

Guide to Starting and Operating a Small Business



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Welcome to the Guide to Starting and Operating a Small Business:

Starting a business can be a complex and difficult process. It takes persistence and diligence, and investments of time and capital. Knowledge about state regulations, support programs for businesses and other opportunities can certainly aid and accelerate the process of getting a business started.

A key activity of the Michigan Economic Development Corporation (MEDC) and of state government in general, is to help businesses open and grow. This guide is designed to ease a person's entry into the business world, outlining as clearly as possible many of the issues and questions facing prospective entrepreneurs.

Information included in this guide is both general and Michigan-specific; from outlining the different forms of business organization to establishment of a basic business plan to complying with federal, state and local tax obligations. Though this guide is not a substitute for legal or financial counsel, it is an information resource and quick reference designed to facilitate and expedite the process of starting a business in Michigan.

Although this information was current at the time of publication, it is subject to change due to revisions in law and administrative policies. However, there are a variety of sources available for starting a business in Michigan: The Michigan Small Business & Technology Development Centers (MI-SBTDCs) and SCORE -- Counselors to America's Small Businesses, are good starting points. We also update the online version of this guide as changes occur. The web site for the online version is: www.TheMEDC.org/startupguide.

Assistance and counseling are also available from local economic development organizations, trade associations, local chambers of commerce, schools, community colleges, universities and public libraries. An abundance of resources are available and this guide can help you get started. Contact the MI-SBTDC for additional information about our services by calling 616-331-7480 or sbtdchq@gvsu.edu.

Sincerely,

Carol Lopucki

State Director
Michigan Small Business and
Technology Development Center

PERSONAL ASSESSMENT

Are You Ready to Start a Business? – A short personal assessment tool.

Being your own boss is wonderfully exciting, but isn't for everyone. Anyone considering starting a business needs first to consider if they are suited for it, personally and professionally.

There is no right or wrong answer to each of these questions. This is a self-evaluation to help you think through critical aspects of your personal and business readiness to be self-employed. It is designed to help you assess your reasons and qualifications for going into business, to help you set personal and business goals, consider if this is the right time to start a business, if you have the freedom, flexibility and resources to start a business, to consider your health and stamina, and how you will balance family and business.

Suggestion: Bring a completed version of this self-assessment to your first MI-SBTDC counseling session. It will provide a profile of you and your readiness and help your counselor become acquainted with you.

To self-assess, ask yourself the following questions and answer as honestly and in as much detail as possible.

