

BUSINESS

Start-Up

&

Resource Guide

Starting a business in North Carolina

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Introduction



*The Honorable
Michael F. Easley
Governor of North Carolina*

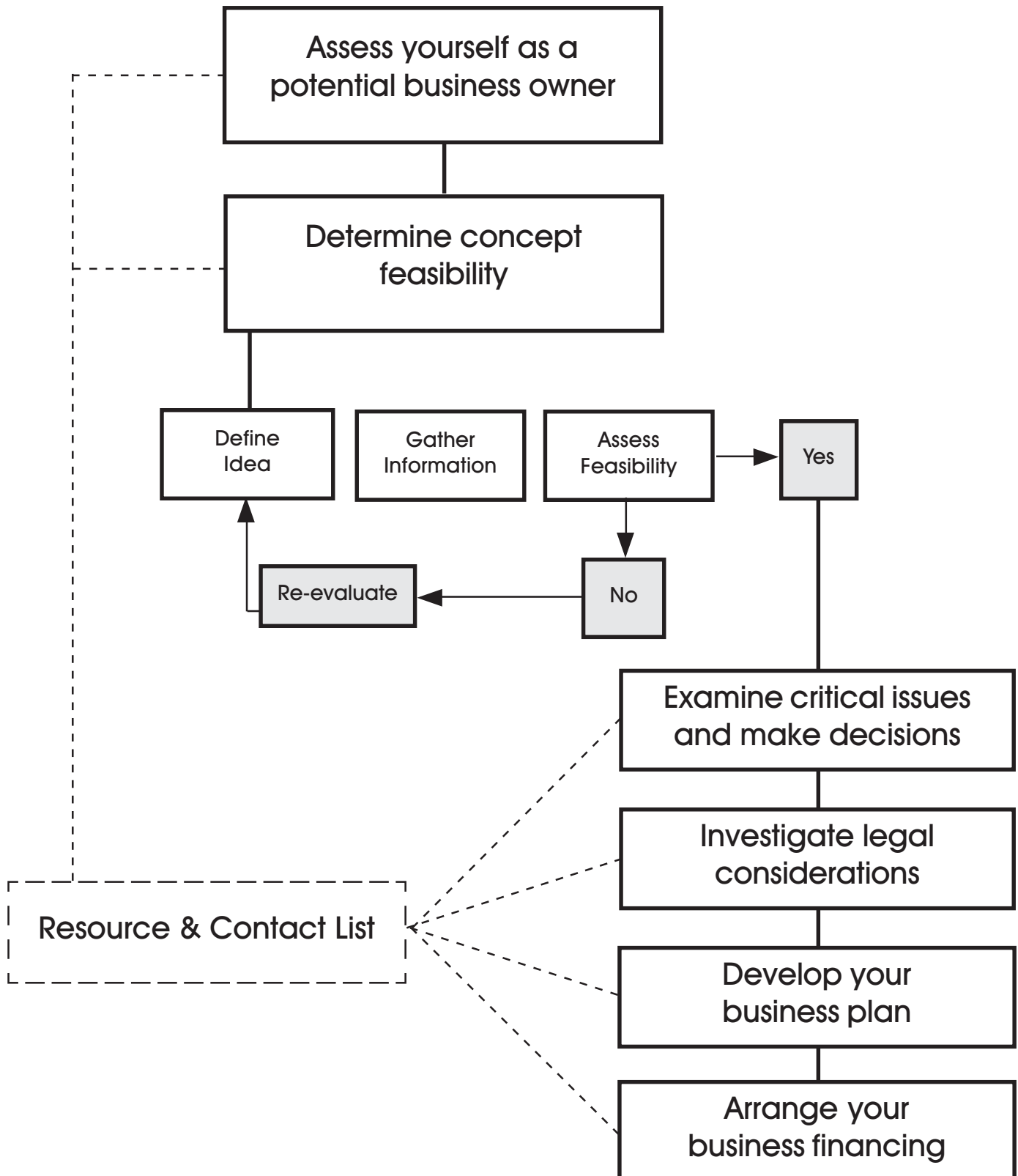
Small businesses are vital to the growth and development of communities throughout our state. They bring innovative products and service to the marketplace and provide a range of opportunities and jobs for North Carolina workers. Over the years, our state has made investments in business development support resources such as the Small Business and Technology Development Center, the North Carolina Biotechnology Center, and the Technological Development Authority.

Today, as a result of our investments in small businesses and the successes of entrepreneurs, North Carolina is known worldwide as an excellent location to start and operate a business. It is my hope that our state can build on our record of past success. Let us continue to work together to make North Carolina a great place to develop and grow businesses.

A handwritten signature in black ink that reads "Mike Easley". The signature is written in a cursive, flowing style.



Business Start-Up Planning





Assess Yourself as a Potential Business Owner

While owning a business may be a personal dream for many, managing a business may prove difficult because of a lack of prior business ownership, experience or management skills. An honest self evaluation will allow you to assess your personal characteristics and determine your willingness to meet the demands of owning your own business.

Some of the questions below may be difficult to answer, but it is critical to evaluate your personal weaknesses along with your strengths. When Owner weaknesses are identified, partners, managers, staff members, other external resources or education and training may be found to balance strengths and offset weaknesses.

Check the questions below that you can answer with "Yes."

PERSONAL CHARACTERISTICS

- Are you a leader?
- Are you confident?
- Do you like to make your own decisions?
- Do you handle responsibility well?
- Do you thoroughly plan projects from start to finish?
- Are you self-disciplined and independent?
- Are you flexible?
- Do you read business publications?

CHECKLIST FOR STARTING A BUSINESS

- Assess yourself as a potential business owner
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- Do you possess computer skills?
- Are you aware of your current credit rating?
- Are you or your spouse willing to dip into your savings if necessary to help support the business?
- Will your spouse's income be sufficient to support your family without income from your business?

DEMANDS OF OWNING YOUR OWN BUSINESS

- Do you realize that running a business may require long hours and reduced personal income?
- Do you have the emotional strength and good health to handle the work load and daily schedule that owning your own business will require?

- If required, are you prepared to temporarily lower your standard of living until your business is firmly established?
- Is your family prepared to support you (time and money required to start a business)?

BUSINESS EXPERIENCE AND MANAGEMENT SKILLS

- What basic skills do you think you will need to succeed in business?
- Do you possess those skills?
- If you discover you do not have the basic skills needed for your business, are you willing to delay your plans until you have acquired the necessary skills?



- Have you ever worked in a managerial or supervisory position?
- Have you hired and fired people before?
- Have you ever worked in a business similar to the one you are considering?
- Have you had any business training in school?
- Do you understand business financing and cash flow management?
- Are you aware of the record keeping requirements expected in managing a small business?
- Do you understand the fundamentals of marketing and market development?

SELF-ANALYSIS

Identify the five most important interests, skills, or previous work experience that you enjoyed:

Write below any opportunities that may be associated with these characteristics, skills, or previous work experience.

RESULTS OF SELF-ANALYSIS

This self-test is simply an overview of the personal characteristics and basic skills needed in small business ownership. The questions with a "Yes" answer indicate the presence of a strength or attribute needed to successfully manage a small business. Those not checked might indicate weaknesses or a lack of willingness to make the sacrifices necessary to run a small business.

If you decide to continue with plans to establish a business, then you should resolve to change each blank to a "Yes." A partner or other solution may provide balance for some weak areas, thus changing a few blanks to "Yes." However, if there are a significant number of unchecked boxes, overcoming problems may require more development on your part.

Based on your interest, abilities, and experience, summarize your strengths and weaknesses as they relate to the business skills necessary to start and grow a successful business.

Also ask someone who knows you well to identify your strengths and weaknesses. Compare your answers with theirs.

My strengths are:

My strengths identified by someone who knows me well are:



My weaknesses are: _____

My weaknesses identified by someone who knows me well are: _____

Identify ways you can overcome these weaknesses: _____

What kind of commitment are you willing to make to get your business off the ground?

Time commitment: _____

Resources commitment: _____

Are you prepared to lose your investment and other savings? Yes No

What are your expectations for the business:

within one year? _____

after three years? _____

CONCLUSIONS

Understanding your personal characteristics, required business skills, and demands of business ownership are critical in helping you find the business best suited to you and your interest. Honestly assessing yourself will help you determine what you need to do to acquire the skills you need, clarify your expectations, and motivate you to seek ways to keep learning as you proceed to develop your business idea.



Determine Concept Feasibility

Many questions must be answered and certain information gathered before determining the feasibility of your business idea. Careful research and analysis will help you in evaluating your concept and assist you in assessing your idea.

DEFINE YOUR BUSINESS IDEA

The first step is to begin gathering as much information as possible about your business. You will want to read articles, books, and trade publications. It is also a good idea to visit existing businesses and begin the research and planning process.

It is important to remember that every business is unique. Taking time to explore your concept will help you identify those specific factors which makes your business concept unique. The following questions will guide you in defining your business concept. While looking for the answers, also attempt to identify the potential problems which might relate to your business idea.

- What business will you be in?
- What product or service will you provide to your customers?
- Who will buy your product or service?
- Why will your customer buy from you?
- When will your customer buy your product or service?

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- How will your customer know you have products or services available?
- How much will your customers pay for your product or service?

Using the answers you have provided to the questions above, write a paragraph describing your business concept.

REFINE THE CONCEPT

As you refine your idea, there are business-specific issues that need to be addressed:

- What specific product or service will your business provide?
- Do you have the capability or skills to provide this product or service? If not, how will you overcome this deficiency?
- What makes your business idea, product or service unique?
- What will be your competitive advantages?
- What competitor disadvantages do you have?
- Have you identified any potential problems? If so, how will you overcome them?

In addition to looking at the business concept, you should also explore the market and the industry you are interested in by seeking out the opportunities and

identifying potential problems. Answering the following questions will help you assess your market and industry:

- What industry competition exists in your town or region?

