STARTING A BUSINESS

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

The University of Minnesota Duluth is an equal opportunity employer and educator.

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<table>
<thead>
<tr>
<th>Location</th>
<th>Consultant</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
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Last modified: January 17, 2018
Essentials to Get Started on Your Plan

Visit the SBA Website for their free Startup Learning Center:

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

For Additional Resources go to:
- http://www.positivelyminnesota.com

Online Business Planning Resources
- http://www.fundingroadmap.com
- http://www.liveplan.com
Start Working on Your Feasibility Analysis:

Financial Analysis:

- How much money is required to start the business? (See Worksheet page 13)
- What will your monthly expenses be? (See Worksheet page 14)
- What are your salary requirements?
- What are your profit margins on each product you are going to sell? (How much will you mark up your products?)
- Prepare your personal financial statement.
- Request a copy of your personal credit report (e.g., annualcreditreport.com). A personal credit score below 640 will make it difficult to obtain a business loan.
- How much personal equity do you have to contribute to business start-up? Expect to contribute 30-50% of the total start-up costs.
- Develop a contingency plan. If, after the business is started, results are not achieved as planned, how will you cover the shortfall?

Market Analysis:

- What is the market?
- What is the growth potential?
- Who are your potential customers?
- How large is the market and what geographical parts of it will you cover?
- What are the industry trends?
- Who are your competitors? How are their businesses different?
- What are your competitive advantages?
- How will you price your product or service?
Start Working on Your Business Plan:

- Review pages 9-12 of this handout and respond to the questions.
- If you are having difficulty completing pages 9-14 of this handout, register for Writing a Business Plan.
- To register for this workshop return to http://www.ced.d.umn.edu and select the Education & Training button on the top navigation bar.
  - Select “Workshops for Starting a Business” on the left-hand sidebar.
  - Register online for the “Writing a Business Plan” workshop; Call 218-726-7298 if assistance is needed

Set up a Counseling Session with a Consultant:

- Gather the information noted on pages 9-14 of this handout.
- Return to the UMD CED website www.ced.d.umn.edu
- Click on the Sign up to Receive SBDC Consulting button and complete the required forms.
- A consultant will contact you shortly to schedule a meeting.
Starting Your Business

1. Get Assistance and training from:
   Support professionals: accountant, attorney, insurance agent and SBDC consultant.
   Minnesota Small Business Assistance Office for the free publication “A Guide to Starting a
   Business in Minnesota.” at (651) 556-8425 or 1-800-657-3858 or online at
   Internal Revenue Service for the free “Tax Guide for Small Businesses” (publication #334) at

2. Prepare a comprehensive business plan.

3. Determine the legal structure of your business: Proprietorship, Partnership, Corporation, or
   Limited Liability Company. Take the “IRS Virtual Small Business Tax Workshop” at

4. Register your Certificate of Assumed Name for the business and/or file Articles of
   Incorporation with Minnesota Secretary of State by calling (651) 296-2803 or
   1-877-551-6767. You can also go online at [http://www.sos.state.mn.us/index.aspx?page=3](http://www.sos.state.mn.us/index.aspx?page=3) and search for “Certificate of Assumed Name” for the complete form. Publish notice in the newspaper.

5. Secure appropriate business license and permits. Call 1-800-657-3858; in Duluth, call
   (218) 730-5370. For more information on business regulations, go online at

6. Obtain a Sales and Use Tax Permit. Call (651) 296-6181 or 1-800-657-3777; in Duluth, call
   (218) 730-5350. Or go online at [http://www.revenue.state.mn.us/Pages/default.aspx](http://www.revenue.state.mn.us/Pages/default.aspx)

7. Register for your IRS Business ID number using Form SS-4 found at
   to apply online. The site [http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online](http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Apply-for-an-Employer-Identification-Number-(EIN)-Online) will let people know how to apply for an Employee ID Number online.
8. Register for your Minnesota Business ID number using Form ABR found at http://www.taxes.state.mn.us or by calling (651) 282-5225 or 1-800-657-3605 or you can complete your ABR form available online at http://www.revenue.state.mn.us/Forms_and_Instructions/abr_inst.pdf and send by mail to:

   Minnesota Department of Revenue
   Mail Station 4410
   St. Paul, MN 55146-4410
   Or fax your completed pages to (651) 556-5155 (do not fax blank pages).

9. Establish a bank account and learn QuickBooks (We offer a Quickbooks Workshop).
   • To register for this workshop go to http://www.ced.d.umn.edu
     - Click on the Education & Training button on the top navigation bar.
     - Register online for the Quickbooks workshop; call 218-726-7298 if assistance is needed

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

11. Choose a location.

Writing a Business Plan

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

Executive Summary

Briefly Describe Your Business: (One paragraph summary)

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

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

Funding Request:
**Business Description:**

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

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

**Mission:** Why do you exist?

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**Goals**

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

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

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

Within the Company

Strengths:

Weaknesses:

Outside the Company

Opportunities:

Threats:

Industry Characteristics & Trends

Customer

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

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

Geographic Area: What area do you serve?

Competitors

List of Competitors:

Strengths and Weaknesses:

Sales Projection Supporting Data

Potential Customer Base:

National Trends:
Competitive Advantage:

Share of existing market to capture:

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

Social Media:

Customer Loyalty Program:

Website:

Internet Advertising:

Blog:

Newsletter:

Direct Mail:

Radio:

Newspaper:

Print Media:

Television:

Support Professionals

CPA:

Attorney:

Bank:

Insurance:

SBDC Consultant:

Other:
## Startup Costs Worksheet

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

### Template

#### Detailed Source & Uses of Cash

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

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### Notes

- Only calculate those costs that will reflect on your business.
- Use the template to list and categorize all relevant startup costs.
# Projected Monthly Income Statement

<table>
<thead>
<tr>
<th>Gross Sales</th>
<th>Less: Cost of Goods Sold</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EXPENSES:**

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

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

1. Business Plan

2. Sources & Uses

3. **Current Business Debt Schedule** (Existing Businesses Only)

4. Three Years Company Tax Returns & Financial Statements

5. Company In-House Interim Statements for year to day

6. Three Years Projections, Cash Flow & Assumptions

7. Copy of the Purchase Agreement

8. List of Collateral & Estimated Values

9. **Personal Financial Statement** (All 20% Owners)

10. **Three Years Personal Tax Returns** (All 20% Owners)

11. **Personal Resume** (All 20% Owners)

12. **Affiliated Company Information** (All 20% Owners)

13. **Franchise Agreement** (If Applicable)

14. Company Articles, By-Laws & Registration Documents

15. **Copy of Drivers Licenses & List of Previous Gov’t Loans** (For SBA Loans)

16. **Copy of Leases** (If Applicable)