

**UMD**

**CENTER for ECONOMIC DEVELOPMENT**

**UNIVERSITY OF MINNESOTA DULUTH**

**Driven to Discover**

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# **STARTING A BUSINESS**

## **Steps to Take**

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U.S. Small Business Administration  
**SBA**  
Your Small Business Resource

AMERICA'S  
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MINNESOTA

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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

## Visit the SBA Website for their free Startup Learning Center:

Main site: <http://www.sba.gov>

- Explore the site and visit the links for Starting and Managing.
- Go to <http://www.sba.gov/sba-learning-center> for additional tools.

## Take the following Free Webinars:

Go to <http://www.umdced.com/>

- Go to **Workshops & Events** → **Business & Computer Workshops** → **Online Business Workshops**
- Click on the **Starting a Business in Minnesota** video - make sure to have your sound on. Take notes as they will relate to pages 7 - 8 of this handout. Information on pages 7 - 8 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 the **Writing a Business Plan** video - make sure to have your sound on. Take notes as they will relate to pages 9-12 of this outline.

## For Additional Resources go to:

- <http://www.tax.gov/SmallBusinessTaxpayer/virtualworkshop>
- <http://www.positivelyminnesota.com>

## Online Business Planning Resources

- <http://www.fundingroadmap.com>
- <http://www.liveplan.com>

## Start Working on Your Feasibility Analysis:

### Financial Analysis:

- How much money is required to start the business? (See Worksheet page 13)
- What will your monthly expenses be? (See Worksheet page 14)
- 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.
- Request a copy of your personal credit report (e.g., [annualcreditreport.com](http://annualcreditreport.com)). A personal credit score below 640 will make it difficult to obtain a business loan.
- How much personal equity do you have to contribute to business start-up? Expect to contribute 30-50% of the total start-up costs.
- Develop a contingency plan. If, after the business is started, results are not achieved as planned, how will you cover the shortfall?

### 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 9-12 of this handout and respond to the questions.
- If you are having difficulty completing pages 9-14 of this handout, register for **ABC's of Writing a Business Plan**.
- To register for this workshop return to <http://www.umdced.com> and select the **Register for a Workshop** button on the right-hand side.
  - Select "Business Workshops" on the left-hand sidebar.
  - Register online for the "ABC's of Writing a Business Plan" workshop; Call 218-726-7298 if assistance is needed

### **Set up a Counseling Session with a Consultant:**

- Gather the information noted on pages 7-14 of this handout.
- Return to the UMD CED website <http://www.umdced.com>
- Click on the **Request Consultation** button and complete the required forms.
- A consultant will contact you shortly to schedule a meeting.

# Starting Your Business

1. Call the Minnesota Small Business Assistance Office at (651) 556-8425 or 1-800-657-3858 and ask for the free publication “A Guide to Starting a Business in Minnesota.” Found online at: <http://www.positivelyminnesota.com> and search for “A Guide to Starting a Business.”
2. Call the Internal Revenue Service at 1-800-829-4933; Visit <http://www.irs.gov/publications/p334/index.html> for the free “Tax Guide for Small Businesses” (publication #334).
3. Prepare a comprehensive business plan, <http://www.sba.gov/sites/default/files/How%20to%20Write%20a%20Business%20Plan.pdf> – Guide for Writing a Business Plan
4. Use support professionals: an accountant, an attorney, and an insurance agent.
5. Determine the legal structure of your business: Proprietorship, Partnership, Corporation, or Limited Liability Company. Take the “IRS Virtual Small Business Tax Workshop” at <http://www.tax.gov/SmallBusinessTaxpayer/virtualworkshop/Lesson1> jump ahead to “Business Structures”
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 1-877-551-6767. You can also go online at <http://www.sos.state.mn.us/index.aspx?page=3> and search for “Certificate of Assumed Name” for the complete form. Publish notice in the newspaper.
7. Secure appropriate business license and permits. Call 1-800-657-3858; be sure to also consult the local city or county that your business will be located in for any additional licenses or permits. Also visit <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business> and click on “Learn about Business Law and Regulations.”
8. Obtain a Sales and Use Tax Permit. Call (651) 296-6181 or 1-800-657-3777; Or go online at <http://www.revenue.state.mn.us/Pages/default.aspx>
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. The preferred method is to apply online. The site <http://www.irs.gov/Businesses/Small-Businesses-&Self->

[Employed/Apply-for-an-Employer-Identification-Number-\(EIN\)-Online](#) 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 <http://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.revenue.state.mn.us/Forms\\_and\\_Instructions/abr\\_inst.pdf](http://www.revenue.state.mn.us/Forms_and_Instructions/abr_inst.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 (We offer a Quickbooks Workshop).
  - To register for this workshop go to <http://www.umdced.com>
    - Click on the **Register for a Workshop** button on the right.
    - Register online for the Quickbooks workshop; call 218-726-7298 if assistance is needed
13. Acquire a domain name, print your business cards and issue press releases.