Identify your competition:

- What will you do to better provide a unique or better product or service than your competition?
- If there is little or no competition, why not?
- Is there potential international or government procurement opportunities in your product or service? If so, identify them.
- Are there emerging opportunities in the market place? If so, identify them.
- Are current business and economic trends favorable?
 - ▶ Interest rate
 - ▶ Inflation
 - ▶ Business climate
 - ▶ Business trends
 - ▶ Unemployment

Remember, it is important to evaluate all aspects of your business concept and to continually balance your ideas against reality.

After defining and refining your business idea, does it still look like a good idea to you? If so, you will now want to do more in-depth market research and analysis to better define your market and opportunity.

DEFINE YOUR MARKET THROUGH RESEARCH AND ANALYSIS

While market research provides data and information about the industry and its customers, market analysis helps the business owner understand the business environment and the basis on which s/he must compete.

MARKET RESEARCH

Market research tells you who your customers are, where they are, and how large the potential market is. Through research, you will be able to gather certain information and data such as:

- ▶ Demographics
- ▶ Size of your potential market
- ▶ Customer lifestyles and buying behavior
- ▶ Specifically who the customer is
- ▶ Determine demand for your product or service

There are two basic types of market research—primary and secondary:

Primary research is research gathered first-hand through techniques like surveys, questionnaires, focus groups, or in-depth interview. Primary research can be time consuming and possibly expensive. However, it provides the business owner with the opportunity to hear customer feedback and act accordingly.

PRIMARY RESEARCH METHODS

- ▶ Surveys
- ▶ In-depth interviews
- ▶ Competitor analysis
- ▶ Questionnaires
- ▶ Focus groups
- ▶ Tracking customer response to advertising and promotion

Secondary research is already published research. It includes sources like directories, industry journals, and association publications. Secondary research is accessible, less expensive, can be conducted on a continuous basis, and can be combined with business owner's knowledge of the business, geographical conditions, and customer base. The business owner can informally tailor the research findings to meet the needs of the business.

SECONDARY RESEARCH SOURCES

(available at many libraries)

- ▶ Business encyclopedias and directories
- ▶ Newspapers
- ▶ Business magazines
- ▶ Trade publications
- ▶ Market analysis

Market analysis helps the business owners understand the business climate in which s/he must

compete. It is through market analysis that a business owner determines if a certain business or industry provides an attractive opportunity.

Market analysis provides competitive analysis which includes:

- Industry analysis: evaluates the industry's overall opportunity and attractiveness including ease of entry, availability of substitutes, and buyer/supplier issues
- Competitor analysis: who are the primary competitors, and what are their strengths and weaknesses.
- Your business analysis: identifies the strengths, weaknesses, opportunities, and threats of your identified market.

EXAMPLES OF SECONDARY RESEARCH SOURCES

PRINT RESOURCES

(AVAILABLE AT MANY PUBLIC AND UNIVERSITY LIBRARIES)

Demographics USA
 Encyclopedia of American Industries
 Encyclopedia of Emerging Industries
 Encyclopedia of Associations
 Household Spending
 Lifestyle Market Analyst
 Market Share Reporter
 Standard & Poor's Industry Surveys
 US Industry & Trade Outlook

ONLINE MARKET RESEARCH RESOURCES (THE BASICS)

Demographics

US Census Bureau
<http://www.census.gov>

NC State Data Center
<http://sdc.state.nc.us>

Websaras-NC
<http://www.websaras.org>

Psychographics

My Best Segments
<http://www.clusterbigip1.claritas.com/MyBestSegments/Default.jsp>

EASI Demographics
<http://easidemographics.com/index.asp>

ESRI

<http://www.esribis.com>

Industry Analysis

SBTDC's "Conducting an Industry Analysis"
http://www.sbtcd.org/pdf/industry_analysis.pdf

BizMiner

<http://www.bizminer.com>

Hoover's Online

<http://www.hoovers.com>

Zapdata Industry Reports

<http://www.zapdata.com>

Market Research.com

<http://www.marketresearch.com>

SEC Filings (for competitor analysis)

<http://www.sec.gov/edgar.shtml>

Thomas Register

<http://www.thomasnet.com>

ENHANCING YOUR CHANCE FOR SUCCESS

There are always risks in starting a new business. As a business owner, you will want to lower your risks by incorporating the following ideas into your start-up plan:

- Plan ahead.
- Make sure you have experience in management and in the type of business you want to start.
- Try to best use your strengths and interest in the most appropriate way.
- Make decisions based on facts or reliable information. Don't make hasty decisions.
- Seek the support of your family during the start-up phase and difficult times.
- Seek advice from counselor, accountant, attorney, or others.
- Talk to others in the same business.
- Be persistent, and DON'T GIVE UP!



Examine Critical Issues & Make Important Decisions

As you explore starting your own business, you will find there are many decisions which must be made and important issues to consider so as to minimize your risk and increase your success. Four important topics covered in this section are:

- Entry options
- Selecting and using professionals
- Selecting a business location
- Minimizing your risks

ENTRY OPTIONS

You may be considering starting your own business as a result of a life situation triggering your entrepreneurial desires. Such events could include corporate down-sizing, an accident that limits your physical abilities, or receipt of an inheritance. There are many reasons why people want to go into business for themselves, and there are various options for entering a business of your own. The most common entry options are:

- Buying an existing business
- Purchasing a franchise business
- Starting a new business

Buying an existing business

Purchasing an established business can lighten the burden of start-up costs, lag time without a salary, establishing markets, and other costs associated with the creation of a new business. Established businesses may have existing good will—intangible

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(non-monetary) assets such as reputation or historical value.

The decision to buy a business requires careful evaluation of many factors including pricing and financing your purchase.

The potential buyer must understand their criteria for selecting a business as well as the motivation for wanting to purchase the business.

Consideration should be given to the following:

- What is your experience with the industry and/or management?
- Does the business match your strengths?
- Is the business what you enjoy doing?
- Is it in a desirable location?
- What are you willing to invest?
- Can you get financing?
- What size business do you desire in terms of sales, profit, and employees?

- Is the business fairly priced?
- Is it profitable?

If the business under consideration has a product or service outside your area of expertise, it is important to make certain that the key employees will stay after the sale or that you can hire someone with similar experience.

Finding a business for sale

Finding a good business opportunity is not always easy. Sources to consider:

- Printed advertisements
- Trade sources and suppliers in the industry
- Friends and acquaintances
- Intermediaries such as business brokers, real estate brokers or acquisition specialists

Evaluating the business

As a buyer, first evaluate a business by reviewing its history and the way it operates. Develop an understanding of the business' method of acquiring and serving

its customers, determine how it generates its sales, learn its marketing strategy, and develop an understanding of its finance and operations functions.

Checklist of material for the evaluation process*

Obtain the following information from the existing business:

- 3-5 years financial statements
- 3-5 years tax returns
- Interim financial statements
- Copies of all real estate, leases, or deeds
- Debt schedule
- Accounts receivable and aging schedule
- Accounts payable and aging schedule
- Inventory list
- Supplier list (including contracts)
- Customer list (including contracts)
- Projections
- Organizational charts and employee contracts
- Industry information to which the owners may have access
- Details of equipment leases and other contingent financial commitments

* Checklist provided by the SABRE Group—Confidential Business Sales and Valuations of Greensboro/Raleigh/Durham/Greenville

Important questions

Evaluate the business' potential according to your goals, employer responsibilities, product or service demand, market, and financial considerations. Ask and get answers to questions regarding all aspects of an existing business before entering any purchase agreements. Start with basic questions, like those listed below. Others may be required depending on the specific business:

- Why is the business for sale? Has it been making a profit? If not, do you have a plan to make the business profitable?
- What kind of reputation does the establishment have currently? How would you change that reputation? What is the price of good will? What is the consistency of the client base—a few large clients or many smaller customers?
- Will the sale include equipment, property, inventory, debts, employee contracts, name, logo, slogans, signage, customer files, etc?

- Are all of the books in order and well maintained? Have you reviewed the past and current financial statements with the counsel of an accountant? Are there any liens against the property for sale? Are there any claims on inventory or equipment? Have the taxes been paid to date?
- Have you reviewed existing business contracts and the effect of the transaction on those contracts? Are they loyal because of a personal relationship or because of the level of quality service?
- Will the lease be transferred into your name or will the owner require a new lease? Is the location suitable for your plans? Are there any environmental concerns with this location? Are there licensing concerns?
- What liabilities exist?
- What policies have been established with the employees regarding work environment, salary/commissions, benefits, vacation pay, and fringe benefits?
- Will the owner be cooperative with the transition of ownership with regard to tax issues, utility transfers, government requirements, employees, and other procedures?
- Are there any environmental issues with respect to your chosen business?
- If using a broker, do you realize s/he is representing the interest of the seller?
- Is the seller willing to sign a non-compete agreement?
- Will the seller agree to a contractual arrangement for a period of consultation?
- Consider whether owner is willing to finance all or some of the purchase price

The services of an accountant, attorney, and banker are recommended when buying an existing business. Investigation and research will be crucial to uncovering as much information as possible about the business for sale.

BUYING A FRANCHISE

Franchising has emerged as a popular way for potential business owners to start a new business. A franchise offers advantages in name and product recognition, proven operation procedures as well as volume purchasing power. In this arrangement, the provider, or franchisor, contracts with you, the franchisee, to give you the right to sell or distribute a service or product under the franchisor’s system in a particular area. As with any opportunity, both advantages and disadvantages must be examined before a decision to invest is made.