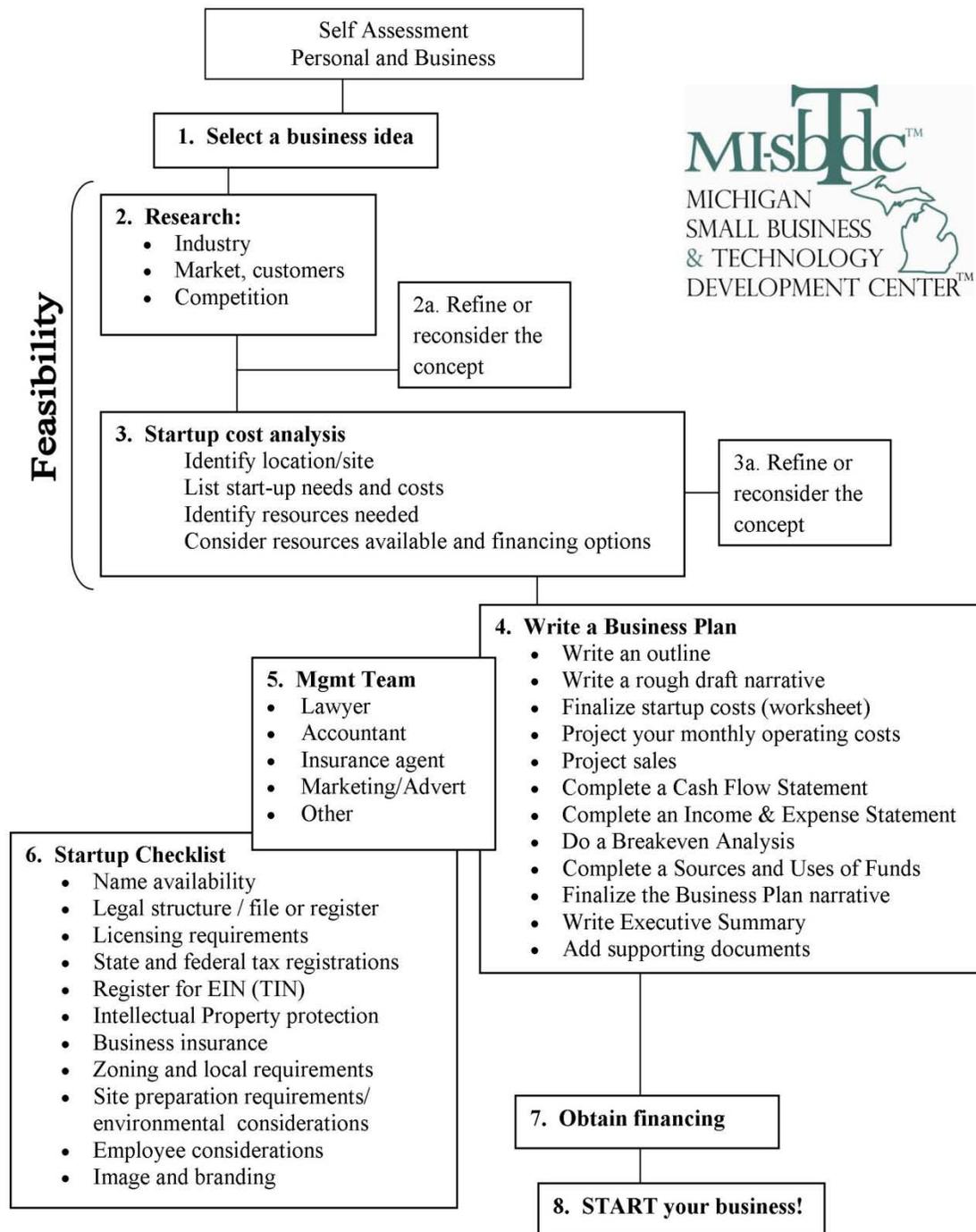
SELF ASSESSMENT: Are You Ready To Be In Business?

1. Why do I want to start a business? OR Why am I in business?
2. Specifically, what kind of business do I want to start (or am I in)?
3. Why do I believe I can make this type of business work?
4. Why do I believe this type of business is sustainable?
5. What education, skill or experience do I have in this industry?
6. What is my true purpose and/or the **goal I hope to accomplish with this business?**
7. What is the **financial goal** I am seeking to achieve?
8. If I will need financing, do I have the resources and credit worthiness necessary to be eligible?
[High credit score plus assets, collateral and good financial history.]
9. What are my strengths?
10. What are my weaknesses?
11. What is my physical, mental and emotional health and stamina?
12. What knowledge and skills do I have to start and control the day-to-day operations of a business?
13. Do I know and understand the technology necessary to be competitive in this business?
14. Do I have good judgment in people and ideas?
15. What sacrifices and **risks** am I willing to take to be successful?
16. What will it take for me to balance personal life and business demands?

STEPS TO STARTING A SMALL BUSINESS

"What do I need to do and what comes first?" That's the question most often asked by people considering starting a business. There is a logical sequence of actions and a process for starting a business. MI-SBTDC has created a "checklist" of that process: "[Steps to Starting a Business](#)" charts the tasks in recommended order to help you stay on track, manage the various steps, and give you the confidence of knowing you have considered all the essential elements. An explanation of each step follows the chart.