# Writing a Business Plan

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

## Executive Summary

**Briefly Describe Your Business:** (One paragraph summary)

**Business Name & Legal Organization:** (LLC, Sole Proprietor, S Corporation)

**Ownership:** Enter name(s) of owner(s)

**Funding Request:**

## Business Description:



**Business Description:** (Provide a detailed description of your products, services, organization, operations and management)

**Vision:** What are your long-term aspirations?

**Mission:** Why do you exist?

## Goals

\*Ensure that goals are S.M.A.R.T. – Specific, Measurable, Achievable, Realistic, and Timed\*

**Short-Term Goals** (less than one year):

**Long-Term Goals** (one year or more):

## SWOT

*Within the Company*

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Strengths:

**Weaknesses:**

*Outside the Company*

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**Opportunities:**

**Threats:**

## Industry Characteristics & Trends

### Customer

**Demographics:** Who are your customers? (average age, income, education, etc.)

**Psychographics:** What are your customers' personalities, values, attitudes, interests, and lifestyles?

**Geographic Area:** What area do you serve?

### Competitors

**List of Competitors:**

**Strengths and Weaknesses:**

### Sales Projection Supporting Data

**Potential Customer Base:**

**National Trends:**

**Competitive Advantage:**

**Share of existing market to capture:**

**Marketing Plan (Describe how you will use the different channels and why)**

**Social Media:**

**Customer Loyalty Program:**

**Website:**

**Internet Advertising:**

**Blog:**

**Newsletter:**

**Direct Mail:**

**Radio:**

**Newspaper:**

**Print Media:**

**Television:**

**Support Professionals**

**CPA:**

**Attorney:**

**Bank:**

**Insurance:**

**SBDC Consultant:**

**Other:**

**Financial Projections Summary and Assumptions**

# 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 Source & Uses of Cash

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

# Projected Monthly Income Statement

Gross Sales	
Less: Cost of Goods Sold	
Gross Profit	

EXPENSES:

Accounting		Office Supplies	
Advertising		Outside Services	
Bad Debts		Parking	
Bank Charges		Parts	
Car Rental		Payroll	
Cellular Phones		Payroll Taxes (12%)	
Commissions		Permits	
Consulting		Postage	
Contract Labor		Printing	
Credit Card Services (3%)		Promotions	
Depreciation		Real Estate Taxes	
Donations		Refunds	
Dues & Subscriptions		Rent	
Education		Repairs & Maintenance	
Electricity		Research & Development	
Employee Benefits		Security System	
Freight		Shop Supplies	
Garbage		Snow Plowing	
Gasoline & Oil		Taxes	
Heat		Telephone	
Insurance		Tools	
Internet		Training	
Interest (Loan Payment)		Travel	
Legal		Uniforms	
Licenses		Utilities	
Meals & Entertainment		Vehicles	
Miscellaneous		Web Site	

Total Expenses	
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NET INCOME (Before Taxes)	
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# Bank Loan Checklist

- 1. Business Plan**
- 2. Sources & Uses**
- 3. Current Business Debt Schedule ( Existing Businesses Only)**
- 4. Three Years Company Tax Returns & Financial Statements**
- 5. Company In-House Interim Statements for year to day**
- 6. Three Years Projections, Cash Flow & Assumptions**
- 7. Copy of the Purchase Agreement**
- 8. List of Collateral & Estimated Values**
- 9. Personal Financial Statement (All 20% Owners)**
- 10. Three Years Personal Tax Returns (All 20% Owners)**
- 11. Personal Resume (All 20% Owners)**
- 12. Affiliated Company Information (All 20% Owners)**
- 13. Franchise Agreement (If Applicable)**
- 14. Company Articles, By-Laws & Registration Documents**
- 15. Copy of Drivers Licenses & List of Previous Gov't Loans (For SBA Loans)**
- 16. Copy of Leases (If Applicable)**