

Starting a Business in Minnesota

Steps to Take



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The Mission of the University of Minnesota Duluth Center for Economic Development is to assist entrepreneurs and businesses to grow and succeed.

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Essentials to Get Started on Your Plan

Take the SBA Free Assessment Tool:

Go to www.sba.gov/assessmenttool/index.html

Take the following Free Webinars:

Go to www.umdced.com/workshops

- Click on **Starting a Business in Minnesota** - make sure to have your sound on and scroll down to see the webinar, take notes as they will relate to page 5-6 of this outline. Page 5-6 information is directly related to setting up your business in MN and the required State registration for that business.
- Return to previous page and click on **Writing a Business Plan** - make sure to have your sound on and scroll down to see the webinar, take notes as they will relate to pages 7-10 of this outline.

For Additional Resources go to:

Go to <http://www.tax.gov/virtualworkshop/>

Go to www.positivelyminnesota.com

Start Working on Your Feasibility Analysis:

Financial Analysis:

- How much money is required to start the business? (See Worksheet page 9)
- What will your monthly expenses be? (See Worksheet page 10)
- What are your salary requirements?
- What are your profit margins on each product you are going to sell? (How much will you mark up your products?)
- Prepare your personal financial statement.

Market Analysis:

- What is the market?
- What is the growth potential?
- Who are your potential customers?
- How large is the market and what geographical parts of it will you cover?

- What are the industry trends?
- Who are your competitors? How are their businesses different?
- What are your competitive advantages?
- How will you price your product or service?

Start Working on Your Business Plan:

- Review pages 7-10 of this handout and respond to the questions.
- If you are having difficulty in completing pages 5-10 of this handout register for the following two workshops:
 - Starting a Business in Minnesota and Writing a Business Plan
- To register for the workshops return to www.umdced.com/workshops
 - Click on [Workshop Registration](#) on the right.
 - Register online for Starting a Business in Minnesota and Writing a Business Plan workshops or call 218-726-7298 to register.

Set up a Counseling Session with a Consultant:

- Gather the information noted on pages 5-10 of this handout.
- Return to the UMD CED, complete a *Request for Counseling form (641)* and drop off your data.

Resources for Starting Your Business

1. Call the Minnesota Small Business Assistance Office at (651) 259-7114 or 1-800-657-3858 (toll free) and ask for the free publication “A Guide to Starting a Business in Minnesota.” Found online at http://www.positivelyminnesota.com/Business/Starting_a_Business/index.aspx
2. Call the Internal Revenue Service at 1-800-829-4933 (toll free); in Duluth, call (218)-626-1624 or go to the Federal Building in Duluth, RM 105 for the free “Tax Guide for Small Businesses” (publication #334). Also found at <http://www.irs.gov>; enter keyword “smallbiz” in the search box.
3. Prepare a comprehensive business plan. <http://www.sba.gov> or <http://northspan.org/financingresourceguide2004.pdf>
4. Use support professionals: an accountant, an attorney, and an insurance agent.
5. Determine the type of your business organization: Proprietorship, Partnership, Corporation, or Limited Liability Company. Take the “IRS Virtual Small Business Tax Workshop” at <http://www.tax.gov/virtualworkshop/>
6. Register your Certificate of Assumed Name for the business and/or file Articles of Incorporation with Minnesota Secretary of State by calling (651) 296-2803 or go online at <http://da.sos.state.mn.us/minnesota/home/home-corp.asp>. Publish notice in the newspaper.
7. Secure appropriate business license and permits. Call 1-800-657-3858; in Duluth, call (218) 730-5500 (if applicable). Or go online at <http://www.duluthmn.gov/clerk/permits/index.cfm> or http://www.sba.gov/smallbusinessplanner/start/getlicensesandpermits/SERV_BP_EXPFAQ.html
8. Obtain a Sales and Use Tax Permit. This must be displayed at the business location. Call (651) 296-6181 or 1-800-657-3777; in Duluth, call (218) 730-5350 (if applicable). Or go online at <http://www.taxes.state.mn.us/taxes/sales/forms.shtml>

9. Register for your IRS Business ID number using Form SS-4 found at <http://www.irs.gov/pub/irs-pdf/fss4.pdf> Or call 1-800-829-4933 or 1-800-829-1040. The preferred method is to apply online. The site <http://www.irs.gov/businesses/small/article/0,,id=98350,00.html> will let people know how to apply for an Employee ID Number online.