Steps to Starting a Business



STEPS TO STARTING A BUSINESS

Checklist

1. Select a business idea
2. Research
 - Industry
 - Market, customers
 - Competition
3. Startup cost analysis
 - Identify location/site
 - List start-up needs and costs
 - Identify resources needed
 - Consider resources available and financing options
4. Write a Business Plan
 - Write an outline
 - Write a rough draft narrative
 - Finalize startup costs (worksheet)
 - Project your monthly operating costs
 - Project sales
 - Complete a Cash Flow Statement
 - Complete an Income & Expense Statement
 - Do a Breakeven Analysis
 - Complete a Sources and Uses of Funds
 - Finalize the Business Plan narrative
 - Write Executive Summary
 - Add supporting documents
5. Management Team
 - Lawyer
 - Accountant
 - Insurance agent
 - Marketing/Advertising
 - Other
6. Startup Checklist
 - Name availability
 - Legal structure / file or register
 - Licensing requirements
 - State and federal tax registrations
 - Register for EIN (TIN)
 - Intellectual Property protection
 - Business insurance
 - Zoning and local requirements
 - Site preparation requirements / environmental considerations
 - Employee considerations
 - Image and branding
7. Obtain financing
8. START your business

1. Select a business idea.

Step #1 is deciding on what type of business you want to start. Many people choose to start a business around something they know and are passionate about. The first question every would-be business owner needs to ask about his/her product or service idea: *“What PROBLEM does it SOLVE or what NEED does it FILL?”* There are many reasons why consumers make purchase decisions, but the primary one is need. Market research will help you answer this question.

2. Market Research (Feasibility)

Market research is the first and most important task you need to accomplish BEFORE you start your business, to determine if your idea is *feasible*, which according to Webster’s Dictionary means “capable of being done; suitable.” Market research is the gathering of facts and figures to make an informed decision about the market potential for your business, about the prospects for success and the direction your business will take.

A. Type of Research Needed: Industry, market, customers, competition. You’ll be looking for answers to questions like: *How big is the industry my business fits into? What are the trends of that industry? How will my idea benefit customers? Who and how many potential customers are there? How many competitors are there? What is unique about my product or service? What will motivate customers to buy from me?*

The following describes the type of research needed using the example of a pizza parlor, which is part of the fast food industry:

- **Industry** is the BIG PICTURE of what’s happening in the “total world” of your particular type of business. Look for answers to questions like: *What’s happening in the fast food industry these days – how many pizzas get sold in the US or Michigan each year, are there increased sales, specialty pizzas, healthier alternatives, changes in sizes or packaging, more or less pizza parlors in and out of business, etc? What’s the BIG PICTURE in the pizza world?*
- **Market** is population of consumers or businesses that buy your particular product or service – you can generally define them by a common set of characteristics. **Market segments** are groups within that population that you can define by even more specific set or sets of characteristics. Questions to answer could include: *Who and how many folks are buying fast food in the area or location I’m considering? How often do they buy? Can I group and identify them based on any common characteristics such as age or ethnicity?*
- **Customers** are the individual people or businesses that will buy your product or service. A good exercise is to define your ideal customer and work backwards – where there’s one you can find another just like it, then another, and so on. *How many households exist in my geographic area? How many of these eat pizza, and how often? How much pizza are these prospective customers likely to purchase in a year? (Customers x frequency x price = market potential.)*
- **Competition** is any business that sells a product or service that is exactly like what you want to do (DIRECT) or that may be similar to or an alternative to your product or service (INDIRECT). *Where are other pizza shops? What are they like? What and where are other fast food, and/or grocery store food options? Why would these prospective customers buy your pizza (and not the other choices)? Is there an unmet need, am I offering something totally unique, are they dissatisfied with other choices?*