ADVANTAGES OF A FRANCHISE:

- Some require relatively small capital investment with franchise financing
- Initial corporate support for start-up
- Continuous management training and counseling
- Existing goodwill and brand name appeal (sometimes)
- Standardized quality of goods/services
- Proven products and business format
- Some opportunities require no prior experience in that business field
- Buying power and programs
- Development of advertising and promotions programs (both local and national)
- Site analysis
- Proven business model

DISADVANTAGES OF A FRANCHISE:

- Complicated legal negotiations
- Restrictions on purchasing
- Franchising fees
- Required to share portions of business profits with corporation (sales/royalties)
- Loss of personal control over some aspects of operation (e.g., use of name/logo for advertising, territory, uniforms, product purchasing requirements)
- Less freedom and opportunity for creativity
- Potential problems if owner wants franchisor to buy franchise back
- Limited control over pricing, product lines, and suppliers
- Human resources policies may be instituted by corporation (potentially unsatisfactory training programs)
- Actions by the corporation may affect business of franchisee (especially new store locations close to yours)

Locate a list of lawyers specializing in franchise negotiations while in the research stage. Once a franchise opportunity has been selected, retain a lawyer for every step of the negotiations. The negotiations serve as the foundation of the franchise. Working with the lawyer, set policies and agreements that will enable the franchise to thrive now and in the future. All obligations, rights, privileges, risks, opportunities, assets, and liabilities must be detailed and agreed upon by all parties before the contract is signed.

The Federal Trade Commission offers the free publications, *Consumers Guide to Buying a Franchise*, and *Franchise and Business Opportunities* on its Web site at www.ftc.gov/bcp/online/pubs/invest/buyfran.htm and www.ftc.gov/bcp/online/pubs/invest/franchise.htm. A number of books on franchising are also available at public libraries and bookstores.

STARTING A NEW BUSINESS

Starting your own business can be a very exciting endeavor. It allows you great freedom and opportunity to explore and develop your own business idea. It is an opportunity for you to exercise your creativity and thinking ability to do the following:

- Research your business idea
- Develop a strategy
- Determine your marketing approach
- Address key operational issues
- Make your own decisions
- Develop your business idea from the ground up

Successfully starting your own business can provide a sense of accomplishment and satisfaction in knowing you did it yourself. However, if the business fails, you must assume all the liabilities and emotional strain that goes with it. There are many misconceptions surrounding owning one's own business. Consider the following common misconceptions:

- *I will be my own boss.* Being your own boss does not mean you can play golf or go fishing anytime you want. The reality is the business and your customers become your boss and can demand 50-65 hours per week.
- *I can get rich overnight.* Small business and free enterprise provides a great opportunity to build wealth; however, it will take time. Studies indicate that more than a third of small businesses that grow significantly, do so after ten or more years of existence.
- *I can expect immediate income from my business.* This is not likely. Generally, it takes 6-12 months before a new business can start to pay the owner a decent salary. You should have a cash reserve or savings to provide financial support for you and your family during the start-up phase.
- *I can start my business with little or no money.* Poor capitalization is one of the major causes of business failure. Lack of capital results in negative cash flow which can result in poor business decisions and serious credit problems.
- *I will incorporate my business and use other people's money.* Many books and articles have been written about using OPM (other people's money). It is difficult to borrow your way to wealth as a new business. The corporate shield probably will not

protect you in case of failure. Most banks today will require you to personally guarantee the corporate loans for start-up businesses. Consequently, all your assets will be at risk.

You might ask, "How do I know what kind of business to start?" or "How are businesses formed?" Business ideas emerge in many ways. Examples are:

- Finding and meeting an unfulfilled market need
- Building a business on an existing customer relationship
- Spinning off a business based on your experience and knowledge
- Capitalizing on a new invention or technology
- Growing a part-time business or hobby into a full time opportunity

You must decide what kind of business you want to start. It is also important to examine yourself and decide what you want from the business.

Keep in mind that starting a business requires careful thought and planning. Many aspects of the business must be considered including legal issues, financing, marketing concerns, employee relations, accounting procedures, equipment purchases, and location.

Research, preparation, organization, and planning are critical in a start-up venture to minimize risk and enhance your chance for success. Contact your small business assistance providers to assist you during this critical time (see *Resource & Information List*).

SELECTING AND USING PROFESSIONALS

Starting your own business involves many decisions which often seem overwhelming. It has been shown that there is a strong correlation between using outside professionals and business success. In today's business world, where many new businesses fail within the first five years, it only makes sense to increase your chances for success by seeking the broad experience and expertise that professional resources and advisors can provide. Outside advisors can assist you in making decisions based on facts, not wishful thinking. They can also provide a reality check and give you insight in starting and guiding your business.

There are two important categories of advisors: **informal** and **professional**.

Informal advisors include:

- Other business owners
- Friends and family
- Members of other entrepreneurial groups or projects
- Members of your board of directors

Professional advisors include:

- Lawyers
- Accountants
- Bankers
- Insurance agents
- Marketing professionals
- Consultants
- Small business assistance providers

Most professional advisors will expect to be compensated for their assistance while informal advisors typically only need to be asked to help.

When selecting a professional advisor, look for a skilled advisor who meets your needs. Attributes you should look for include:

- Strong professional skills and knowledge
- Integrity
- Small business orientation
- Engaging and creative
- Positive attitude
- Willing to listen
- Team member and advisor

Selecting the right professional advisor will not only provide advice and consistency to help your business succeed, but s/he can also be instrumental in identifying other professional team members.

To go about finding the right professional advisor, you should:

- Ask small business assistance providers
- Ask other business owners
- Call the professional and schedule an appointment. Interview them as you would an employee. Be sure to request references.
- Look for a comfort level and confidence; confidence in their integrity, discretion, and concern for your business.

If you already have a good relationship with a banker or other professional, s/he is a good source of referral.

SELECTING A BUSINESS LOCATION

Location is more important to some businesses than to others. The importance of the location is determined by certain characteristics of the business. Factors that must be considered are:

- Do customers travel to the business or do employees travel to the customer?
- Is convenience a key factor in relationship to what your business offers the customer?
- Is your business offering a special product with little accessible competition?
- Will your product or service require a specific location?
- Will proximity to vendors and customers play an important role in your location?
- Are transportation, labor, utilities, state and local taxes, zoning, and other regulations critical factors to consider in your site selection?
- Do traffic flow, parking and other business establishments impact your site selection?
- How much space is required?
- Do you need expansion capability?
- Should you lease or buy a facility?
- What are the terms of your lease, if leasing?
- How is your rent determined?
NOTE: Rent = cost of space + advertising
- What are the insurance requirements?
- Do you understand home-based business expenses and requirements?
- Do you understand the zoning and code requirements?

These questions represent some of the issues that need to be answered before making a business site selection. Additional questions and information may be required depending on whether your business is a service business, retail store, or manufacturing facility.

Local resources are available to assist you with your site selection. Resources include your Chamber of Commerce, NC Department of Commerce (<http://www.nccommerce.com>), Economic Develop-

Legal Considerations and Requirements

As an entrepreneur, it is your responsibility to ensure that your business is properly complying with state and federal regulatory requirements, registration, permits, licenses, and employer responsibilities. Stiff penalties may be assessed against you and/or your company if you are found in violation of certain government requirements. This section will address three primary legal considerations:

- Regulatory requirements
- Legal structure of your business
- Employee responsibility

REGULATORY REQUIREMENTS

PERMITS, LICENSES, AND REGULATIONS

Most businesses are required to obtain some kind of license or permit—city, state, and/or federal. Certain types of businesses may be required to obtain special permits from local health authorities, building inspectors, and police/fire departments. The business owner should take steps to ensure that the business does not violate any zoning regulations or ordinances regarding hazardous activities. Mistakes in obtaining the proper permits and licenses can be expensive, at best.

FEDERAL LICENSES AND PERMITS

Most new small businesses are unlikely to require any federal

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permit or license to operate unless they are engaged in:

- Rendering investment advice
- Preparing meat products
- Selling alcohol, tobacco, and firearms
- Federal permits or licenses are also necessary to start some large-scale operations in regulated industries, such as:
 - Radio or television stations
 - Common carriers (telephone companies)
 - Produce drugs or biological products
 - Consult an attorney regarding regulatory requirements.

Although a prospective business may not strictly fit in one of these categories, it is important that you make certain that no federal regulations apply before starting your business.

STATE LICENSES AND PERMITS

For information regarding state licenses, contact:

Business ServiCenter
NC Department of Commerce

919/715-2864 (in Raleigh)
or
800/228-8443
4344 Mail Service Center
Raleigh, NC 27699-4344
Website: www.nccommerce.com/servicenter

The services provided by this office include:

- Individualized assistance from counselors in identifying appropriate licenses and permits
- Customized information packages including applications and instructions on applying for licenses and permits
- Resource center for information on over 700 business licenses and permits

To determine liability for license fees/taxes, contact:

NC Department of Revenue
501 North Wilmington Street
PO Box 25000
Raleigh, NC 27640
877/252-3052
Web site: www.dor.state.nc.us

SPECIAL LICENSES AND PERMITS

In certain instances, such as contractors' licenses and bonding, day care certificates of competency, etc., you will need to obtain specific industry licenses and permits. The Business ServiCenter office should be able to help you in this area, or refer to the numbers listed below:

Business ServiCenter	919/715-2864 or 800/228-8443
Alcoholic Beverage Permit	919/779-0700
Rest Home License	919/855-3765
Architecture License	919/733-9544
Auctioneer License	919/567-2844
Barber Examiners License or Cosmetic Arts License	919/733-4117
Electrical Contractors License	919/733-9042
General Contractors License	919/571-4183
Board of Funeral Service	919/733-9380
Plumbing & Heating Contractors	919/875-3612
Real Estate	919/875-3700
Nursing Home or Home Health Facility	919/733-7461
Child Day Care License	800/859-0829

This represents only a partial list. To verify the requirements for your business, contact the Business ServiCenter at 800/228-8443 or in Raleigh at 919/715-2864.

CITY OR LOCAL LICENSES AND PERMITS

Business owners need to explore local licenses and permit requirements and, in some cases, special licenses which may be required (such as for alcohol, amusement, or child care)

These licenses include privilege licenses, occupational licenses, and other miscellaneous licenses. Contact the Tax Collector's Office in the county in which the business will be located for more information.

Privilege License

All for-profit businesses located within city limits must have a privilege license **before** beginning business operations. In some cities, zoning and other related requirements must be approved before you can obtain a license. If the business is not located in a city, county privilege licenses may be applicable. The business should contact the County Licensing Office.