10. Register for your Minnesota Business ID number using Form ABR found at www.taxes.state.mn.us or by calling (651) 282-5225 or 1-800-657-3605 or you can complete your ABR form available online at http://www.taxes.state.mn.us/forms/abr_07.pdf and send by mail to:
Minnesota Department of Revenue
Mail Station 4410
St. Paul, MN 55146-4410
Or fax your completed pages to (651) 556-5155 (do not fax blank pages).

11. If you intend to hire employees in your business, go to <http://www.irs.gov> for federal regulations. Go to <http://www.positivelyminnesota.com/> for state requirements.

12. Establish a bank account and learn QuickBooks.

13. Acquire a domain name, print your business cards, stationary, and issue press releases.

Writing a Business Plan

Start by responding to each question noted below by completing as much a possible prior to requesting a meeting with a CED consultant.

I. EXECUTIVE SUMMARY

- a. Business name, location, product, or service?
- b. What is your market?
- c. Who is your management team?
- d. Much money is required at start-up?
- e. When do you plan to open?

II. THE BUSINESS

- a. What type of business are you planning? Is it a startup, expansion, franchise, or buy out of an existing business?
- b. What products or services will you sell?
- c. What is the history of the business/idea?
- d. What industry is the business in?
- e. Is the business seasonal and what makes it unique?
- f. Will the business be regulated (Federal, State, County or Local)?
- g. Do you have trademarks, copyrights, or patents for your product or service?

III. THE MARKET

- a. Who are your potential customers – who are most likely to buy your products or service?
- b. Where will you sell your product or service – online, store front, ect?
- c. Will you have seasonal changes in your business?
- d. Who are your competitors and how will your business differ from the competition?
- e. How will you determine a price for your product or service?
- f. How will you distribute your products or service to your customer?
- g. What advertising and promotional plan will you use to sell your products or service?

IV. THE ORGANIZATION

- a. Are you a sole proprietorship, partnership, corporation (C or S), or a limited liability company (LLC)?
- b. Who are the owners of the business and who will manage the business?
- c. What are the key responsibilities of the managers?
- d. How many employees will you need? What will they do?
- e. Who is your accountant and who is your attorney?
- f. Will you need licenses and permits to do business?
- g. Where will the business be located and why?
- h. What equipment will you need and what will it cost (list on page 9)?
- i. What type of insurance will you need?

V. TECHNOLOGY

- a. Will your business require internet service?
- b. Will your business require computer and software to manage?
- c. Will your business try to take advantage of e-commerce opportunities by marketing online via a website?
- d. If you will operate using a website, are you knowledgeable about building and managing a website?

VI. THE FINANCIALS

- a. What will it cost to start this business – equipment/inventory/working capital (list on page 9)?
- b. What will your estimated monthly expenses be (list on page 10)?
- c. Will you need to borrow money to get started (based on a review of pages 9-10 and your personal ability to contribute dollars to this startup)?
- d. What are your profit margins on each product you are going to sell?
- e. Prepare your Personal Financial Statement.

Startup Costs Worksheet

This is a list of suggested costs that can be involved in business startup. Only calculate those costs that will reflect on your business.

