

Essential Steps to Starting Your Business

Intro to Business
Ownership and Operation



Our Agenda Today

1. Introductions
2. How to Set Up Your Business
3. Strategic (Advance) Planning
4. Selling Your Service or Product
5. Raising Money For Your Business
6. Keeping Track of How You're Doing
7. My Top Six Ways That Businesses Get Into Trouble
8. How the SBDC / LBDC Can Help You
9. Wrap Up & Next Steps

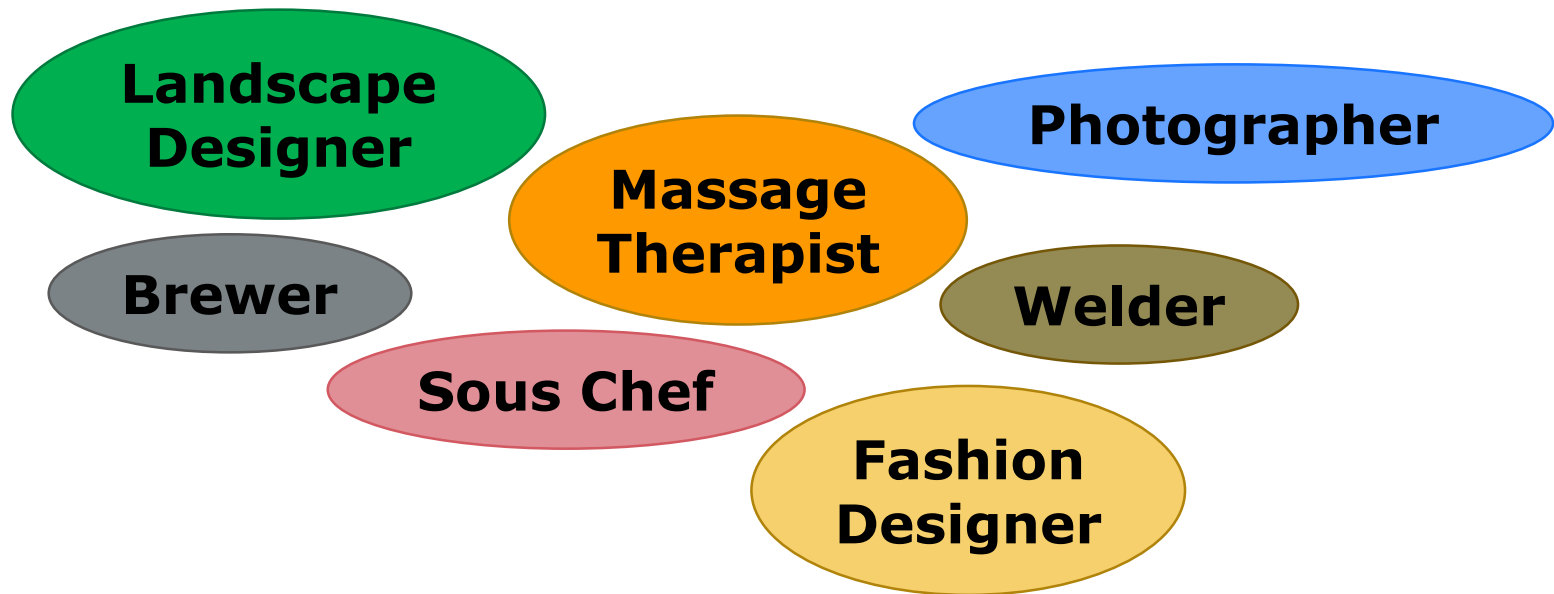
1) Introductions

1. Your name?
2. What is your business (now or planned)?
3. Why are you here?

What You Bring to the Party

- Occupational and Technical Skills
- Professional and Career Experience
- Service / Product Knowledge

Occupations / Experience...

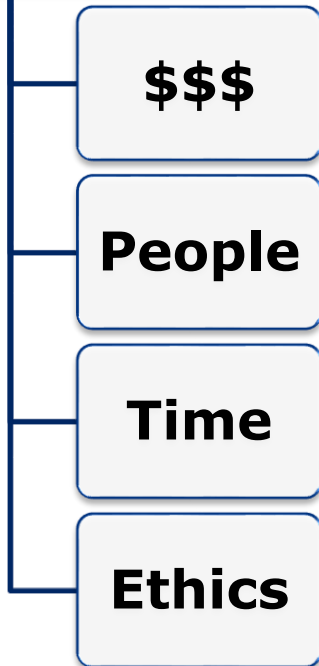


What We Provide

- Planning and Strategy Advice
- How to Set-up and Start
- Getting Paying Customers
- Getting Financing
- How to organize and interpret your accounting/financial records.

Skills Every Entrepreneur Needs to Learn And/or Develop

Management Skills



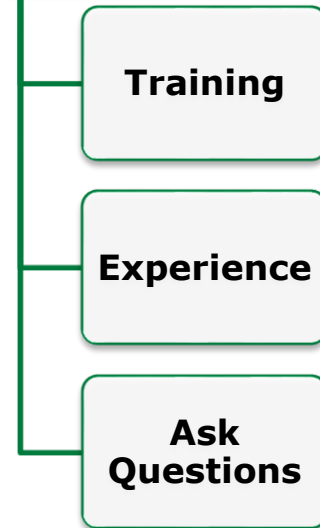
Passion & Drive



Sales Ability



Willingness to Learn



2) How to Set Up Your Business.

How To Properly Set Up Your Business

- 1) Set Up Your Legal Structure
- 2) Obtain Necessary Registrations and Licenses.
- 3) Tradename, bank account, business insurance, other..
- 4) Continue to work on your Strategic Plan.

Your Legal/Organizational “Entity”:

- Entity type affects your taxes, and the legal separation between you and your business.
- Examples- LLC (limited liability company), S-Corp, Sole Proprietorship, LLP, etc
- LLC is most common.
- DON'T be a Sole Proprietorship.