B. How and where to do research (secondary)

- **Local Library.** The best source of information is still the library. Many have business librarians and/or space dedicated to business reference materials. Look for information in sources and references related to your particular type of business, such as periodicals, trade journals, newspapers, industry association and other reference books. Some of the books in which you might find information include:
 - Encyclopedia of American Industries
 - Handbook of North American Industries
 - Standard and Poor's Industry Surveys
 - IBIS World Industry Market Research
 - Encyclopedia of Global Industries
 - Industry and Trade publications
 - Standard Industrial Classification Manual (statistics)
 - Economic Census, i.e., Census of Retail Trade, Census of Wholesale Trade, or Census of Selected Services
 - Trade Journals
 - Other governmental statistic sources published by federal, state, and local agencies
 - RMA (Risk Management Association) Annual Statement Studies
- **Internet.** To get the most out of Internet searches and make the best use of your time, it is important to define your search fields as precisely as possible. The following are suggestions for more effective and efficient internet searches:
 - Use your search engine tutorial on how to do effective searches. There are tips and tricks for getting the best results, and knowing them will save you time and energy in the long run.
 - Make a list of all the keywords and strings of keywords associated with your type of business.
 - As you search, keep track of which key words or strings of key words you used so you don't end up duplicating the search at a later time.
 - Save time by visually scanning the information you find and if you see potentially significant information, print out the materials for later reading and highlighting of relevant facts. The printout will show the URL where you found the information so you can find your way back to the site if you need to, and also to be able to cite the source in your business plan.
 - Check out the Michigan Electronic Library: www.mel.lib.mi.us/

C. What information to collect. The following is a sampling of questions for which one might seek answers as a basis for market research. Also listed is a sampling of sources of answers in each research category.

Industry

Question: *What is the growth/decline of my industry?*

- Magazine/newspaper articles www.mel.lib.mi.us/ (see *magazines for Michigan residents*, then Gale Infotrac database). May need to be at an academic or public library to utilize this resource.
- Industry Associations – see the [Small Business Sourcebook](#) by Gale Research. Most public libraries have this reference book.

Question: *What are the associations relating to my industry?*

- Find your association at www.asaenet.org (see Gateway to Associations).
- [Encyclopedia of Associations](#) – reference book at public library.
- [Small Business Sourcebook](#) by Gale Research. Most public libraries have this reference book.

Question: *What are the trends in my industry?*

- Find industry profiles at www.hoovers.com/
- Magazine/newspaper articles www.mel.lib.mi.us/

Market/Customers

Question: *What are the spending habits of the consumers of my market?*

- Magazine/newspaper articles www.mel.lib.mi.us/
- Federal Statistics www.fedstats.gov/

Question: *What are the demographics (makeup) of my market?*

- Sourcebook for Zip Code Demographics – reference book at the library – some SBDC and SBTDC sites may have this information on hand for your area.
- Census reports can be found at the library or online at www.census.gov/
- Complete a site ring demographic analysis at www.easidemographics.com/ or www.caci.com/

Question: *Who is the typical customer or target market for my business?*

- Industry reports – see trade journals at www.mediafinder.com/
- Magazine/newspaper articles www.mel.lib.mi.us/
- People in the industry

Competition

Question: *Who are my competitors?*

- www.yellowpages.com
- www.thomasregister.com/
- www.hoovers.com/
- www.zapdata.com/

D. Other forms of research (primary)

- Surveys: Build and conduct your own survey to gather information.
- Visit and “shop” the competition – observe and compare:
 1. Identify a set of the most important product and/or service features and attributes for your type of business.
 2. Record details for each feature/attribute for 3-5 of your primary competitors.
 3. On a scale of 1-5 (with 1 being poor and 5 being excellent) assign a rating to each competitor’s performance as it relates to the features and attributes.
 4. Look for the strongest competitors (biggest total score or features/attributes that rank very high) to identify your competition’s strengths, which you are going to have to work hard to overcome.
 5. Look for the weakest points among your competitors, which will be opportunities for you to take advantage.
- Study similar businesses’ advertising and websites.
- Talk to non-competitors. Sometimes others in a business like the one you are interested in starting might be willing to share first-hand information, even become a mentor, if they are not in direct competition with you, perhaps they are outside your geographic service area.
- Hire research. There are many companies that will conduct market research for a fee and they can easily be found through the internet.
- College or university marketing students. Many schools offering business courses, specifically in marketing, are looking for “real world” projects in which to involve their students. Check around your area for schools that offer marketing courses. Identify the professors teaching those courses and contact them directly. Timing may be an issue as they would have to plan your project into their course and it might take a term or two before that could happen.