Zoning

The Zoning or Planning Department, city or county, determines if a business location is zoned correctly for the proposed business type. Some areas are not zoned for commercial businesses, therefore, inquiries need to be made before establishing a business. Some home-based businesses are required to have a Home Occupation Use Permit. Others qualify as a "limited use business" that does not require a permit. If you live in a subdivision with Covenants, Codes and Restrictions (CC and Rs), those CC and Rs may be more restrictive than your citing zoning requirements and limit your ability to use your home for a business. Check with your homeowners association for details.

Signs

Sign sizes and locations are regulated within city or county limits and are determined by the Inspection or Planning Department. Contact the city or county prior to design and construction of a business sign to ensure it meets the regulations.

TAX INFORMATION

The SBTDC does not provide tax counseling.

Income taxes

Every business entity is responsible for federal and state income taxes. If your business is a sole proprietorship, partnership, S corporation, or limited liability corporation (LLC), pre-tax income is taxed by reporting it on your individual return.

If your business is a regular corporation, it will be subject to corporate income taxes. Different report forms are required for different types of organizations.

All federal tax forms may be obtained from:

Internal Revenue Service
320 Federal Place
Greensboro, NC 27401
Web site: www.irs.gov

IRS Numbers

Forms & Publications	800/829-3676
Business Tax Questions	800/829-4933
Individual Tax Questions	800/829-1040
Tele-Tax	800/829-4477

Call and ask for a “Getting Started” package for the particular type of business organization you are starting. You will receive a form SS-4 which you should file to obtain a *federal identification number*, commonly called employee identification number.

State tax forms and requirements may be obtained by calling:

NC Department of Revenue 877/252-3052
(all tax departments and forms)
Website: www.dor.state.nc.us/business

You can obtain your state identification number by calling 877/252-3052. A state identification number is required only if employees are to be hired. Otherwise, send quarterly payment with tax form, NC-40. Note that filing estimated federal and state income taxes during the taxable year may prevent penalties from being assessed.

Payroll taxes

Employee Taxes

There are several types of payroll taxes. As an employer, you must withhold taxes on behalf of your employees. These taxes are collected by you and are employee contributions. They include the following:

- Federal income tax
- State income tax
- Social Security (FICA) tax (employee portion)

Employees must complete forms US W-4 and NC W-4 before you can determine the amount to withhold for federal and state income taxes from their salaries (Form 8109). Social Security is determined by a legislated percentage which may be obtained through the Internal Revenue Service publications.

Employer Taxes

The second type of payroll taxes involve *your* expense as an employer. These are taxes that you, the employer, pay and include the following:

- Social Security (FICA) tax (employer portion)
- Federal Unemployment Tax (FUTA)—form 508
- State Unemployment Tax (SUTA)—Unemployment Acct# (form NCU1-101/625)

The IRS “Getting Started” package will include information on submitting your portion of FICA and federal unemployment tax.

Each new business should contact the Employment Security Commission at the address for information on unemployment taxes:

Employment Security Commission

700 Wade Avenue
Raleigh, NC 27605
919/733-7395
Web site: www.ncesc.com

Filing

Employee portions of the federal/state income taxes and the Social Security tax, must be remitted along with the employer portion to the federal and state taxing authorities, following the schedules provided by the agencies. You must also complete quarterly returns for submitting payroll information to the federal and state agencies. An explanation of these reports should be included in information you receive from the IRS, the NC Department of Revenue, and the Employment Security Commission.

Sales & use tax, retail/wholesale sales

All retail operators must collect sales tax. To find out what to remit and how to avoid tax on wholesale purchases, contact:

North Carolina Department of Revenue
501 North Wilmington Street
PO Box 25000
Raleigh, NC 27640-0640
877/252-3052
Web site: www.dor.state.nc.us

Wholesalers: If your business is that of distribution and you do not sell to the end-user or consumer, you may use your retail sales tax number or merchant’s certificate of registration.

Other state taxes

NC Department of Revenue
501 North Wilmington Street
PO Box 25000
Raleigh, NC 27640-0640
877/252-3052
Web site: www.dor.state.nc.us

Amusement Tax	919/733-3641 877/308-9103
Excise Tax:	919/733-3651
Franchise Tax	877/252-3052
Corps. Initial Franchise Tax Return	—Form CE-302
Fuel Tax	877/308-9092
Installment Paper Dealer Tax	919/733-7548



Intangibles Tax 919/733-4147
 Taxpayer Assistance 877/252-3052

Registration application sales and use tax income tax withholding (Form AS/RP1)

Local Taxes: List Tangible Property Tax (as of 1 January 1996) Tax Listing Form

INCORPORATING A BUSINESS

North Carolina Secretary of State
 Corporation Division
 2 South Salisbury Street
 Raleigh, NC 27601
 919/807-2225
 888/246-7636
 Web site: www.sosnc.com

Call and request either "NC Business Corporation Guidelines" (which will explain how to incorporate your business in North Carolina) or "NC Non-Profit Corporation Guidelines."

ASSUMED NAME ACT

If you decide that your company will be a sole proprietorship or partnership, and you wish to use a name other than your own name, you *must* perform a name search at the County Register of Deeds to see if the name of your company is already being used.

INSURANCE

There are four types of insurance that are generally considered essential for small businesses:

Hazard (includes fire, wind, water, theft)

Fire insurance will compensate you for the loss of and damage to your business property by fire.

Liability insurance will help protect you against suits for physical damages to someone on your property and for liabilities arising for the use of the products or services your company sells.

Other protections: directors, crime (robbery, burglary, employee vandalism, business interruption, key person).

Auto insurance, either private or business, is required by law for any vehicle used for business purposes. Before buying any insurance, consider the risks that should be covered, compare costs from the different companies, and get professional advice from an insurance agent.

Workers' Compensation

Workers' Compensation is a form of insurance for employees. Due to your potential legal liability for job-related accidents, Workers' Comp is strongly recommended for all businesses. If you are a sole proprietorship, partnership, LLC, estate, or trust, you are required by law to carry coverage once you have three employees (in addition to the business operators/controllers). If you are incorporated, you must carry coverage once you have three people (including corporate officers) in the corporation. There are exceptions to these rules: for instance, if you run an agricultural operation, you must carry Workers' Comp coverage when you employ ten or more regular, non-seasonal employees. For specific information, contact your insurance agent, attorney, or:

NC Industrial Commission
 Workers' Compensation
 430 North Salisbury Street
 Raleigh, NC 27611
 800/688-8349 or www.comp.state.nc.us

PROTECTING INTELLECTUAL PROPERTY

When you begin your business, your ideas and know-how may be some of your most valuable assets. Patents, trademarks, copyrights, and trade secrets, together, are called intellectual property. The wise business owner will review his own company's activities in each of these areas, list possible assets that should be protected, and evaluate their commercial importance to the company. With small business assistance providers, the business owner can develop a realistic plan and budget for the company's intellectual property issues.

Resources

US Patent & Trademark Office	800/786-9199
<i>Web site</i>	www.uspto.gov
Copyright Office	202/707-3000
Federal Trademark Assistance (NC)	703/308-9000 or 800/786-9199
NC Dept. of Commerce (business names)	919/733-4151
NC Secretary of State, Trademarks	919/807-2162
Forms:	www.sosnc.com

SELECT THE TYPE OF BUSINESS STRUCTURE

There are several forms of business structures for you to consider. Selecting the business entity which is right for you will involve tax, business and estate planning, and financial considerations. In this section, we discuss the various structures and identify the advantages and disadvantages of each. The legal structure you choose will determine the organization, debt liability, and tax requirements as well as other aspects of business questions.

SOLE PROPRIETORSHIP

Sole proprietorship means that one person independently owns and operates an unincorporated business for profit. The business is considered an extension of the owner rather than as a separate legal entity. For tax purposes, the profits/losses of the business are combined with other owner income sources.

ADVANTAGES OF SOLE PROPRIETORSHIPS:

- Simplest form of ownership to establish and operate
- One owner (with or without employees)
- Owner has complete control over management decisions and policies
- Use of all profits are at the discretion of the owner
- Limited paperwork to state and federal agencies
- All losses are incurred by the owner (owner's income directly linked to success/failure of business)

DISADVANTAGES OF SOLE PROPRIETORSHIPS:

- All management decisions—staffing, policies, problems—must be handled by owner
- Owner personally liable for all debts, taxes, and claims incurred by the business
- May be difficult to raise capital (i.e., will depend on owner's credit history)
- Continuity of business disrupted by owner death, disability, or departure
- Combined with other income sources, profits taxed at owner's individual tax rate

PARTNERSHIP

A partnership is a legally recognized entity between two or more people who agree to contribute money, labor, property, or skills and share in the

business profits, losses, and management decisions. There are two types of partnerships—general and limited.

In a **general partnership**, each partner is held personally liable for all debts, taxes, and other claims against the partnership.

A **limited partnership** has both general partners and limited partners. It restricts the amount of personal liability to a limited partner. It allows investors to contribute but will expose them to a limited amount of liability AND management control. A limited partner is only personally liable up to the amount of investment made.

ADVANTAGES OF PARTNERSHIPS:

- Simplest form of business for two or more owners
- Business can be established with minimal formal documentation (However, it is recommended that partnerships have a formal written agreement with provisions for death, disability, liability, compensation, benefits, and dissolution)
- Profits and losses belong to the partners
- Partners have freedom to operate the business on behalf of the partnership (i.e., they can hire/fire employees, borrow money, or enter into contracts)
- No income tax on partnership entity (it's passed on to individual partners)
- Buy/sell agreements
- Availability of resources/skills from all partners
- Limited liability partners enjoy lower risks

DISADVANTAGES OF PARTNERSHIPS:

- General partners liable for all debts and actions of the partnership (joint and several liability)
- Limitations apply to raising investor capital (e.g., all investors would be partners)
- Responsibilities and actions of partners, if not specifically written out, can overlap or contradict one another
- Partnership income added to other sources of income and taxed at owner's personal tax rate
- Complications with taxes arise if fiscal year varies from calendar year
- Partnership entity lacks perpetual existence in the event of death, disability, or withdrawal of a partner (provisions must be made in advance)

CORPORATIONS

There are three types of corporations: subchapters S, C corporations, and limited liability companies. The major differences are centered around taxation, initial profitability, shareholder compensation, and deductibility of fringe benefit payments. After completion of the incorporation process, a corporation is *automatically* classified as a C corporation by the IRS. Board of Director approval is required, and a form must be submitted to the IRS to change the status to subchapter S corporation. This action must occur within the first 75 days of incorporating the business. Use IRS form #2553.