Your Legal/Organizational “Entity”:

- Talk to your Attorney / Accountant
- For more info, take our “Make It Official” class.
- May want/need legal “Operating Agreement”, especially if multiple owners/partners involved.

Registration and Licensing- State of Colorado

www.MyBiz.Colorado.gov :

- 1) Offers NEW businesses a single, seamless portal to interact with multiple State agencies. SOS, DORA, CDLE, and OEDIT.
- 2) Went live May 30th, 2018
- 3) Works on PC and Mac, Smartphone and Tablet.
- 4) Designed for self-service, work can be "saved".
- 5) HELP – partnersupport@www.Colorado.gov
303-534-3468, xt 0

Back-Up plan - Register with Colo. Secretary of State at
www.sos.state.co.us

Registration and Licensing- Other.

- Federal – Obtain an Employer Identification Number (EIN) through the IRS online.
www.IRS.gov
- City and County – May or may not be needed. Check with City Sales and Use tax department.
- Special licenses - See “Occupational License Database” on Lar SBDC website, click “Resources”. Also check with City, County.

City of Ft. Collins



Sales & Use Tax 101

This class is designed to provide information on sales and use tax in the City of Fort Collins. It will be presented at a broad level allowing time for specific questions to be addressed.

Anyone currently engaged in business, planning to be engaged in business, or just wanting more information on sales and use tax are encouraged to attend. Not sure if you are engaged in business? Come to the class and find out!

Class dates:

November

Wed 11/8/2017
10:30am - 12:30pm
215 N. Mason
215 Community Room

January

Wed 1/10/2018
10:30am - 12:30pm
222 Laporte Ave.
Colorado River Community Room

March

Wed 3/7/2018
10:30am - 12:30pm
215 N. Mason
215 Community Room

May

Wed 5/9/2018
10:30am - 12:30pm
215 N. Mason
215 Community Room

July

Wed 7/11/2018
10:30am - 12:30pm
215 N. Mason
215 Community Room

September

Wed 9/12/2018
10:30am - 12:30pm
215 N. Mason
215 Community Room

To sign up online, visit: fcgov.com/salestax
You can also sign up via email to Salestax@fcgov.com or call 970-221-6780

City of Loveland

SALES TAX EDUCATION

WE OFFER
ONE ON ONE CLASSES
AND
GROUP CLASSES

WHEN

Email or call to schedule a time

WHERE

Your office or ours -
we're flexible like that.

Contact Dusty Durston at:

Dusty.Durston@cityofloveland.org

or

(970) 962-2315

www.cityofloveland.org/salestax

City of Loveland, CO

SALES TAX
GETS EASIER
WHEN YOU'RE
INFORMED!

WE
ENCOURAGE
EVERYONE TO
SCHEDULE A
CLASS.

LEARNING
ISN'T JUST FOR
THE NEWBIES
OUT THERE.

NEW AND
SEASONED
BUSINESSES,
LET'S TALK!

CO Department of Revenue

Colorado Department of Revenue

The Colorado Department of Revenue offers FREE tax training classes for business owners.

Filing Class

This class is for new Colorado businesses that have a sales tax and/or use tax account in Colorado and are not sure how to file the tax returns, tax preparers who prepare sales/use tax returns for Colorado clients, and/or those needing a refresher course on filing sales/use tax returns. Topics covered will include: Understanding publication DR 1002, "Colorado Sales/Use Tax Rates", filling out form DR 0100, "Retail Sales Tax Return", special event licenses and returns, and when and how to file consumer use tax and retailers' use tax returns.

Ft. Collins - Class Location:
Taxpayer Service Division
3030 S. College Avenue

Date	Day	Time
April 3	Tu	10:00a - 12:00p
May 1	Tu	10:00a - 12:00p
June 5	Tu	10:00a - 12:00p



COLORADO
Department of Revenue
Taxation Division

Class information is subject to change.

Online Class Offerings

Colorado Sales/Use Tax Part I

This class is for new or current Colorado businesses, tax preparers consulting with Colorado clients on sales/use taxes, those with no sales tax knowledge, and/or those needing a refresher course on sales and use tax laws. Topics covered will include state sales tax license requirements, sales tax rate application, nexus, tax-exempt sales, use tax liabilities, available electronic services and much more.

Colorado Use Tax

This is an advanced class for current business owners and tax professionals who have basic sales and use tax knowledge or have attended or taken the Sales/Use Tax Class - Part I. Topics will include Colorado law requirements, use tax account versus sales tax account requirements, how to determine if you have a use tax liability, use tax requirements within local jurisdictions, remitting and paying use tax and resources for additional help and services.

Colorado Sales/Use Tax Part II

This class is an advanced class for those who have taken the Sales/Use Tax Law - Part I, and/or for current business owners with sales/use tax knowledge, and/or tax preparers who prepare sales and use tax returns for Colorado. Topics covered will include State and State-collected local jurisdiction sales/use tax exemptions, what to expect during an audit, contacts/resources and much more.

Sales/Use Tax – Hospitality Industry

This is an advanced class for current or previous business owners in the hospitality industry, tax professionals who prepare and consult with those in this industry, and anyone else interested in learning more about this topic. Topics covered in this class include legislation changes affecting this industry, use tax liabilities, taxable/non-taxable purchases/sales, remitting sales tax, expectations with sales occurring in home-rule cities, and available resources and online services.

Pre-registration is required.

Register online at: <https://www.colorado.gov/pacific/tax/education>

Class information is subject to change.

Registration and Licensing

- Location Checks? – HOA clauses?, Zoning regulations?, Lease restrictions?

Be confident about using your desired name!

- 1) Check with Colorado Sec't of State
<http://www.sos.state.co.us/>
- 2) Do a Google search
- 3) If selling nationally, consider obtaining a US Trademark. Will probably require help of IP attorney.