3. Startup Cost Analysis (Feasibility)

A startup cost analysis will provide you with information that will help determine the dollar investment needed to start the business you have in mind. Having a more realistic, documented idea of the cost will allow you to match it to the reality of your available resources and/or your ability to get conventional financing. This may lead to refining your idea to make your startup possible, based on your personal situation.

Where there's a will there is a way! Not having the resources does not mean you won't be able to start the business. It does mean you will have to rethink how you'll start. The majority of businesses start by "bootstrapping." Every large business started as a small business, many of them growing one success at a time.

The following is a summary of categories of common startup costs. Some of these may apply to your business and some may not but chances are there are some on the list you hadn't thought of. For example: If you are relying on your business to pay your personal bills, you need to factor in living expenses for a moderate period of time until the business can afford to "pay you a wage." Another example: One of the top reasons for business failures is not having enough cash to ride out the business ramp-up time. It's important to factor in cash to cover expenses until the business is projected to reach breakeven. In other words, if sales are not generating enough cash to cover all the bills and you have no other savings or loans to tap into, how will you pay the rent, or utilities, or.....?

Startup Cost Analysis Summary

For each item on this list, there should be an accompanying list itemizing the detail.

Land and Buildings

Purchase down payment or pre-paid lease	\$ _____
Closing costs	\$ _____
Remodeling/build out	\$ _____
Utility deposits	\$ _____
Other	\$ _____

Equipment

Furniture	\$ _____
Fixtures	\$ _____
Production machinery/equipment	\$ _____
Computers/software	\$ _____
Telecommunication equipment	\$ _____
Cash registers/POS systems	\$ _____
Vehicles	\$ _____
Signs	\$ _____
Shipping and installation	\$ _____
Other	\$ _____

Materials and Supplies

Starting inventory	\$ _____
Production materials/components	\$ _____
Office supplies	\$ _____

Marketing, Image and Branding

Marketing and design consultants/planning	\$ _____
Advertising	\$ _____
Promotional items/activities	\$ _____
Other	\$ _____

Operations Fees and Expenses

Professional fees (accountant, lawyer, etc.)	\$ _____
Patent/trademark fees	\$ _____
Insurance (Health, Life, Fire, Liability, other)	\$ _____
Licenses and permits	\$ _____
Trade association memberships	\$ _____

Personal Living Expenses

From last paycheck to opening day	\$ _____
3-6 months after opening day	\$ _____
Moving expenses	\$ _____

Cash Reserve/Contingency/Working Capital

Opening expenses	\$ _____
Wages/salaries	\$ _____
Other	\$ _____

TOTAL	\$ _____
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Sources of Financing / Startup Resources

Once you know the cost to start your business, there are resource and finance issues to consider:

- How much do you need to start and where will it come from? Your savings? Selling your car? Asking your friends or family? Some of the more common forms of personal financial resources are:
 - Savings
 - Home Equity
 - Cash Value of Life Insurance
 - Credit Cards
 - Retirement Plans
 - Keeping your day job
 - Working part time as you build your business
- **GRANTS:** Are you hoping for a grant? As reported by Kerry Miller in “Bloomberg Businessweek” (February 27, 2008), “If you are searching for a government grant or no-interest loan to start a business, don't waste your time. The myth of abundant ‘free money’ to start a small business has stubbornly defied debunking for decades. Like most myths it contains a kernel of truth—the U.S. government does give grants to assist small businesses. Of course, virtually all of that money flows to local governments, state agencies, and nonprofits—not individuals.”
- **LOANS:** Are you hoping to get a loan? Lenders expect you to have “skin in the game” and be able to put up 20-30% of the total startup cost either as cash or equity investment.
- **CHARACTER:** What is your credit history and score? Lenders are looking for reliable borrowers who have demonstrated responsibility and have a high credit score.
- **COLLATERAL:** Do you have collateral against the loan amount? Lenders generally expect you to pledge assets against the loan that have a net value greater than the loan amount. Keep in mind that purchase value isn't resale value and banks discount the value of even brand new equipment to what they think they could get if they have to sell it to satisfy the debt. \$100,000 worth of equipment might be worth only \$50,000 to the bank as collateral.