A corporation is a legal entity that exists under the authority of state law and separate from the people who own, manage, and control its operations. Corporations acquire assets, incur debt, pay taxes, enter into contracts, sue/are sued, have perpetual existence, and issue shares of stock as evidence of ownership.

To incorporate, articles of incorporation are filed with the Secretary of State's office. These articles define the structure of the business (including its business purpose, amount of capital stock authorized, number of shares, and organization of a board of directors). The responsibility of the board of directors is to create by-laws and oversee major corporate policies and practices.

ADVANTAGES OF CORPORATIONS:

- Can provide business owner(s) with limited liability
- Separate legal entity (with rights and responsibilities of a legal "person")
- Limited liability for owners/shareholders
- Easy transferability of ownership (i.e., shareholders may trade or sell stock)
- Continuity of existence beyond original founders or shareholders
- Absence of "mutual agency" (i.e., stockholders, acting as owners, may not enter the corporation into contracts or agreements)
- Ability to raise large amounts of capital by issuing stock to investors

DISADVANTAGES OF CORPORATIONS:

- Cost related to setting up the corporation and filing the required forms with the Secretary of State's office.

- Formalities required by law (e.g., maintaining corporate minutes, having a board of directors, recording shareholder rights, maintaining corporate records and filings)
- Considerable organizational costs
- May take considerable time to set-up and organize a corporation
- Greater amount of regulation and supervision by governmental agencies
- Corporations are subject to real estate, personal property, and franchise taxes
- C corporations are subject to double taxation (corporation and shareholder earnings taxed)

Subchapter S corporation requirements

- It must be a domestic corporation
- It must not have more than 100 shareholders (if stock is purchased jointly, a husband and wife are considered one shareholder)
- Citizens or resident aliens must own all stock
- It must have individuals, estates, and certain trusts as shareholders
- It must have only one class of stock
- It must have an election with all shareholders present or represented

ADVANTAGES OF SUBCHAPTER S CORPORATIONS:

- Limited liability
- Avoids double taxation
- Maintain status of corporation with assets and unlimited life separate from its owners
- Owners can participate in management
- No restrictions on the right to transfer ownership
- Tax benefits of a sole proprietorship or partnership (i.e., members are taxed on profits at individual tax rates)

DISADVANTAGES OF SUBCHAPTER S CORPORATIONS:

- 100 or fewer stockholders; only one class of stock
- Stockholders limited to individuals, estates, or trustees
- Must be a domestic organization and not a member of an affiliated group
- Stockholders limited to citizens or resident aliens of the United States

LIMITED LIABILITY COMPANY (LLC)

A limited liability company has a combination of partnership and S corporation characteristics. An LLC has the corporate characteristic of limited liability and the tax advantages and flexibility of partnerships. Under the law, an LLC is considered a separate legal entity and is formed by filing Articles of Organization with the North Carolina Secretary of State. An accountant and a lawyer versed in the legalities and organizational structure are recommended when forming an LLC.

LLC ADVANTAGES:

- LLC is considered a separate legal entity
- Unlimited number of shareholders unlike the S-corporation limit of 100
- Tax benefits of a partnership (e.g., members are taxed for profits at individual tax rates)
- Members have management control of business without risking liability
- Members can be individuals, partnerships, trusts, corporations, or other LLCs
- Membership can be transferred (this is regulated by the Articles of Organization)
- Various capital-raising options
- Free of regulations imposed on S corporations

LLC DISADVANTAGES:

- Yearly filing costs
- Requires time to file appropriate paperwork
- Legal and accounting assistance recommended

For more information about incorporating, a booklet is available by contacting: NC Secretary of State, Corporate Division, 2 South Salisbury St., Raleigh, NC 27601-2903, or PO Box 29622 Raleigh, NC 27626, or 919/807-2225.

EMPLOYER RESPONSIBILITIES

No matter what form of business you decide to enter, if you plan to have employees you will face certain employee responsibilities, including payroll taxes, unemployment taxes, employee insurance and benefits, and providing a safe work place.

PAYROLL TAXES AND EMPLOYMENT TAXES

The Internal Revenue Service provides excellent publications by request or from their Web site

(www.irs.gov/formspubs/index.html). These publications specifically address critical tax and payroll issues that new business owners must understand and comply with.

INSURANCE BENEFITS PLAN

Most employees today expect some kind of benefit package. There are always costs associated with these plans. We recommend you seek professional advice to help you evaluate the options available to you.

REGULATIONS

Limited space in this booklet prevents us from identifying and describing all the workplace and environmental regulations that could potentially affect your business. A few common agencies you may encounter are:

OSHA: The Occupation Safety and Health Administration. This agency sets guidelines for worker safety. Failure to comply with OSHA regulations can result in severe financial penalties. Compliance with these regulations are *not* optional.

AMERICANS WITH DISABILITIES ACT: As an employer, you cannot discriminate against the disabled. This applies to your work force as well as your facilities if you are open to the public. You are encouraged to get copies of the regulations and determine which sections apply to your business.

HARASSMENT: The government and the courts are taking a strong position in trying to discourage harassment in the workplace. Harassment, including sexual harassment, can take many forms. An employee policy which specifically addresses these issues and provides for enforcement can help you avoid problems in this area.

CONSUMER PROTECTION: Federal and state governments have passed laws to protect the consumer. These regulations affect everything from consumer credit to warranties. The NC Attorney General's Office can provide information and assistance regarding these regulations.

ENVIRONMENTAL LAWS: In the past 30 years, several environmental acts have been passed which impact virtually every business and real estate transaction. The NC Department of Environment and Natural Resources has established an ombudsman office to assist small business with environmental issues. Their telephone number is provided in the "Resource and Information List" on page 39.



	SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION (S OR C)	LIMITED LIABILITY COMPANY
PREFERRED BUSINESS STRUCTURE	Sole-owner business where taxes or product liability are not a concern	Business with one or more people where taxes or product liability are not a concern	Sole or multiple-owner business where owner(s) need(s) company-funded fringe benefits and liability protection	Sole or multiple-owner business where owner(s) need(s) limited liability but want to be taxed as a partnership
NUMBER OF OWNERS	One	Two or more to be classified as a partnership	1-100 for S more than 1 for C	One or more (initially, and can be classified as a partnership)
TYPE OF OWNERS	Individual	Any	Limited to U.S. residents and citizens and to certain trusts/estate (S); any (for C)	Any
ATTRIBUTES OF ENTITY	Inseparable from owner	Inseparable from owner but can have debt or property in its name	Separate legal entity	Separate legal entity
MAJOR ADVANTAGES	Inexpensive to form Few administrative duties	Inexpensive to form Few administrative duties	Limited liability Capital is easy to raise through sale of stock Company-paid fringe benefits (C only) Tax savings through income splitting (C only)	Limited liability as a corporation Capital is easy to raise through sale of interests Pass-through taxation like a partnership Unlimited number of owners
MAJOR DISADVANTAGES	No tax benefits Unlimited liability Business dissolves upon death of owner	No tax benefits Unlimited liability, also liable for partners' acts Legally dissolves upon change or death of partner	Can be costly to form More administrative duties S corp must have fewer than 100 shareholders	Can be costly to form More administrative duties
LIABILITY AND REPORTING	Owner is responsible File Schedule C with form 1040	Partners are responsible File form 1065	C corp pays taxes and files form 1120 S corp passes taxes through to owners and files 1120S	Usually taxed as a partnership, but can be taxed as a corp. in some states (usually form 1065)
DEDUCTIBILITY OF LOSSES	Losses may be used by owner subject to passive loss rules	Partnership losses passed through to partners (subject to at-risk rules and passive loss rules)	Do not pass through to shareholders (C corp) Passed through to shareholders (subject to at-risk rules) for S corp	Same as partnership
CHOICE OF FISCAL YEAR	Calendar year (tax year ends on Dec. 31)	Must be same as principal partners unless IRS consents	No restrictions (C corp) Must use calendar year (tax year ends on Dec. 31) or show as a business purpose (S corp)	Same as partnership
COST OF FORMATION	Nominal	None for general partnership \$50 filing fee for limited partnership	\$125 filing fee \$20 annual report fee (minimum)	\$125 filing fee \$200 annual report fee (minimum)
	SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION (S OR C)	LIMITED LIABILITY COMPANY



Develop Your Business Plan

An effective business plan serves at least four useful purposes:

- 1) It helps you **focus** your ideas;
- 2) It creates a **track** for you to follow in the early stages of business growth;
- 3) It creates **benchmarks** against which you can measure progress; and
- 4) It provides a document for attracting equity or debt **financing**.

The business plan brings together the goals, plans, strategies, and resources of a business. By developing a comprehensive plan prior to commencement of operations, it can minimize risk and may save you from significant financial and professional losses resulting from an unprofitable business.

There are many different suggestions for organizing and presenting a business plan. Organize and prepare your plan so that it meets your style and needs as well as the needs of those who will read it.

Following are the elements that are important in a comprehensive and detailed plan. Let this serve as a step-by-step guide to help you gather and evaluate your thoughts and develop your plan.

BUSINESS PLAN OUTLINE

I. COVER PAGE

Name, address, and phone number of business

Give your plan a professional appearance by printing it on high-quality paper and placing it in a vinyl or cardstock binder.