Making changes here is costly and time-consuming

- Next Door..... Door 222
- Absolute Brewing... Zwei Brewing
- Blue Skies Winery... Lost Prairie
- Torchy's Tacos... Can't use
"Damn Good Tacos"
- The Lyric... Can't use
"Space Camp"

Other Set-up Comments

- Get a separate business banking account.
- Commercial Insurance – general liability, business interruption, auto, etc
- Clear understanding of “employee” vs. “1099 independent contractor”
- Colo SBDC “Resource Guide”. See Lar. SBDC website, click “Resources”

Handout Alert !

“Starting a Business in Colorado”



Starting a Business in Colorado

Full legal disclaimer: Depending on your industry, where your business is located, and the type of business you are operating, this may not be a complete list. As a business owner, YOU are responsible for complying with the law. Do your due diligence BEFORE starting your business.

- 1. Location check** – Where will your business be located? If you're operating out of your home, you need to check with your landlord or HOA to make sure you are not violating any clauses about home based businesses. If you're renting a commercial space, verify with the landlord and the city/municipality that your business will not violate any existing zoning laws.
- 2. License check** – Some businesses require special licenses that can take months to apply for. Colorado has an "Occupational License Database" online at: <http://www.advancecolorado.com/business-colorado/occupational-license-database>.
- 3. Local registration** – You may or may not need to register your business with your city or county, you'll want to check both to make sure. This can also vary if your business is home based. The key to look for is a "Business" section on their website, from there you should see information about potential licensing requirements. While you're there, pay attention to how to pay sales and use tax if this applies to your business, you may need a separate tax license.
- 4. State registration** – In Colorado, you must register your business with the Colorado Secretary of State. The entity type you register as will affect your taxes as well as how much legal separation there is between you and your business, so choose carefully. It can be difficult and expensive to change your entity type after you've started, so again, research is key. You can search to make sure your desired business name is available in your state as well.
- 5. Federal registration** – For tax purposes, you'll likely need to register for an Employer Identification Number (EIN) through the IRS online. Your entity selection will affect how income from your business appears on your tax return and whether or not you'll be responsible for paying estimated taxes.
- 6. Separate your banking** – This is a really big deal, even for small single owner businesses. Set up a separate bank account! Your banker will need your EIN and to see you're in good standing with the Secretary of State. Both your accountant and attorney will recommend you don't pierce the corporate veil, which in essence means that you are walking, talking and acting like a business, and this is especially important with finances. If you co-mingle funds or operate your business from a personal bank account, not only will your accountant charge you more to sort it out, but it can put all of your funds in a legally liable position if something goes wrong.
- 7. Walk the walk, talk the talk** – Now you can do things like buy business cards, technology for your business, take jobs and make sales under your official business name. You've still got a long way to go towards building your dream business, but you're going in the right direction!

Still lost? Check out our upcoming workshops for "So You Want to Start a Business" or "Make It Official" for classroom training, or register for consulting.



Handout Alert !

“Business Start-up Check List”

Questions on this part?

3) Strategic Planning

Why Strategic Planning?

- The Plan is for YOU !!!
- Helps you focus in on a strategy
- Helps determine if your concept is financially viable. Can you pay yourself?
- Who will buy your services/products? Why? When? At what price?
- How will you deliver your services? Requiring what resources? At what cost?

For our 700+ Clients....

If I could wave a magic wand,
and grant enlightenment, I
would request two related
things:

For our 700+ Clients....

- 1) A clear and thorough understanding of your competitive advantage, and how you're going to capitalize on that.
- 2) A healthy awareness that selling your goods and services is probably going to be harder than you think.

The Plan

- Should include a write-up about:
 - 1) Sales/Marketing/Customer Service;
 - 2) Operations/Fulfillment;
 - 3) Finance/Accounting;
 - 4) Human Resources (if applicable).
- Should also include sales and financial projections, spreadsheet format.

Strategic Planning Resources

- SBDC/LBDC “Strategic Planning” classes. One-on-on Consulting.
- Strategic Planning handouts
- SBDC East website - Sample Business Plans by Industry. www.eastcoloradosbdc.com Click “Resources”, then “Business Planning”. See “Sample Bus. Plans”
- Market Research - FC and Loveland business librarians

Handout Alert !

“Business Plan Outline”

Questions on this part?

