances, you will need to teach the banker about your business. Because of the regulatory environment banks operate in, they must do their "due diligence" in making loan decisions. This requires them to ask you for financial data about you and your business. Find a banker with whom you are comfortable discussing this type of information.

Lastly, businesses experience ups and downs. Ask your banker how the tough times are handled. Banks offer a variety of credit and noncredit services to meet the unique financial needs of small business owners. The many products and services offered by banks such as loans, deposit accounts, investments, cash management and international and trust services can assist in furthering your business' goals. Assessing your needs before choosing a bank will ensure you have selected a bank that is best suited to help you meet your financial goals.

NOT ALL PARTS OF A BUSINESS PLAN ARE CREATED EQUAL

All points of a business plan deserve your consideration, but admittedly, some deserve more careful attention than others:

- Marketing - Nothing is more important than knowing your market. The most innovative product or idea in the world won't make money if its inventor can't find customers for it. The greater part of your planning efforts should go into a market study. Define who you are going to sell to and how are you are going to get them to buy from your company.
- Cash Flow - At its most basic, a cash flow projection is nothing more than a projection of your checking account. Note that cash flow is not the same as profit. A business with good cash flow may not show profits, while a business showing profits may be in bankruptcy because it has insufficient cash to pay its debts. **Remember cash, not profits, pays the bills.** To do a cash flow projection you must understand the movement of cash through your business operation. You need to know starting cash, then estimate cash receipts and cash payments during the period (usually one month). With practice a good manager can forecast cash needs in advance and can avoid being cash starved at critical times.
- Break-even Point -The break-even point is that level of sales needed to cover the fixed and variable costs of providing your product or service. Each unit of sales brings in revenue, but also has associated costs. It is important to know the point at which all costs are met and further sales will begin to generate profits.

CHECKLIST FOR GOING INTO BUSINESS IN MINNESOTA

1. Prepare a comprehensive business plan. Anyone who extends credit to you (lenders, suppliers, equipment and property lessors) will ask to see it.
2. Phone the Minnesota Small Business Assistance Office at (651) 296-3871. Ask for a free copy of A *Guide to Starting a Business in Minnesota* or order over the Internet at: www.bizlinks.org/resources.html and click on the Department of Trade and Economic Development hotlink.
3. Thoroughly estimate your start-up costs. These include: rent, supplies, telephone, insurance, opening inventory, license and permit fees, legal and professional fees, fixtures and equipment, decorating and/or remodeling costs, advertising and promotion costs, salaries and wages, utility deposits, adequate cash reserves.
4. Have a record system that will keep track of all of your income and expenses, inventory, payroll records, and tax reports. Have an accountant who will help with your financial statements (preparation and interpretation).
5. Insure your business. Some basic types of insurance are: property insurance (includes fire, storm, glass, auto, theft, vandalism), business interruption, key person, liability, workers' compensation, health insurance, product liability, fidelity and surety bonds.
6. Know how to price the goods and services that you sell.
7. Identify your suppliers. Have firm agreements with them in place before you start, i.e. terms, prices, ordering policies, delivery schedules.
8. Establish customer payment policies. This includes check cashing, payment terms, extending credit and use of credit cards.
9. Have job descriptions and work policies in place for all employees. Determine benefit packages keeping in mind such things as: payroll tax, health and/or life insurance, vacation, sick leave, and training.
10. Determine the type of business organization for your company - proprietorship, partnership, or corporation. This will have tax and management control consequences.
11. Set up a company bank account that is separate from your personal account.
12. Register your business name (if assumed) with the Secretary of State's Office. If you are a corporation, file with the Secretary of State. Partnerships may register with the Secretary of State, but this is not necessary.
13. Minnesota businesses will need one or more tax identification numbers. These include the Federal Employer Identification Number, the Minnesota Taxpayer Identification Number, and the Minnesota Unemployment Compensation Employer Identification Number.
14. Businesses engaged in making taxable retail sales or providing taxable services will need a Minnesota sales and use tax permit.
15. The state, counties and municipalities of Minnesota may require one or more licenses for your business. For the state check with the Minnesota Small Business Assistance Office. For the county and city check with your local government offices about permits and codes (building, fire, health, etc.). Franchise businesses should contact the Minnesota Department of Commerce.
16. Make sure that the location you select for your business is properly zoned for your type of business.
17. For more information on any of the items above please consult the list of Frequently Requested Numbers at the end of the Resource Guide.

FREQUENTLY ASKED QUESTIONS – STARTING A BUSINESS

Q. I'm told that I need to register my business name with the State of Minnesota. Who do I contact to register my business name?

A. Business names are registered with the Minnesota Secretary of State, Business Services Division. Whether you are filing a certificate of assumed name, the registration of a corporate name, limited liability partnership or limited liability company name, appropriate forms can be downloaded at http://www.sos.state.mn.us/business/forms.html For more information call the Secretary of State Office at 651-296-2803.