CHECKLIST FOR STARTING A BUSINESS

- Assess yourself as a potential business owner
- Determine concept feasibility
- Examine critical issues & make important decisions
- Investigate legal considerations & requirements
- Develop your business plan
- Arrange your financing

- A. Name of company
- B. Company address
- C. Company phone numbers
- D. Logo (if you have one)
- E. Names, titles, and addresses of owners
- F. Month and year in which the plan was completed
- G. Indicate that the plan is "Confidential"

II. TABLE OF CONTENTS

III. EXECUTIVE SUMMARY

A brief, one-page summary representing the various sections of your business plan. Address the following questions and add additional information that will help you achieve your goals.

NOTE: The executive summary is written last, but is the most important part of your plan.

IV. BACKGROUND INFORMATION

- A. Business concept
 1. mission statement
 2. goals and objectives of business
 3. description of business

B. Answer as many of the following questions as are appropriate:

1. What business are you in?
 - (a) merchandising
 - (b) manufacturing
 - (c) wholesale
 - (d) service
2. What is the nature of your product(s) or service(s)
3. What will be special about your business?

C. What market do you intend to serve?

1. What is the total market
2. What is your expected share?

D. How can you serve the market better than your competition?

E. Present status of the business: start-up, expansion of growing concern, or take over of an existing business?

F. If you will be doing any contract work, what are the terms? Reference any firm contracts and include them as supporting documents.

G. Do you have letters of intent from prospective suppliers?

Add for Existing Business:

- H. What is the history of the business?
- I. Why does the owner wish to sell at this time?
- J. If the business is declining, why? How can you turn it around?
- K. How will your management make the business more profitable?
- L. What changes do you plan to make in the business?
- M. What is the purchase price formula? Give breakdown for building, improvements, equipment, inventory, and good will.

NOTE: *If your business will be a seasonal business, make sure the seasonality is reflected in your narrative and financial projections with appropriate footnotes.*

V. DESCRIPTION OF PRODUCTS OR SERVICES

- A. Features of proposed products/services
- B. Describe benefits to your customer
- C. Intellectual property and proprietary rights issues
- D. Production plans
- E. Future products/services

VI. THE MARKET PLAN

(note: see Conducting an Industry Analysis <http://www.sbtdc.org/pdf/industry-analysis.pdf>)

- A. Description of industry
 - 1. background of industry
 - 2. current and future industry trends
 - 3. business fit in industry
- B. Your market
 - 1. customer profile and target market
 - 2. description of your trade area
 - 3. size of your market
 - 4. market potential
 - 5. market trends
- C. Competition
 - 1. direct competition - businesses with the same product or service and same target market. *(include three to five businesses and locations)*
 - 2. indirect competition - a product that is in a different category altogether but which is seen as an alternative purchase choice; for example, coffee and mineral water are indirect competitors.
 - 3. evaluation of competition - strengths, weak-

- nesses, size, age, status
- 4. your competitive advantage
 - (a) Briefly describe your competition and tell how their operations are similar AND dissimilar to yours.
 - (b) What is your unique selling proposition, and how will you use it to control your market share?

- D. Market strategies
 - 1. market positioning
 - 2. marketing tactics
 - 3. packaging
 - 4. pricing
 - 5. promotion
 - 6. distribution
 - 7. advertising
 - 8. public relations
 - 9. customer service

VII. MANAGEMENT STRUCTURE AND ORGANIZATION

- A. Legal form of ownership
- B. Management and personnel
 - 1. How does your background and business experience help you in this business?
 - 2. Describe your management team
 - 3. Identify their strengths and weaknesses?
 - 4. What will be their duties and responsibilities?
 - 5. Do you have job descriptions that clearly define their duties?
 - 6. Are there additional resources available to your business?
 - 7. Will you have to train people and at what cost?
- C. Describe your organizational structure, and include a brief description of who does what (include an organizational chart, if necessary)
- D. Are there additional resources or advisors?

VIII. BUSINESS OPERATIONS

- A. Business location
 - 1. What is your business address and why did you choose that location?
 - 2. Will the building be leased or owned?
 - 3. What are the terms and length of the lease contract?
 - 4. What renovations will be needed and at what cost?
 - 5. Describe the neighborhood (e.g., stable,

changing, improving, deteriorating)

6. What other kinds of businesses are in the area?

B. Licenses and permits

1. Is your business name registered with the Secretary of State and/or local county Registrar of Deeds?
2. How will you be affected by local zoning regulations?
3. What other licenses or permits will you be required to obtain?

IX. FINANCIAL PLAN

A. Start-up investment requirements

1. Start-up costs
2. Business needs/capital equipment list
3. Source and application of funds statement

B. Cash flow projections

1. Monthly estimate of revenue and expenses
2. Assumptions - the basis upon which the revenue and expense numbers are determined. For example: Revenue of \$5,500 per month calculated using the following assumptions - 4 sales calls per day x 22 days per month x 25% sell-through rate x average sales of \$250.
3. Projected income statement
 - (a) detail by month for the first year
 - (b) detail by quarter for the second year
 - (c) notes of explanation and assumptions
4. Projected balance sheet (with notes of explanation and assumptions)
5. Break-even analysis (at what level of operation do your expenses equal your sales?)
6. Summary of financial plans and needs

C. For an existing business (include one or more of the following)

1. income statements
2. balance sheets
3. tax returns for past three years

X. CONCLUSION

- A. Statement of feasibility
- B. Action plan
- C. Supporting documents

TIPS FOR WRITING A GOOD BUSINESS PLAN

- Keep it simple and focused
- Make it easy to read
- Use understandable language, a layout that is pleasing to the eye, and charts or graphs to explain difficult concepts.
- Be objective
- Review the plan with the critical eye of an outsider who doesn't know your business and isn't committed to the business.
- Be honest
- Acknowledge your weaknesses as well as your strengths.
- Review and revise the document regularly
- Consider your business plan a "living" document. Schedule periodic revisions to keep it current.
- Get your staff to participate in the development of the plan

Not only will they have good ideas for improving it, they will work harder to support something that they helped to develop.

MISTAKES TO AVOID WHEN CREATING A BUSINESS PLAN

- Submitting a "rough draft" of the business plan coffee stains and crossed out words indicate to the reader the owner is not serious about the business—there are a number of businesses or printers that can help the small business owner with professional quality presentations.
- Out-dated historical financial information or industry comparisons will indicate a lack of current research and investigation on the owner's part
- Unsubstantiated assumptions can undermine a business plan. The owner must anticipate doubts or questions about every point of the plan
- Failure to consider potential problems will lead the reader to view the plan as unrealistic
- A lack of understanding of financial information is a drawback. If an outside source is used to prepare financial statements, the owner must fully comprehend the information

Arrange Your Business Financing

One key to the successful startup and expansion of your business is your ability to adequately capitalize your company. Raising capital is an ongoing activity throughout the life of a business. Many entrepreneurs quickly discover finding financing is not always easy and often results in a frustrating experience. With proper information, preparation, and planning—and realistic expectations—you should be successful in accomplishing your financing needs.

GETTING THE FUNDING YOU NEED

Where do you go to find financing for the operation and expansion of your small business?

The answer depends on several things:

- How much money do you need?
- What personal financial resources are you willing to invest in the business?
- How long have you been in business, and what is your track record?
- How much are you willing to give up, either in cost of credit or ownership of the company, to get the money you need?

START CLOSE TO HOME

Most small business owners suggest that you search “close to home” for funds during the early stages of your company. The vast

CHECKLIST FOR STARTING A BUSINESS

- Assess yourself as a potential business owner
- Determine concept feasibility
- Examine critical issues & make important decisions
- Investigate legal considerations & requirements
- Develop your business plan
- Arrange your financing

majority of *Inc. 500* companies used personal savings, loans from friends and relatives, or obtained *consumer* loans from banks or mortgage companies to fund the start-up of their companies. Only 19 percent relied on commercial bank loans and only 2 percent received money from venture capital firms.

Once you establish a profitable track record, you will find that it's easier to get financing, and then you will have a greater variety of funding sources to choose from.

EQUITY VS. DEBT FUNDING

There are two basic types of funding for a small business—equity and debt. You need to decide which type best suits your needs.

Equity Funding requires that you sell a partial interest or ownership in your company. In return for their money, equity investors ask for a share of your

profit.

Sources for equity funding include private investors, venture capital firms, and friends and relatives.

Debt Funding is simply borrowing the money that you need to finance operations and growth. Like automobile loans or mortgages, you enter into a legal obligation to repay the amount of money borrowed. Debt funding, or credit, is available from banks, non-bank institutions (such as asset-based lenders and brokerages), and friends and relatives.

EQUITY FUNDING

Equity financing allows investors to buy shares of ownership in your business. Equity partners will require an exit strategy.

ADVANTAGES OF EQUITY FUNDING:

- Provides capital on a permanent basis with no requirement of repayment of principle or interest
- Increases the company's net worth, hence improving the financial stability of the company and its ability for other debt financing
- Can result in outside expertise being available for management or Board of Directors responsibilities

DISADVANTAGES OF EQUITY FUNDING:

- Carries a higher cost of capital; therefore, more expensive
- Dilutes ownership control of the business
- Profits must be shared
- Equity capital is permanent financing and is often difficult to obtain
- Potential for conflict between company founder and investors
- Controlling interest often becomes a critical issue with the founder
- Can require more detailed and timely reports

The types of equity partners to be considered are:

Informal investors

Include family, friends, colleagues, suppliers, or private investors often called "angels." Private investors are difficult to find and will require detailed business plans. Investors may be identified by contacting accountants, bankers, stockholders, venture capitalists, or investment clubs.

Private or limited stock offering

Limited offering provides an opportunity for your company to raise significant amounts of equity from outside investors without the high cost and regulatory burden of a public offering. A limited stock offering is still subject to some state and federal regulations. You must make sure your offering complies with all provisions that exempt it from the public offering registration process.

Venture Capital Firms

Venture capital firms are the most risk-oriented investors. Most venture capital firms have specific investment preferences in terms of:

- business style
- minimum size investment
- rapid growth/high return

The most important factors a venture capital firm considers are:

- management team
- ability to recover investment with substantial return in 5-7 years

Venture Capital is typically available to less than one half of one percent of all new businesses.