4) Selling Your Services or Products

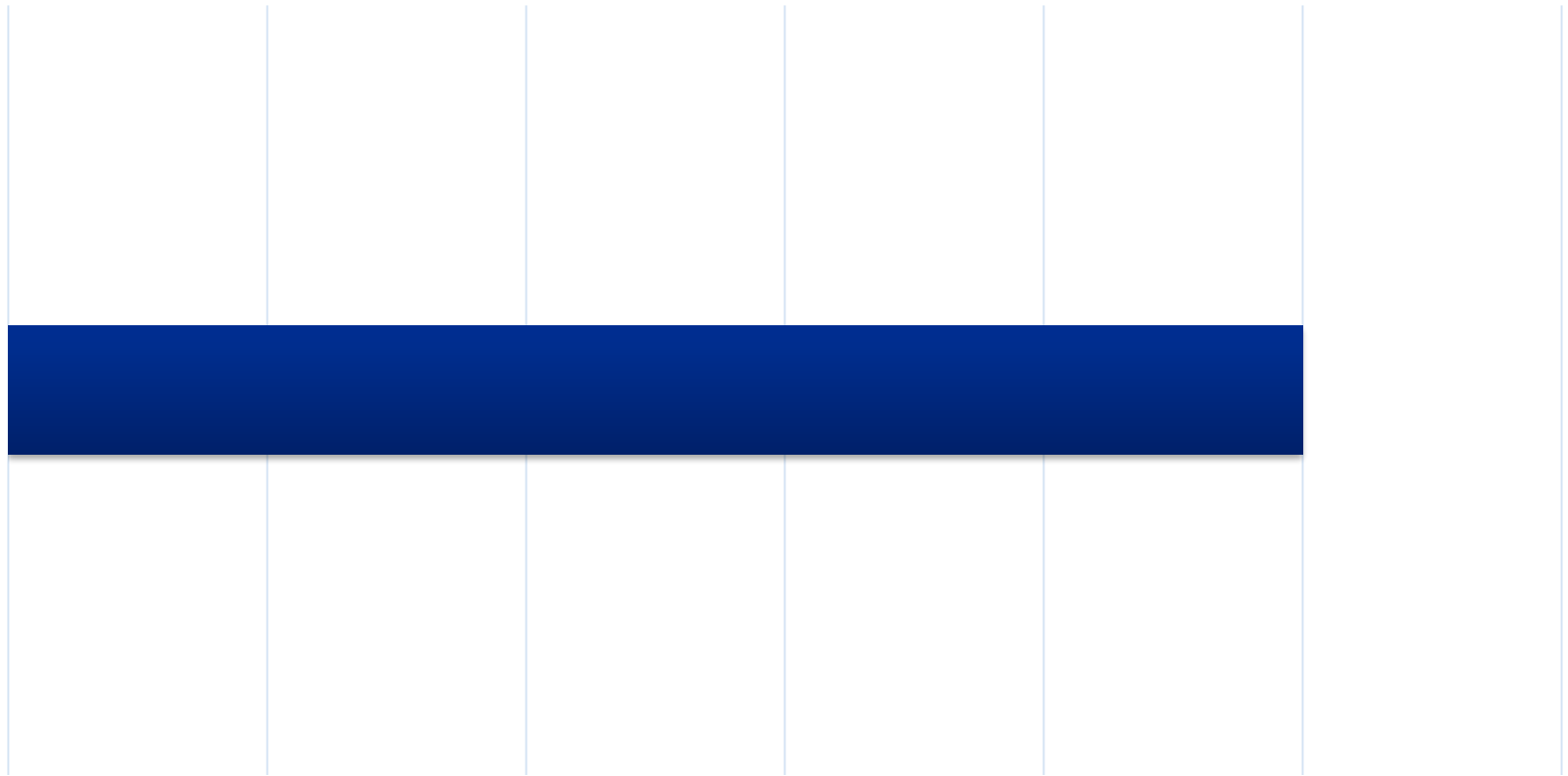
What's Your Competitive Advantage?

Panera CEO Ron Shaich:

“In this space, there’s only one thing that matters, and that is competitive advantage - being a place where people want to walk past your competitors to come in...”

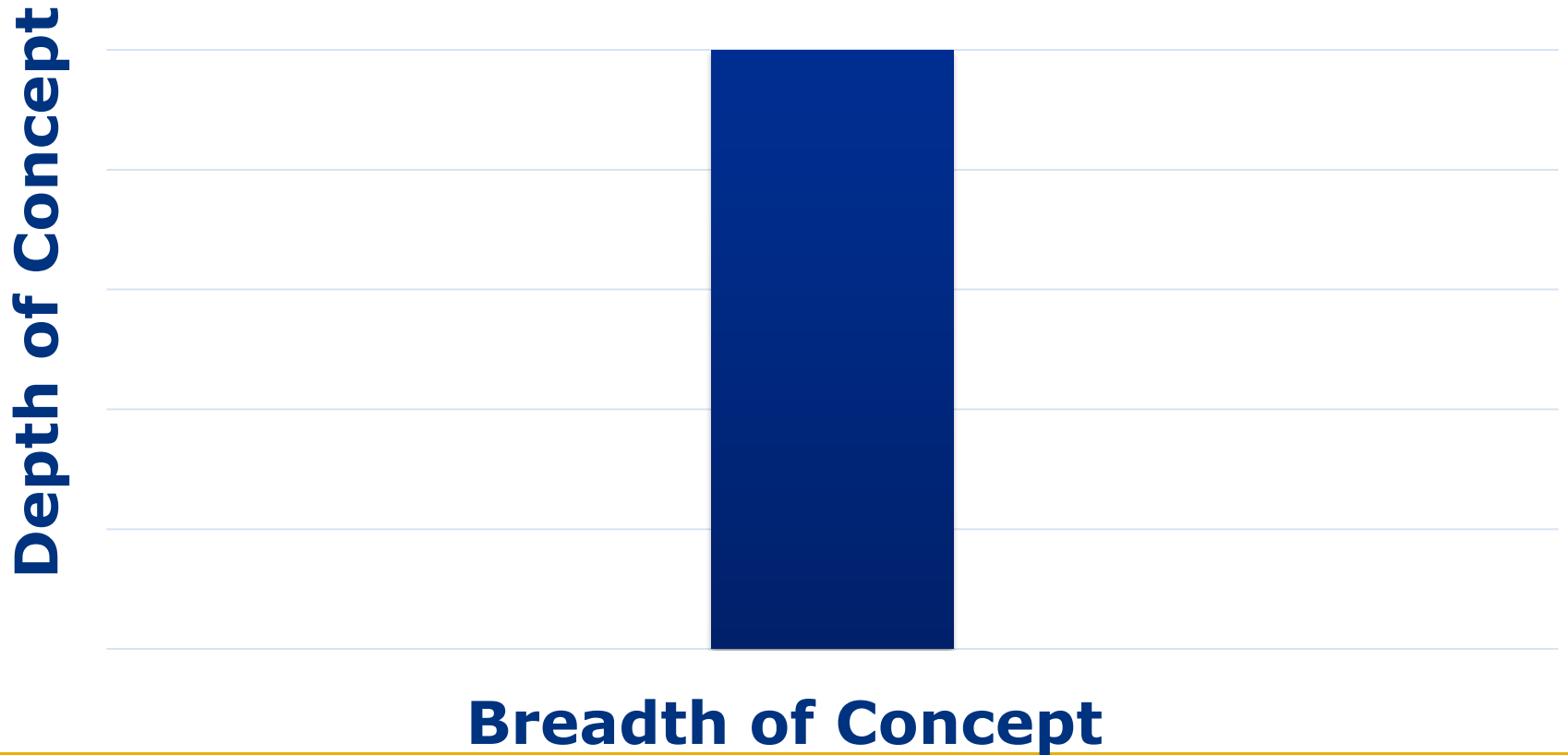
Clients Coming In...