Feasibility Decision Point

Once you've gathered and reviewed your market research and financial information, you can make knowledge-based decisions – to go forward as you intended or to modify your plan.

- Weigh the facts and make decisions based on what you KNOW, not “think” or “feel”.
- Is there a need in the marketplace for your product or service?
- Can you generate enough sales to achieve your personal and business goals?
- Can you justify the investment and risk?

Smaller scale startup is certainly an option but be realistic. It is very likely that you will face higher expenses than you expected. It is also possible that sales will start out slower than you expected. Most entrepreneurs adjust their original concept in some way.

NOTE: Once you have made the decision to proceed, Steps 4, 5 and 6 will happen somewhat simultaneously, though they are numbered according to a recommended sequence.

4. Write a Business Plan

WHY

Why should anyone go to the trouble of creating a written business plan? There are several reasons:

- The process of putting a business plan together, including the thought put in before beginning to write it forces one to take an objective, critical, unemotional look at the business project in its entirety.
- A business plan is an effective operating tool. If properly used, a business plan will help manage the business and work effectively toward its success.
- Lenders require one. A completed business plan communicates ideas to others and provides the basis for a financial proposal.

The importance of planning cannot be over-emphasized. Taking an objective look at the business plan will identify areas of weakness and strength, pinpoint needs that might otherwise be overlooked and spot opportunities early. Once the plan has been written, one can then begin working on how best to achieve the business goals.

Your business plan is a working document to be used. It shouldn't go into the bottom drawer of a desk to be forgotten. Going into business is rough—over half of all new businesses fail within the first ten years. A major reason for failure is the lack of planning. Business planning is a systematic methodology for reducing risk and enhancing success for any type of business operation. Your business plan provides benchmarks and milestones for you to use as measures of your success.

A business plan will help avoid going into a business venture that is doomed to failure. If the proposed venture is marginal, the business plan will show why and can help avoid costly mistakes. It is far cheaper not to begin an ill-fated business than to learn by experience what a business plan would have shown.

The business plan also provides the information needed by others to evaluate a venture, especially if seeking outside financing. A thorough business plan will quickly become a complete financing proposal that will meet the requirements of most lenders.

Goals/Objectives

A business plan forces a business entrepreneur to establish written goals and objectives that are:

- Achievable
- Quantifiable
- Prioritized
- Realistic
- Coordinated
- Both short- and long-term
- Action oriented
- Scheduled, i.e., time related

Once goals and objectives are set, they must be translated into strategies and paths of action.

Information

For a new business or operation, a business plan is the first piece of information that is brought together in one document. The information contained in a business plan will be the basis for both the entrepreneur's decisions and those of lenders, creditors, etc., who will review the business plan and use it to make decisions.

Communications

One of the most important aspects of a business is communication. A business plan is one of the easiest and most reliable communication tools you can possess. The plan will relay to the reader information about the business. Lenders and creditors will obviously want to read it. A decision on whether to extend credit will be based on the information in the business plan.

Internally, the business plan can be used to communicate the goals of the business and how the firm operates to employees and as a reminder to those in charge. This will help define the roles in the business and may improve the efficiency of an operation. It could certainly improve the coordination among various sections of a business.

Managerial Skills

Most business plans are written to acquire capital from lenders. However, a business plan is a very useful management tool, and will help develop managerial skills. Developing a business plan provides a set of decisions and assumptions about the business and the economy. Comparing actual events to your decisions and assumptions provides the basis for a day-to-day decision-making process. The plan will help evaluate the effects of alternatives before a decision is implemented. It will assist in balancing important issues, and also give the owner perspective in relating one area of activity to another. The business plan will also assist in fitting the skills of the employees to specific jobs.