Initial Public Offering (IPO)

Most small business start-up will not consider a public offering due to the expense and registration requirements. But it can be an option for the profitable, well-managed, growing small business. You should seek professional advice if you are considering offering your stock to the public.

DEBT FUNDING

Most small businesses prefer debt funding for financing. The cost is usually far less, since the owner does not give up ownership or control in how the business is managed. In addition, the cost of credit is generally far less than the return that an equity investor will require.

On the other hand, debt funding will be difficult to get if the owner, or another key officer, has had previous credit problems, or if the business is a high-risk venture. Debt funding usually requires that the small business owner provide collateral that can be used as a guarantee for repayment of the loan. In addition, if the business fails, the borrower is still legally obligated to repay the loan.

TYPES OF DEBT FUNDING

There are three categories of debt funding that you should be familiar with:

- Personal loans
- Operations-related financing
- Business loans

PERSONAL LOANS

Funds from these sources are often the easiest for a new small business owner to obtain.

Personal Bank Loans

A personal bank loan is one that you obtain from a bank and pay back in monthly installments. A personal bank loan can either be *secured* (collateral is required as a guarantee that you will repay the loan) or *unsecured* (no collateral is required).

Loans From Life Insurance

You may be able to borrow against the cash surrender value of your life insurance policy. In many cases, an insurance company will let customers borrow up to 95 percent of the paid-in value of a whole-life policy.

Credit Cards

Although it is a more costly form of credit, your credit card can provide ready access to cash. You should only use this source if you have a credit limit high enough to cover your needs, and if you can pay off the card quickly.

Second Mortgages (Home Equity Credit)

If you have enough equity in your home, you may qualify for a home equity loan or a line of credit. Including the first mortgage, you can generally borrow up to 80 percent for the appraised value of your home. This type of borrowing may offer tax advantages; however, if you fail to repay the loan, you are in danger of losing your home.

Friends and Relatives

Friends and relatives may offer financial support. If you use this option, make sure to treat the transaction in a professional manner. Pay a fair rate of interest, sign a legal promissory note, and repay the money as agreed.

OPERATIONS-RELATED FINANCING

This category of financing is dependent upon the day-to-day operations of your business. Some of these options are available to start-up businesses.

Supplier Credit

The suppliers with whom you do business can be a source of funds if they extend favorable credit terms to you, such as “net 30.” The availability of this form of credit will vary, depending on the industries you and your vendor are in.

Customer Credit

By getting your customers to make a deposit or pay in advance for products or services, you can create a form of credit. You may want to offer a discount as an incentive for your customers to prepay.

Leasing

Leasing is a rental arrangement that gives you the use of an asset—such as a car or a piece of machinery—that someone else owns. Although the total cost of leasing will be more than purchasing the item outright, this is a way to reduce the amount of up-front money you’ll need to get your business off the ground.

Accounts-Receivable Financing

If you have *receivables*—accounts that have been invoiced but not yet paid—you may be able to use these as collateral for a small business loan. Lenders that offer accounts-receivable financing will generally offer between 50 and 80 percent of the total invoice amounts outstanding, depending on the type of receivables and the ease of collection.

Factoring

Instead of borrowing against your receivables, factoring allows you to sell them to a financing source, called a *factor*. You will be paid a percentage of the total value of these accounts, depending on the type of receivables and the ease of collection. Once you’ve sold the receivables, the factor will collect the accounts and absorb any losses.

Asset-Based Financing

You may be able to borrow money on the assets your business owns, including the inventory and other fixed assets such as plant and equipment. Asset-based financing can be structured as a one-time extension of credit or as a revolving line of credit requiring a periodic review of the assets pledged as collateral.

BUSINESS LOANS

This category of credit is the most traditional and widely used among businesses. Listed below are the most common forms of business loans used by small businesses:

Term Loans

These are simply installment loans that are paid back at regular intervals over a specified length of time. These loans are granted for a specific purpose, such as for working capital or an upgrade in equip-

ment. The term of the loan will depend on the use of the funds, but it can range from short term (less than one year) to long term (more than five years).

Demand Notes

A demand note is a single-payment loan that is intended for very specific short-term needs. Although the contract will usually call for payment in full within 90 to 180 days, the lender can call for (or *demand*) repayment of the note at any time. You may be asked to make periodic interest payments during the life of the note.

Lines of Credit

A line of credit, like a credit card, establishes a credit limit and specific terms for repaying money that is borrowed. Lines of credit are easy to access and offer flexibility in managing the cash flow needs of a small business. Many small business owners establish a line of credit as a precaution, before they have a real need for the money. Lines of credit are usually linked to short-term assets such as accounts receivable, inventory, materials, etc.

Government-Assisted Loans

There are several loan programs in which the government either directly lends to small business owners or provides a guarantee of repayment for other small business lenders. Government-assisted small business loans are offered by federal agencies such as the Small Business Administration (SBA), the Economic Development Administration (EDA), and the Rural Economic and Community Development (previously known as the Farmers Home Administration or FHA), as well as by state and local agencies.

Government-assisted loans, like bank loans, usually require that the small business owner have their own money invested in the business in order to share the risk with the lender.

HOW TO CHOOSE A BANKER

Choosing a bank, or more precisely a banker, is one of the most important decisions that a new or young business can make. A good banking relationship can make the difference between life and death

of a business during difficult times.

Because the choice of a banker is such an important decision, the new business should shop around before making a choice. The key watchword when choosing a bank should be **service**. Specifically, some important criteria in choosing a banker should include:

1) Size of the bank:

A bank that is too small may be appropriate while your company is small, however, they may not be able to service your needs for larger loans as your company grows. A bank that is too large may be indifferent to your needs while your company is small.

2) Familiarity and desire to work with small businesses:

Some institutions maintain policies that are favorable to working with small business. They tend to be more familiar with special problems of the young and growing companies.

3) How the bank will react to your problems:

Will they foreclose the first time a payment is late, or will they be willing to give you some extra time to meet your debt schedule?

4) Is the bank helpful:

Will they go out of their way for you, or are you just another account number?

5) Has the bank some special experience in your industry:

A bank familiar with your industry is more likely to be tolerant of your problems and familiar with the workings of your company.

6) Is there good personal chemistry:

Do you feel comfortable with your banker? Do you feel they are responsive to your needs and really care about your business operation? *This is probably one of the most important considerations.*

On virtually every loan, a bank will make reservations or restrictions. Examples of loan restrictions include the following:

- Restrictions on the level of borrowing
- Minimum working capital levels
- Pledging other assets as loan collateral
- Keeping adequate insurance on people and property
- Maintaining your equipment
- Submission of financial statements and tax returns to the lender

Failure to comply with any covenant or restriction can put a loan in default and give the lender the right to call on you to pay the balance of the loan. Loan restrictions are often as important as the interest rate. Therefore, you should compare loan restrictions when you have the chance to choose between two different banks. For example, a restriction on the amount that can be borrowed in the future could severely limit the growth of a firm and cause a crunch on cash flow. Before borrowing, the business person must decide which restrictions are acceptable.

WHAT A LENDER LOOKS FOR

A lender wants to be assured that your company can and will repay the loan as agreed, and that the loan will not saddle you with too much debt, which could cause financial problems for you.

To get this assurance, the lender will evaluate your business plan to learn about you, your associates, your objectives, and your plans for the company. The lender will be looking for the “Five Cs” of credit:

1) Capital

- How much of your own money do you have invested in the business?
- How much money do you have in reserve, in case of unexpected needs?

2) Collateral

- What is the fair market value of the security that you are offering to guarantee repayment of the loan?
- Does it meet the classic criteria for good collateral?
 - (a) ease of transfer of title

- (b) low cost/no cost to maintain/service
- (c) increasing in value
- (d) a ready and liquid market

3) Capacity to Repay

- How much profit will your company generate?
- Will your cash flow provide you with enough money on a regular basis to cover the repayment of the loan?
- Are your projections for sales and profits realistic when compared to other firms in the same industry?

4) Conditions

- What are the economic, demographic, and regulatory trends which impact your business?
- What terms can be negotiated to allow the bank to evaluate the risk/reward considerations?

5) Character

- What is your track record—personal and professional—in managing finances and paying credit obligations?
- Who are the key managers in your business; do they have the experience and the ability to run this business successfully?

HOW WILL LENDERS EVALUATE YOUR PROPOSAL?

Lenders have rules and policies to follow in the determining the risk and feasibility of your plan and evaluating your loan proposal. In addition to business and financial projections a lender will look for **six important factors**:

1) Equity

The lender expects the borrower(s) to have already invested from 10 to 30 percent of the loan amount. If your business has existed for less than three years, plan for 30 percent.

2) Debt-to-worth ratio

This is usually most critical on the first day after loan approval and at the end of the first year of operation. This ratio is calculated from the balance sheet at dates which the lender will predetermine.

3) Collateral

Lenders require sufficient collateral to protect

the loan. The items pledged to secure the loan are assets which reflect the following liquidity:

Certificate of deposit	100%
Real estate	75-80%
Stock (publicly traded)	75%
Vehicles	75-85%
Equipment	50-75%
Accounts receivable	50-75%
Inventory	0-50%

4) Ability to carry debt service

The cash flow projections normally reflect this.

5) A secondary source of repayment

Important especially in start up venture (e.g., spouse has a full time position)

6) Personal guarantees

All parties to the loan request must be willing to pledge guarantees. Personal guarantees state that the borrowers truly believe in their venture.

TIPS FOR GETTING AND USING SMALL BUSINESS CREDIT

■ **Be straightforward and honest in dealing with lenders.** Stress your strengths, but admit your weaknesses. If you've had credit trouble in the past, be open about discussing what went wrong and how you corrected the problems.

■ **Be prepared with a business plan.** A business plan is your best representative for communicating your plans and expertise to a loan officer.