Depth of Concept



Breadth of Concept

Clients Going Out...



Toothpaste Market - 1975



Toothpaste Market - Today



Competitive Advantage – Wash Gear



Manufactures and markets specialized credit card swipers for car washes

Competitive Advantage – Wash Gear

“... Customers are spending an average of **40% more** using the CardMate system...”

Thinking about “Target” Customers:

- Who do I sell to? Biz-to-Biz?, Biz-Consumer?
- Who will buy from me?
- What are their characteristics?
 - Demographic
 - Geographic
 - Psychographic (lifestyle & behaviors – most buy on “need” versus “want”)
- How do I reach them?
- Where do I reach them?
- How much do I charge?

Handout Alert !

“Top Five Traits You Gotta Have to Sell”

About.com
Small Business Information

Top Five Traits You Gotta Have to Sell

From Kimberly L. McCall

Stellar sellers and entrepreneurs share great commonality, including personality traits. An entrepreneur will excel because she has such enthusiasm for her service, and her ebullience is embraced by prospects accustomed to the same-old, same-old hackneyed pitches. A great closer will possess an aura of competence and zeal that makes him top of the board each month.

To understand the valuable qualities in selling, I asked experts and business owners what characteristics allow a salesperson to transcend the trite.

1. Creativity. Having an appreciation for the non-obvious solution is a must if a sales pro is going to outpace the pack. While an average salesperson depends on business cards and leave-behinds, a true rainmaker brings a "unique vision to his work that makes him stand out," says Wendy Weiss, a.k.a. "The Queen of Cold-Calling" and president of Weiss Communications, a sales training and coaching company in New York City.

2. Passion. Genuine love for a product gets salespeople through the inevitable dark times, and it makes their offers all the more irresistible to their clients. Passion, like creativity, cannot be faked, so it has great weight with customers.

Paul R. DiModica is president of DigitalHatch Inc., a sales training business for high-tech firms in Peachtree City, Georgia. DiModica ranks passion as the number-one characteristic a salesperson needs. "You must believe in what you sell," he says. "This belief is communicated to the prospect invisibly."

3. Integrity. Why are used-car salesmen so poorly regarded? Because the perception is that they lack integrity and that they'll say anything to get the sale. Dave Condensa, CEO and founder of Hello Solutions, an IT consulting firm in Sunnyvale, California, thinks integrity tops the list of qualities salespeople need. "We're building a relationship, and it's imperative that the customer trusts the salesperson."

Feeling good about a purchase is a hallmark of buying from a salesperson with integrity. "Trust brings [customers] back, and that's a key factor to the success of any salesperson," adds Condensa. The importance of selling with integrity has been heightened by the recent poor ethical and financial performance of huge corporations. Says DiModica, "Customers still buy the salesperson."

4. Tenacity. Shelving feelings of rejection to keep plugging away is another essential requirement for sales success. "It takes personal courage to get up every morning and say 'I am going to be the best,'" says DiModica. It also requires a certain steely quality to persist in the wake of one dismissal after the next. Weiss agrees: "Sales requires someone who can always see possibilities, even in difficult situations."

5. Commitment. The sales cycle for any big deal can typically take months, even years. Keeping an eye on the prize, while continuing to sell to other prospects simultaneously, takes commitment. "Selling is never easy," explains DiModica. "You must have a burning desire." Weiss also believes that success is the result of a person's "willingness and intent to make things happen."

On the flip side, certain traits will surely doom any salesperson to the also-ran heap: lack of integrity, for instance. "Integrity means the person will always attempt to do the right thing for the company and the customers," says Weiss.

DiModica also points to not being prepared when trying to make a sale. "You can't just pick up the phone and call a prospect because your contact manager says it's time."

And, of course, there's the ultimate vice: dishonesty. Condensa warns: "You ruin the chance of repeat or referral business."

The preceding is an excerpt from *Sell It, Baby!* Marketing, Selling, IT Open-to-Earth & Practical New 'Toos on Marketing, Branding & Sales, by Kimberly L. McCall (a.k.a. Marketing Angel). This About.com page has been optimized for print. To view this page in its original form, please visit: <http://smallbusiness.about.com/od/sales/a/top5traits.htm>. ©2011 About.com, Inc., a part of The New York Times Company. All rights reserved.

Thinking about Competitors

- Who else sells my product/service?
 - (Direct & Indirect)
- Where are they located?
- How do they compete with me?
- How am I different?

Handout Alert !

“General Company Description”



General Company Description

What business will you be in? What will you do? _____

Describe your industry. Is it a growth industry? What changes do you foresee in the industry, short term and long term? How will your company be poised to take advantage of them? _____

Legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? _____
Why have you selected this form? _____

Products and Services

List your products/services and prices (however, not technical specifications, drawings, photos, sales brochures and other bulky items, which belong in Appendices of a completed Business Plan). _____

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique/proprietary features. _____

What are the pricing, fee, leasing structures of your products or services? _____

Additional Help: Planning for Business Success Workshop; Public library, internet research; Make It Official Workshop.

Handout Alert !

- “Library Business Research Resources” handout here.

Best Practices

- Do a Sales Forecast / Projection
- Have an “elevator pitch” about your business.
- Be wickedly persistent – “Luck” is when perseverance meets opportunity.
- Be an engaged active listener.
- Take our Sales / Marketing classes.

Questions on this part?

5) Raising \$\$\$ for Your Business.

Getting Financing - Options

- Friends and Family.
- Traditional Commercial Banks.
- Micro-Lenders.
- Angel Investors.
- Venture Capital / Equity Investors
- Grants.
- Credit Cards.
- Crowd-funding.