Template
Detailed Sources & Uses of Cash

| Sources | | Uses | |
|-------------------|--|------------------------|---|
| Owners Equity | <input style="width: 100%;" type="text"/> | Land | <input style="width: 100%;" type="text"/> |
| Land (Equity) | <input style="width: 100%;" type="text"/> | Building | |
| Vehicle (Equity) | <input style="width: 100%;" type="text"/> | Construction Cost | <input style="width: 100%;" type="text"/> |
| Building (Equity) | <input style="width: 100%;" type="text"/> | Furniture | <input style="width: 100%;" type="text"/> |
| | | Fixtures | <input style="width: 100%;" type="text"/> |
| Loan | <input style="width: 100%;" type="text"/> | Décor | <input style="width: 100%;" type="text"/> |
| | | Installation | <input style="width: 100%;" type="text"/> |
| | | Remodeling | <input style="width: 100%;" type="text"/> |
| | | Signage | <input style="width: 100%;" type="text"/> |
| | | Total | \$ - |
| | | Equipment | |
| | | Computer | <input style="width: 100%;" type="text"/> |
| | | Printer | <input style="width: 100%;" type="text"/> |
| | | Machinery | <input style="width: 100%;" type="text"/> |
| | | Software | <input style="width: 100%;" type="text"/> |
| | | Cash Register | <input style="width: 100%;" type="text"/> |
| | | Tools | <input style="width: 100%;" type="text"/> |
| | | Telephone | <input style="width: 100%;" type="text"/> |
| | | Credit Card Machine | <input style="width: 100%;" type="text"/> |
| | | Vehicle | <input style="width: 100%;" type="text"/> |
| | | Total | \$ - |
| | | Inventory | |
| | | Total | <input style="width: 100%;" type="text"/> |
| | | Start-Up Costs | |
| | | Rent Deposit | <input style="width: 100%;" type="text"/> |
| | | Insurance 1st Payment | <input style="width: 100%;" type="text"/> |
| | | Utility Deposits | <input style="width: 100%;" type="text"/> |
| | | Research & Development | <input style="width: 100%;" type="text"/> |
| | | Logo Design | <input style="width: 100%;" type="text"/> |
| | | Other Deposits | <input style="width: 100%;" type="text"/> |
| | | Business Name | <input style="width: 100%;" type="text"/> |
| | | Licenses/Permits | <input style="width: 100%;" type="text"/> |
| | | Lease Payments | <input style="width: 100%;" type="text"/> |
| | | Merchant Account | <input style="width: 100%;" type="text"/> |
| | | Cash for Register | <input style="width: 100%;" type="text"/> |
| | | Consulting | <input style="width: 100%;" type="text"/> |
| | | Web Site | <input style="width: 100%;" type="text"/> |
| | | Initial Ads/Promo | <input style="width: 100%;" type="text"/> |
| | | Professional Fees | <input style="width: 100%;" type="text"/> |
| | | Cleaning Service | <input style="width: 100%;" type="text"/> |
| | | Other Services | <input style="width: 100%;" type="text"/> |
| | | Office Supplies | <input style="width: 100%;" type="text"/> |
| | | Cleaning Supplies | <input style="width: 100%;" type="text"/> |
| | | Other Supplies | <input style="width: 100%;" type="text"/> |
| | | Miscellaneous | <input style="width: 100%;" type="text"/> |
| | | Unanticipated (10%) | <input style="width: 100%;" type="text"/> |
| | | Total | \$ - |
| | | Goodwill | <input style="width: 100%;" type="text"/> |
| | | Working Capital | <input style="width: 100%;" type="text"/> |
| | | TOTAL | - |
| TOTAL | ----- <input style="width: 100%;" type="text"/> | TOTAL | <input style="width: 100%;" type="text"/> |

| | | | |
|---------------------------------|--|--|--|
| Projected | | | |
| MONTHLY INCOME STATEMENT | | | |
| | | | |
| Gross Sales | | | |
| Less: Cost of Good Sold | | | |
| Gross Profit | | | |
| EXPENSES: | | | |
| Accounting | | | |
| Advertising | | | |
| Bad Debts | | | |
| Bank Charges | | | |
| Car Rental | | | |
| Cellular Phones | | | |
| Commissions | | | |
| Consulting | | | |
| Contract Labor | | | |
| Credit Card Services (3%) | | | |
| Depreciation | | | |
| Donations | | | |
| Dues & Subscriptions | | | |
| Education | | | |
| Electricity | | | |
| Employee Benefits | | | |
| Freight | | | |
| Garbage | | | |
| Gasoline & Oil | | | |
| Heat | | | |
| Insurance | | | |
| Internet | | | |
| Interest (Loan Payment) | | | |
| Legal | | | |
| Licenses | | | |
| Meals & Entertainment | | | |
| Miscellaneous | | | |
| Office Supplies | | | |
| Outside Services | | | |
| Pager | | | |
| Parking | | | |
| Parts | | | |
| Officer's Salary | | | |
| Payroll | | | |
| Payroll Taxes (12%) | | | |
| Permits | | | |
| Postage | | | |
| Printing | | | |
| Promotions | | | |
| Real Estate Taxes | | | |
| Refunds | | | |
| Rent | | | |
| Repairs & Maintenance | | | |
| Research & Development | | | |
| Security System | | | |
| Shop Supplies | | | |
| Snow Plowing | | | |
| Taxes | | | |
| Telephone | | | |
| Tools | | | |
| Training | | | |
| Travel | | | |
| Uniforms | | | |
| Utilities | | | |
| Vehicles | | | |
| Web Site | | | |
| | | | |
| Total Expenses | | | |
| | | | |
| NET INCOME BEFORE TAXES | | | |