■ **Understand what you are getting into.** Make sure that you clearly understand the repayment terms and the cost of the credit you've chosen.

■ **Be patient.** Not everyone will get a loan the first time out. If you don't, make sure you understand why you did not qualify and what you need to do in order to be approved in the future.

■ **Understand the risk associated with borrowing.** You will be expected to provide security for your loan which means putting your personal assets at risk.

ACTION ITEMS

- Application
- Loan amount
- Statement of purpose for the loan proceeds (itemize usage of funds)
- List start-up expenditures (e.g., capital purchases, start-up expenses, licenses, deposits, fees)
- Equity injection from owner: What amount, source, and type?
- Include three years past balance sheets and profit and loss statements
- Current balance sheet of business
- Tax returns for past three years
- Cash flow, financial projections
- Month-to-month cash flow projections for twelve months with two years of quarterly projections
- Justification of line item assumptions (i.e., What is the basis for your sales figures?)
- Proforma balance sheet and projected profit and loss statements for three years
- Break even analysis
- Résumés of key people
- Business plan
- History and description of industry
- Your company: Why was it formed?
- Competition; or what makes you unique?
- Market study and market strategy
- List of current obligations (both business/personal)
- Number of jobs created or retained
- Collateral offered to secure loan
- Secondary source of repayment
- Personal credit report (Your lender will have access to this information. If you wish, you may request your credit report—see listings at end of this section).
- Business references
- Location of business

OBTAINING YOUR CREDIT REPORT

Starting September 1st, 2005, every citizen in the United States is entitled to a free copy of their credit report from each of the three major credit reporting companies (Equifax, Trans Union, and Experion) once per year. The Federal Government has set up a web site to facilitate accessing this information at www.annualcreditreport.com. Information about this service can also be obtained by contacting:

Annual Credit Report Request Service
 P.O. Box 105283
 Atlanta, GA 30348-5281
 800/322-8228

CONCLUSIONS

This section has been designed to help you understand the critical issues concerning financing your business. Begin to develop your financing proposal and determine the amount of financing your business will require. It is also important to start developing a good relationship with your banker as well as networking with personal friends and professionals that can be of assistance in accomplishing your financing requirements.

By seeking counseling advice in developing a well thought out business plan and a solid financing proposal, you should be successful in achieving your financial needs.

Be persistent in your efforts.

WORKSHEET: USES AND SOURCES OF FUNDS

	LOAN	EQUITY
leasehold Improvements		
Equipment		
Inventory (operating)		
Inventory (office)		
Deposits (utilities and rent)		
Business organization costs		
Furniture and fixtures		
Signage		
Grand opening expenses		
Working capital		
Loan required:	\$ _____	
Equity required:		\$ _____
Owner's contribution:	\$ _____	\$ _____
TOTAL NEEDED:	\$ _____	



Resource and Information List

INFORMATION SOURCES

STATE RESOURCES

NC Agricultural Finance Authority	919/733-0635	<i>Potential financing for farmers interested in diversifying operations</i>
NC Dept. of Commerce http://www.nccommerce.com/finance	919/733-4151	<i>Economic development agency</i>
-Business ServiCenter http://www.nccommerce.com/servicenter	800/228-8443	<i>Support and guide NC businesses in their efforts to succeed and grow</i>
-Commerce Finance Center	919/733-5297	<i>Administer commerce dept. financing programs</i>
-Public Affairs	919/733-7651	<i>Economic development agency</i>
NC Community College System http://www.ncccs.cc.nc.us/business_and_industry/	919/807-7217	<i>Information and management</i>
Small Business Centers Network	919/733-7051	
NC Dept. of Environmental, Health, and Natural Resources (DEHNR)	919/807-8217	
-NC Recycling Business Assistance Center http://www.p2pays.org/rbac	919/715-6500	<i>Recycling information</i>
-Office of Small Business Ombudsman	800/368-5888	<i>Air quality/regulatory information</i>
NC Dept. of Labor http://www.dol.state.nc.us	800/NC-LABOR	<i>OSHA, labor laws, training</i>
NC Employment Security Commission http://www.ncesc.com	919/733-7156	<i>Employment information</i>
NC Secretary of State	919/807-2225	<i>Public information</i>
-Corporation http://www.secretary.state.nc.us/corporations		<i>Corporation information</i>
-Trademark Registration http://www.secretary.state.nc.us/trademark	919/807-2162	<i>State Trademark Registration</i>
NC Small Business and Technology Development Center (SBTDC) http://www.sbtcd.org	800/258-0862	<i>in-depth business counseling</i>
NC State Data Center http://sdc.state.nc.us	919/733-7061	<i>Census and other data</i>
NCSU Industrial Extension Service/MEP http://www.ncsu_engineering-resources.com/about	919/515-2358	<i>Training for manufacturers</i>
NC Transportation http://www.Ncdot.org	919/733-2520	<i>Highway plans/zones</i>
State Library of North Carolina http://statelibrary.dcr.state.nc.us	919/807-7450	<i>Data and research</i>

FEDERAL RESOURCES

US Food and Drug Administration http://www.fda.gov	888/463-6332	<i>Information and registration for controlled substances</i>
Government Printing Office (Atlanta)	404/605-9160	<i>Federal publications source</i>
Internal Revenue Service (IRS) http://www.irs.gov		



IRS Questions	800/829-4933	<i>Business Tax Questions</i>
	800/829-1040	<i>Individual Tax Questions</i>
-Employer ID Number	901/546-3980	<i>ID numbers by phone</i>
-Forms & Publications	800/829-3676	<i>Request forms and publications</i>
<i>http://www.gpo.gov</i>		
Library of Congress-Nat. Reference Service	202/707-5000	<i>General info</i>
<i>http://www.loc.gov/rr/askalib/ask-business.html</i>		
Small Business Administration (SBA)	704/344-6563	<i>Federal agency for small business</i>
<i>http://www.sba.gov</i>		
SCORE	919/856-4739	<i>Service Corps of Retired Executives</i>
<i>http://www.score.org</i>		
Answer Desk	800/827-5722	<i>Nationwide information service</i>
US Patent & Trademark Office (PTO)	800/786-9199	<i>Intellectual Property Informa-</i>
<i>tion</i>		
- Copyright Office, Library of Congress	202/707-3000	<i>Information and forms</i>
- Trademark Assistance Center	703/308-9000	<i>Information and forms</i>
<i>http://www.copyright.gov</i>		

OTHER RESOURCES

(organizations providing services to small/new businesses—usually at no cost or minimal charge)

NC Institute for Minority Economic Development	919/831-2467
<i>http://www.ncimed.com/</i>	
NC Biotechnology Center	919/541-9366
<i>http://www.ncbiotech.org/</i>	
NC Lawyer Referral Service	919/828-1054
<i>http://www.ncbar.org/public/lrs/index.aspx</i>	
NC CPA Referral Service	919/469-1040
<i>http://www.ncacpa.org/</i>	
Technological Development Authority	919/733-7022
<i>http://www.nctda.org/</i>	

LICENSES, PERMITS and TAXES

LOCAL

City Privilege License	local directory	<i>Processes applications for city business privilege license for all new (for businesses within city limits)</i>
Privilege License Division	contact local town or county office	<i>(for those in county jurisdiction)</i>
Business Name Registration	local directory	<i>Application and information on sole proprietorship and partnership Business name registration</i>
County Register of Deeds		<i>Beer and wine license</i>
ABC Permits		
County Revenue Collector	local directory	
County Health Department	local directory	<i>Health inspections</i>

STATE

NC Department of Secretary of State		<i>General information on incorporation, application, and corp. name avail-</i>
-Corporations Division	919/807-2225	<i>ability</i>
<i>http://www.secretary.state.nc.us/Corporations</i>		

NC Dept. of Revenue <i>http://www.dor.state.nc.us</i>	877/252-3052	NC taxing and collection agency
NC privilege licenses	877/308-9103	
-Sales & Use Tax Registration <i>http://www.dor.state.nc.us/downloads/sales.html</i>	877/252-3052	
-License & Excise Tax Division	877/252-3052	
-Corporate Income & Franchise Tax		
NC State ABC Commission <i>http://www.ncabc.com</i>	919/779-0700	Information and application of ABC permits

TAXES

FEDERAL

IRS Internal Revenue Office	800/829-3676	Distribution of federal tax forms; assigns employer tax number
	800/829-4933	Business Tax Questions

STATE

Employer Requirements and Information NC Department of Revenue <i>http://www.dor.state.nc.us</i>	877/252-3052	NC employer withholding revenue
NC Employment Security Commission <i>http://www.ncesc.com</i>	919/733-7395	Unemployment insurance tax, registration and information

INTERNET RESOURCE ADDRESSES

Business Resource Center	<i>www.morebusiness.com</i>
Employment Securities Commission	<i>www.esc.state.nc.us</i>
IRS	<i>www.irs.gov</i>
Internet Directory of phone/email	<i>www.whitepages.com</i>
MCNC - Electronic Info/Tech Resource	<i>www.mcnc.org</i>
NC Dept. of Commerce	<i>www.commerce.state.nc.us</i>
NC Dept. of Labor	<i>www.dol.state.nc.us</i>
NC Dept. of Revenue	<i>www.dor.state.nc.us</i>
NC Institute of Government	<i>www.iog.unc.edu</i>
NC Secretary of State	<i>www.sosnc.com</i>
NC Institute for Minority Economic Development	<i>www.ncimed.com</i>
NSF (National Science Foundation)	<i>www.nsf.gov</i>
Raleigh News & Observer	<i>www.newsandobserver.com</i>
RTP Directory of Firms	<i>www.rtp.org</i>
SBA (Small Business Administration)	<i>www.sba.gov</i>
SBTDC	<i>www.sbtcd.org</i>
State Web Site	<i>www.state.nc.us</i>
US Business Advisor	<i>www.business.gov</i>
US Census Bureau	<i>www.census.gov</i>
US Patent and Trademark Office	<i>www.uspto.gov</i>
Workers' Compensation	<i>www.comp.state.nc.us</i>

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