Financing Options

<u>Type:</u>	<u>Access?:</u>	<u>Cost?:</u>
Friends/Family	Easy	Low
Banks	Easy	Low
Micro-Lender	Moderate	Moderate
Angel Investor	Hard	Moderate
Venture	Hard	High
Grants	Hard	Very Low
Credit Cards	Easy	High
Crowd-Funding	Hard	Unknown

5-C's of Credit

- 1) Capacity – What's the projected cash flow to service this loan?
- 2) Collateral – Pledged assets to secure the loan.
- 3) Credit-Worthiness / "Character" – Personal Credit Rating
- 4) Capital – Your "skin in the game".
- 5) Circumstances/Conditions

Financing - Best Practices

- Cast a Wide Net
- Be knowledgeable with your numbers and projections. Know how much you need, what you will use it for, and how and when you will pay it back.
- Try to learn how the lender will evaluate your request. 5-C's of credit?
- Respond quickly, accurately, and completely to requests for information.

Financing - Best Practices

- Have your Strategic Plan ready. Be comfortable with it.

Questions on this part?

6) Keeping track of
how you're doing
(accounting)

Accounting / Bookkeeping

Have / utilize an accounting system, that keeps track of invoices owed and pays bills, does customer invoicing and tracks sales, does payroll, produces financial reports, tracks inventory, etc, etc....

In North America, the primary product to perform this is "Quickbooks"

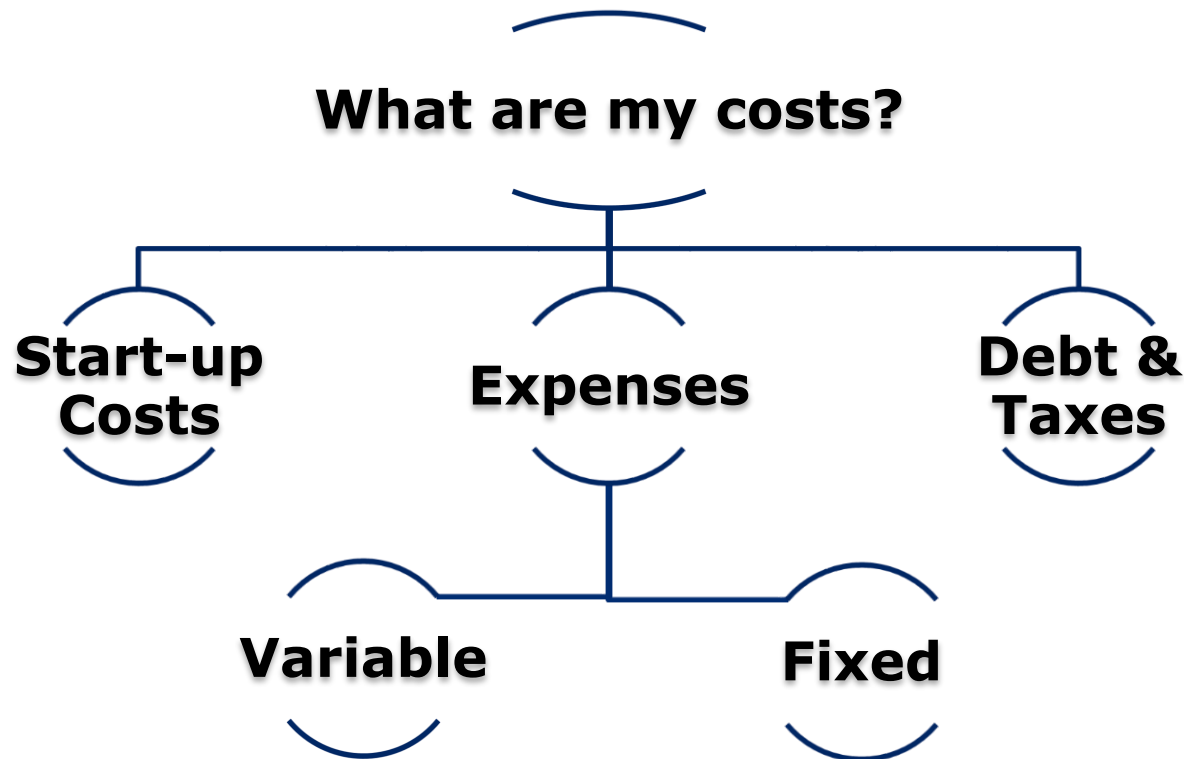
Keeping track – Best Practices

- Decide on doing it yourself or using a bookkeeper.
- Keep current, procrastination is not your friend.
- Read your financial reports, and understand what the info/trends are telling you.
- Be aware of tax payment deadlines!

Two main financial reports

- Income (Profit/Loss) Statement – Sales minus Expenses equals profit (or loss), for a specific time period.
- Balance Sheet – “snapshot” of what you OWN (assets), and what you OWE (liabilities), at a particular point in time.

Will my business make money?



Handout Alert !

“Monthly Cash Flow Projection”

Monthly Cash Flow Projections								Year										Notes
NAME OF BUSINESS	Pre-Start-up Position	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	TOTAL Columns 1-12				
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate				
1. CASH ON HAND																		
(Beginning of the month)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.		
2. CASH RECEIPTS																2.		
a) Cash Sales																a.		
b) Collections from Credit Accounts																b.		
c) Loan or Other Cash Injection (specify)																c.		
3. TOTAL CASH RECEIPTS		0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.		
(2a + 2b + 2c = 3)																		
4. TOTAL CASH AVAILABLE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.		
(before cash paid out) (1 + 3)																		
5. CASH PAID OUT:																5. a.		
a) Inventory Purchases																a.		
b) Gross Wages (excludes withdrawals)																b.		
c) Payroll Expenses																c.		
d) Outside Services																d.		
e) Supplies (Office and Operating)																e.		
f) Repairs and Maintenance																f.		
g) Advertising																g.		
h) Car, Delivery and Travel																h.		
i) Professional Services																i.		
j) Rent																j.		
k) Telephone																k.		
l) Utilities																l.		
m) Insurance																m.		
n) Taxes																n.		
o) Interest																o.		
p) Other Expenses (specify)																p.		
- Credit Card Fees																		
- Unexpected Expenses																		
q) Misc. Expenses																q.		
r) Subtotal		0	0	0	0	0	0	0	0	0	0	0	0	0	0	r.		
s) Loan Principal Payment																s.		
t) Capital Purchases (specify)																t.		
u) Other Start-up Costs																u.		
v) Reserve and/or Escrow (specify)																v.		
w) Owner's Withdrawal																w.		
6. TOTAL CASH PAID OUT																6.		
(Total 5a thru 5w)		0	0	0	0	0	0	0	0	0	0	0	0	0	0			
7. CASH POSITION																7.		
(End of month) (4 minus 6)		0	0	0	0	0	0	0	0	0	0	0	0	0	0			
ESSENTIAL OPERATING DATA																		
(Non-cash flow information)																		
A. Sales Volume (dollars)																A.		
B. Accounts Receivable (end of month)																B.		
C. Bad Debt (end of month)																C.		
D. Inventory on Hand (end of month)																D.		
E. Accounts Payable (end of month)																E.		
F. Depreciation																F.		