Problems/Opportunities

The business plan gives a structure within which unforeseen problems can be solved. If necessary, safeguards can be written in the business plan to avoid unforeseen problems. The importance of avoiding problems cannot be over-emphasized. If a problem becomes serious enough and impacts the business balance sheet and income statements (i.e., the bottom line of the company), this can have a disastrous impact on the ability to raise funds and receive future credit.

Resources

All businesses have limited resources and various business operations within the company compete for these resources. The business planning process will help differentiate among competing operations and allocate resources to optimize profits. Concentrate on the amount of resources (i.e., capital, expertise, etc.) that will be required to bring a project to bear fruit and not what can be collected. It is far better to postpone a project than have it fail due to lack of resources.

Orientation

A business plan should be oriented to creating and sustaining a business, which will satisfy the wants and needs of future customers (your market), rather than producing a product or providing a service. A focus on customers will help avoid the pitfalls of opening a business just to satisfy a desire for owning a business. The best possible situation is where skills and abilities meet the wants and needs of the customer to form an efficient, high-demand business.

FRAMEWORK/ORGANIZATION OF THE BUSINESS PLAN

Business planning is the framework to structure concepts and information about a project. There is no exact formula for putting a business plan together and there are many different outlines and sample business plans available, each one a little different in order and organization than the next. How long will the plan be? On average, perhaps 12-16 pages. The complexity of a business plan will vary with the type of business, and the size will reflect that complexity.

MI-SBTDC recommends the following order and basic content, as shown in MI-SBTDC Business Plan Outline, which follows this overview.

Business Plan Overview

- **Cover Page:** Name of business, principals names and contact information
- **Executive Summary:** 1-2 pages that summarize the major highlights of the overall plan. This section is written last and may be used as a stand-alone document or marketing tool. Remember that the executive summary is the single most important part. Many people will not read past the summary. It should show a sense of enthusiasm and optimism, and must present enough information so readers will read on.
- **Section 1 -- Company Introduction:** This is a description of your company, and an opportunity to apply your "elevator pitch" to describe the key or unique aspects of your business. Elements generally covered in this introduction include: Mission/vision for your company; Overview – history, capabilities; Products or services; Competitive advantage; Location, hours, and legal structure.
- **Section 2 -- Marketing and Sales:** Here's where all the market research you did plugs in and makes sense! Industry analysis – scope, nature, size, growth, trends; Customers' – profile, geography, buying behavior, problem solved or need filled; Market analysis – size, trends, primary

and secondary target markets, growth potential; Competition – who, what, where, how, strengths, weaknesses, opportunities, threats (SWOT analysis); Marketing and Sales Plan including benefits/features analysis – value proposition, strategic partners, and pricing; Marketing and Communications Plan including advertising, promotions, publicity -- actions and costs; Sales Plan including sales force, distribution, customer service, warranties.

- **Section 3 -- Management and Operations:** Describe how the business will run and how organizational responsibilities will be assigned including the management team, other key personnel/contractors, staffing objectives, HR budget, Board of Directors/Advisors, work processes – inventory, production, quality control, subcontractors, facilities and equipment, research and development (if applicable).
- **Section 4 – Financials:** Finalize startup cost, identify the basis for financial projections with a list of assumptions (“show your math” in how you came up with sales numbers and/or expense amounts); 2-3 years of projections including Cash Flow, Income and Expense (P&L), and Balance Sheet; identify existing debt terms/conditions (if applicable) and possible exit strategy.
- **Appendix:** Include copies of any documents that may be referenced in the business plan or items that may be relevant to the persons reading the plan such as list of owners (over 20% stock), personal financial statements on all owners, tax returns, principal’s resumes, letters of recommendation, purchase agreements, site plans.