Q. How do I find out if my business will require a business license?

A. The State of Minnesota, Bureau of Business Licenses, has an online directory of business licenses, (http://www.bizlinks.org/license.html) listing licenses required. In addition to the licensing requirements imposed by the state, some local governments also require certain kinds of business activity to be licensed on the local level. Contact your city clerk for local license information. The cities of Minneapolis and St. Paul have licensing departments.
www.ci.minneapolis.mn.us/business 612-673-2080
www.ci.stpaul.mn.us/business 651-266-9090

Or, the Minnesota Small Business Assistance Office publishes "A Guide to Starting a Business in Minnesota" which includes a directory of business licenses and permits. The State will send this out free of charge. Order the book online at http://www.bizlinks.org/resources.html and click on the Department of Trade and Economic Development hotlink, or call their automated voice-mail publication order line at 651-296-3871.

Q. Where do I get a tax identification number with the federal and state government?

A. For a tax identification number with the State of Minnesota, download Form ABR at the Department of Revenue website: http://www.taxes.state.mn.us/regis/busreg.html. To order Form ABR via telephone, call 651-296-4444 and use their automated voice system. If you already have a tax identification number and have had business changes, notify the State of Minnesota by calling 651-282-5225.

The Federal Employer Identification Number (EIN) can be obtained at the Internal Revenue Service website: http://www.irs.gov/businesses/small/index.html or call 1-866-816-2065.

Q. How can I get a copy of the "Guide to Starting a Business in Minnesota"?

A. Order the guidebook online at BizLinks: http://www.bizlinks.org/resources.html and click on the Department of Trade and Economic Development hotlink, or call the DTED automated voice-mail publication order line at 651-296-3871.

The State of Minnesota also hosts the **BizLinks** website. BizLinks offers links to web pages established and maintained by the state agencies, and others that deal with specific business topics.

Q. I need to find out about SBA's loan program. Do I go directly to SBA?

A. Not necessarily. SBA provides its loan guaranty to the lending institution. It is recommended that you meet with a potential lender first, and once the lender agrees to become involved, it is the lender that submits a completed loan application to SBA. Keep in mind, that it is the financial institution's decision to apply for the SBA loan guaranty. If the bank is willing to lend to you without SBA involvement, there is no reason for SBA to become involved.

FREQUENTLY ASKED QUESTIONS – STARTING A BUSINESS – CONTINUED

You can review our lending programs in detail at: http://www.sba.gov/financing/indexloans.html.

Before you approach the bank it is important that you do your homework first. Lending institutions expect a completed business plan when you apply for the loan. The business plan consists of information about the business, its history, a market analysis and strategy, management and financial disclosures. Don't let this scare you off; there are several programs to help you complete the business plan. See question: Is there anywhere I can go to get help writing a business plan?

Q. Is there anywhere I can go to get help writing a business plan?

A. A business plan precisely defines your business, identifies your goals and serves as your firm's resume. Its basic components include a current and pro forma balance sheet, an income statement and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make the right decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan package. Additionally, it can tell your sales personnel, suppliers and others about your operations and goals.

We have an on-line site devoted to helping you write your business plan:
http://www.sba.gov/starting/indexbusplans.html.

The primary resource for assistance in developing your business plan in the metropolitan area is SBA's Business Information Center (BIC). The BIC offers a wide range of tools to assist business owners with business planning, market research and training. Computers are available on a first come, first served basis. Business plan software is available for your use at the BIC Center. Refer to our Business Resources section in this guide.

Q. I need to talk with someone about getting a loan. Who can help me?

A. SBA has a number of resource partners that will counsel you on a one-on-one basis. Most are available at no cost to individuals. Read about the different programs and their locations in our Business Resources section of this guide. You should find the right resource for you.

Attend one of their weekly *SBA Loan Information Seminars* to learn more about the various loan programs that can help you meet your financing needs. The seminars are held in the SBA office, Suite 210C Butler Square, 100 N 6th St, Minneapolis, every Thursday (excluding government holidays and weather emergency days) from 10:00 a.m. to 11:15 a.m. There is no registration fee and there is no need to pre-register. The SCORE Association conducts the information seminars.

In St. Paul, the *Loan Information Seminars* are held on the first Wednesday of every month (excluding government holidays and weather emergency days) from 1:00 p.m. to 3:00 p.m. at the Lexington Branch of the St. Paul Public Library, 1080 University Avenue at Lexington Parkway. Although there is no charge for the seminar, seating is limited so please call the St. Paul SCORE Chapter at 651-632-8937 for reservations.

FREQUENTLY ASKED QUESTIONS – STARTING A BUSINESS – CONTINUED

Q. I've heard SBA has a grant program for people that want to start a small business, but I can't find any information about the grants. Where do I look?