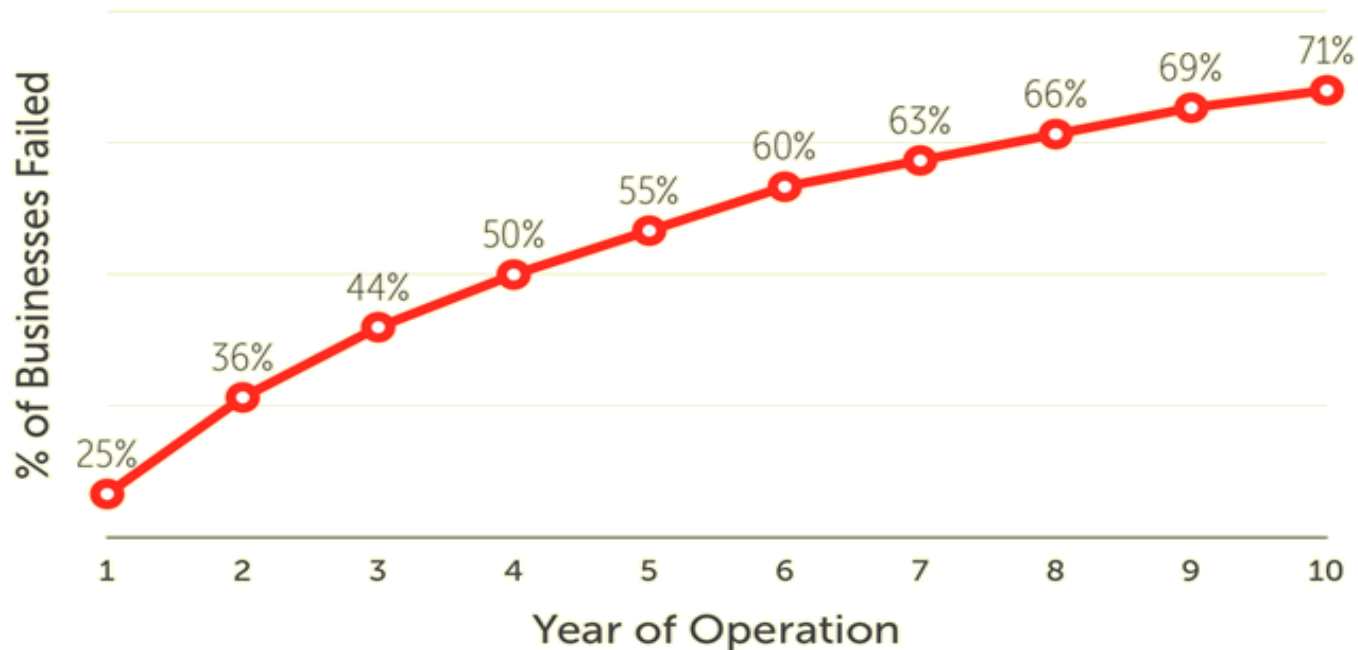
Questions on this part?

Top 6 Trouble List

Top 6 List of how businesses
get into trouble....

Reality: Business Failure Rates

Business Failure Rates Year over Year



Source: Entrepreneur Weekly, Small Business Development Center, Bradley Univ, University of Tennessee Research via Statistic Brain.

Top 6 Trouble List

1. Not having/understanding your competitive advantage.



Top 6 Trouble List

2. Not understanding your cash flow process.



It's basically three things:

- 1) Accounts Receivable (A/R)-
When are you getting paid?
- 2) Accounts Payable (A/P) –
When are you paying others?
- 3) Inventory – Do you have the “right”
amount?

Top 6 Trouble List

3. Not putting enough value on your goods and services.



Proper Pricing is a marriage of:

- Knowledge of your competitive position
- Understanding the realities of your cost structure
- Taking an assertive “always looking to improve” attitude on pricing.
- Your strategic direction

Top 6 Trouble List



4. Paying
rent/mortgage
on a physical space
that's too big.

Top 6 Trouble List

5. Surprising your banker



Top 6 Trouble List

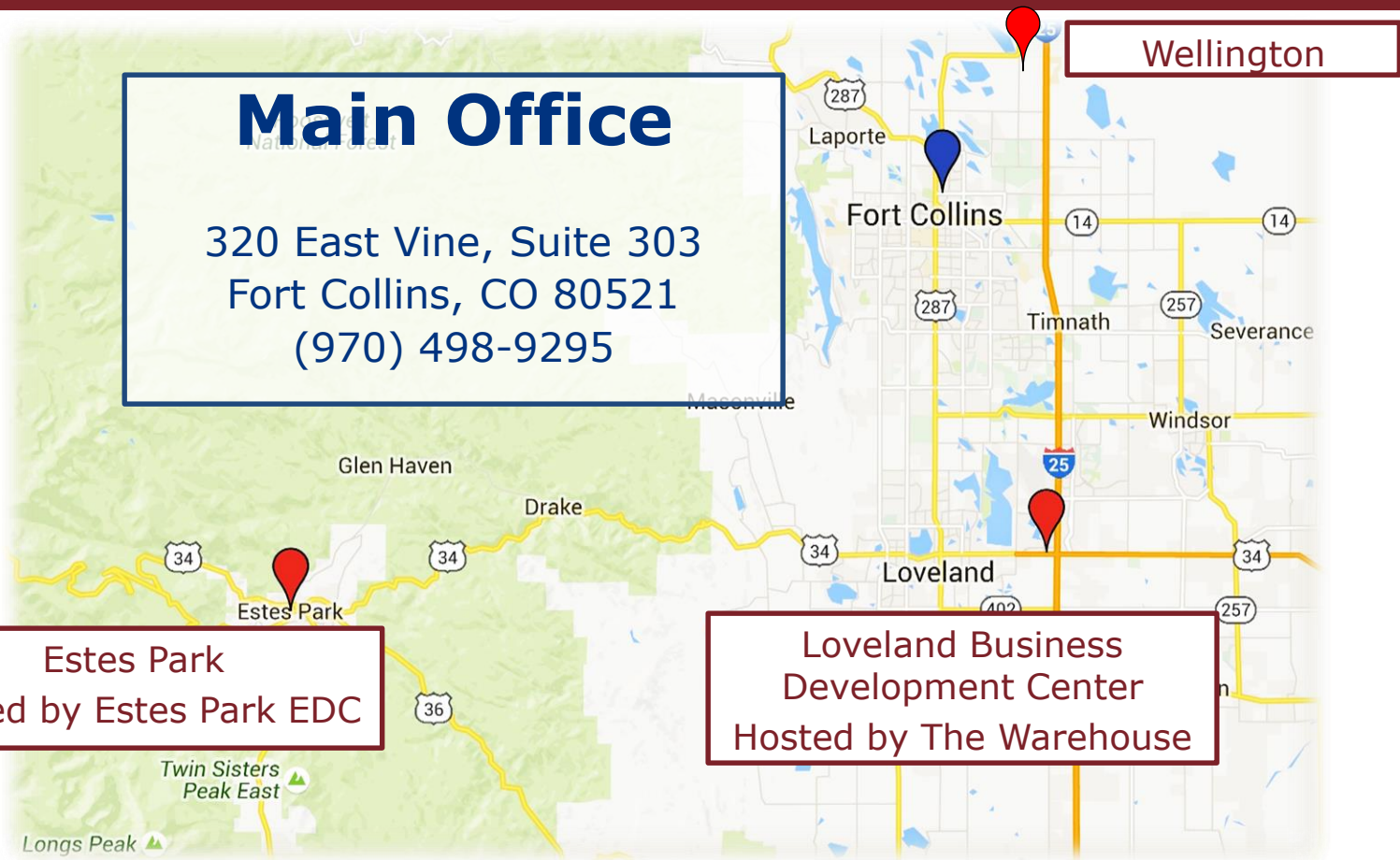
6. Not having clear, well-defined responsibilities for your employees, managers, and co-owners.

Who We Are & What We Do

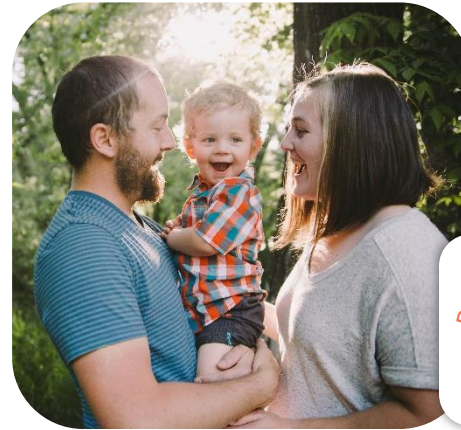


Helping local businesses start, grow and prosper through street-smart business education and assistance.

Larimer SBDC Services

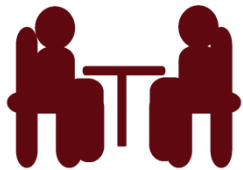


Larimer SBDC/LBDC Success Stories



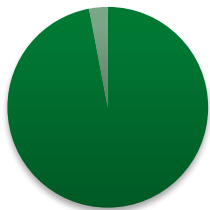
2017 Services Performed

Free Confidential Consulting



874 Clients

3,934 Hours



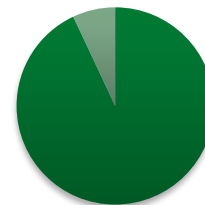
97% Satisfaction

Training



101 Classes

970 Attendees



94% Satisfaction

Our Results - 2015-2017



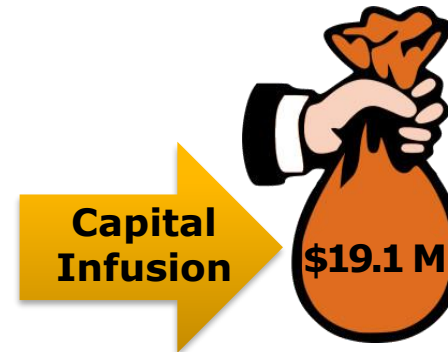
99
Businesses
Started



1,243
Jobs
Retained



645
Jobs
Created



Connections to Resources:

- Commercial lenders
- Micro-lenders
- Larimer County Workforce Center
- PTAC
- Legal
- Bookkeepers
- Business Brokers
- Colo Office of Economic Development

What We Covered:

1. Introductions
2. How to Set Up Your Business
3. Strategic (Advance) Planning
4. Selling Your Service or Product
5. Raising Money For Your Business
6. Keeping Track of How You're Doing
7. My Top Six Ways That Businesses Get Into Trouble
8. How the SBDC / LBDC Can Help You
9. Wrap Up & Next Steps

THANK YOU

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please leave us a kind review on our Google and Facebook pages!

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