A. SBA does not offer grants to start or expand small businesses. SBA's grant programs generally support non-profit organizations, intermediary lending institutions, and state and local governments in an effort to expand and enhance small business technical and financial assistance. The Agency's small business financial assistance programs are comprised of a wide range of loan programs, each targeted at different markets. For more information on any non-profit organization grant programs go to SBA's website at: http://www.sba.gov/expanding/grants.html

Q. We want to sell our products or services to the state or federal government. Who can help me achieve this goal?

A. In Minnesota your first contact should be with Minnesota Project Innovation (MPI). MPI's Procurement Technical Assistance Center (PTAC) provides no-cost to low-cost counseling and procurement technical assistance and training to Minnesota businesses regarding government contracting.
The PTAC assists businesses by:

- discovering government contracting opportunities;
- interpreting specifications and standards; and,
- counseling on solicitations prior to submission and post-award compliance issues.

Their website is: http://www.mpi.org. Click on "Selling to the Government", or call 612-338-3280.

Be sure to register your business name online at PRO-Net, SBA's procurement information site: http://pro-net.sba.gov/. PRO-Net is a "virtual" one-stop-procurement-shop where federal agencies search for products or services sold by small businesses like yours.

Registering your business on PRO-Net is free. It is also free to federal and state government agencies as well as prime and other contractors seeking small business contractors, subcontractors and/or partnership opportunities. Pro-Net is open to all small firms seeking federal, state and private contracts.

Businesses profiled on the PRO-Net system can be searched by NAICS codes; key words; location; quality certifications; business type; ownership race and gender; EDI capability, etc.

PRO-Net is used as a search engine for contracting officers, a marketing tool for small firms and a "link" to procurement opportunities and important information.

FREQUENTLY REQUESTED NUMBERS AND WEBSITES

I. Registration of Your Business Name (Proprietorship, Partnership, Corporation)

The Secretary Of State Office (www.sos.state.mn.us).....651-296-2803

II. Business Licenses

City of Minneapolis (www.ci.minneapolis.mn.us/business).....612-673-2080

City of St. Paul (www.ci.stpaul.mn.us/business).....651-266-9090

State of Minnesota Small Business Assistance Office (www.dted.state.mn.us)

(For Directory of Business Licenses Requirements).....651-296-3871

III. Federal Government Offices

U.S. Department of Commerce/Export Resource (www.exportassistance.com).....612-348-1638

U.S. Patent & Trademark Office (Recording Forms)

Arlington, Virginia (www.uspto.gov).....1-800-786-9199

U.S. Copyright Office, Library of Congress, Washington, DC (www.copyright.gov).....202-707-3000

Forms available from Mpls/St.Paul Public Library

U.S. Customs Service (Import Questions) (www.customs.ustreas.gov).....612-348-1670

U.S. Department of Labor, Wage & Hour Division (www.dol.gov).....612-370-3371

U.S. Small Business Administration (www.sba.gov/mn).....612-370-2324

IV. Internal Revenue Service (www.irs.gov)

Federal Taxpayers Information Service.....1-800-829-1040

Employer Identification Number (EIN).....1-866-816-2065

V. State of Minnesota (www.taxes.state.mn.us/bus.html)

State Taxpayers Information Service/Answers to Questions.....651-296-3781

State Small Business Assistance Office Publications.....651-296-3871

State Withholding Tax Number Information.....651-296-3781

Sales Tax Division.....651-296-6181

Sales Income Tax Division [Tax ID Number Questions/Tax Number Application Form MBA].....651-296-3781

Pollution Control Agency (www.pca.state.mn.us).....651-296-6300

Worker's Compensation (www.doli.state.mn.us) Dept. of Labor & Industry,

National Institution of MN OSHA (questions and free counseling).....651-284-5060

Occupational Safety & Health - Federal (www.osha.gov).....1-800-356-4674

State (www.doli.state.mn.us).....651-284-5050

Minnesota Department of Commerce - Franchises (www.commerce.state.mn.us).....651-296-6328

VI. Lawyer's Referral Service (Hennepin County Bar Association).....612-752-6666

VII. Accountability Minnesota (tax help).....651-287-0187

VIII. Minnesota Society of Certified Public Accountants (www.mncpa.org).....952-831-2707

IX. Insurance Information Center (www.insurancefederation.org).....651-222-3800

Toll-free number, greater Minnesota.....1-800-642-6121

X. Better Business Bureau (www.bbb.org).....651-699-1111

XI. Business Information Center.....651-209-1884

XII. SCORE Offices (www.scoreminn.org)

For nearest location.....612-370-2309

XII. Small Business Development Centers (SBDC) (www.dted.state.mn.us)

MN Depart of Trade & Economic Development (State Office) For nearest location.....651-297-3770

XIII. NAICS Codes, Business Size Standards, Contracting/Bonding/Selling to Government:

SBA (www.sba.gov/size).....612-370-2324