Most everyone needs help in putting a business plan together. There are several well-written brochures and books available at libraries and bookstores for assistance. Most large accounting firms have manuals available. Various legal and financial consultants are listed in the Yellow Pages and online. For more assistance, contact your local MI-SBTDC or online at: www.misbtdc.org

Business Plan Outline

Cover Page (Allow one full page in actual document)

Every business plan needs a cover page. The cover should show the following information (fill in for your business):

Company Name
Address
City, State Zip
Web Site Address

Company Owner's Name
Email Address
Phone Number
Fax Number

Company Logo (if available)

Date

Organization name and address the business plan is submitted to (*leave blank if you don't know yet*)

Table of Contents (Allow one full page in actual document)

Come back to this section and fill in the page numbers when the business plan is complete.

Table of Contents:	Page Number
Executive Summary	xx
Company Introduction	xx
Marketing and Sales	xx
Industry Analysis	
Market Analysis	
Customers	
Competition	
Marketing/Sales Plan	
Management and Operations	xx
Human Resources Plan	
Operations Plan	
Research & Development Plan	
Financials	xx
Appendix	xx

EXECUTIVE SUMMARY

The Executive Summary section provides an overview of the Business Plan, highlighting the primary ideas from each of the business plan components:

- *Company Introduction*
- *Industry Analysis*
- *Customers*
- *Market Analysis*
- *Competition*
- *Marketing/Sales Plan*
- *Human Resources Plan*
- *Operations*
- *Research and Development Plan (if appropriate)*
- *Financials*

Also, include in this section the purpose for writing the plan. Even though this section comes first in the business plan, it is usually written after all of the other sections have been completed, as a one or two page summary of the highlights.

COMPANY INTRODUCTION

Introduce and describe your company. How was your company formed? How long has your company been in operation? What is the current legal structure? Does your company hold any patents?

You may want to highlight the following elements within this section:

- *Overview of company history/capabilities*
- *Product description, present state of development*
- *Past customers and performance (if any)*
- *Intellectual property status (if applicable)*
- *Commercialization strategies (brief summary, if appropriate)*

MARKETING AND SALES

Industry Analysis

Paint a picture of what your specific industry is doing. For your company to be successful, you need to be aware of what is happening in the industry overall, so that you can position your company to take advantage of growth or unique market opportunities. Similarly, industry awareness will help ensure that your sales projections are realistic. Is the industry large enough to support another supplier? How fast is your industry growing (sales \$, number of customers, profits)? Are there specific segments growing faster than others? Which industry associations exist and prove to be useful resources? What data is provided by government sources?

You may want to highlight the following elements within this section:

- *Identify trade associations that support your product/service area*
- *SIC code analysis*
- *Current industry status and trends*
- *New products or services in the industry*
- *Economic/political issues that may be of impact*

Market Analysis

Once you have a good description of who your customers are, group them into primary and secondary markets. Your primary market is the group that is likely to buy the largest quantity of your product, or that is likely to buy more of your most profitable product. Secondary market includes those customers who will buy, but probably not at the same volume level as your primary target. Next you should estimate how large your target markets are (number of potential customers, how much are they likely to spend in a given year). Then, predict how fast your target markets will grow. Be realistic. Even if every customer loves your product, they all have limits on their ability to spend.

You may want to highlight the following elements within this section:

- *Define primary and secondary markets*
- *Market size and trends*
- *Quantify available markets*

- *Predicted annual growth rate of markets*

Customers

It is important for a company to know exactly who they are targeting with their products/services, where the customers are located, why they are interested in the product/service, and when/how/why they will purchase the product/service. Describe your ideal customer in terms of their demographics (age, gender and income) so that your selling approach will make sense to them.

You may want to highlight the following elements within this section:

- *Description of target market (who is your ideal customer?)*
- *Geographic area for target market (within 60 mile radius? nationwide?)*
- *Problem that company is solving for the market (what do they need?)*
- *Buying behavior (how often, how many products?)*
- *Decision making process (how much lead time, is it a group decision?)*

Competition

Who is your competition? Competitors include other suppliers who provide similar products (direct competitors) as well as those who provide a product in the same general category (indirect competitors). For example, a retail video rental store competes with other video rental companies, and also with other forms of entertainment such as movie theatres, HBO, etc.) How much of the market do your competitors hold? Who has the largest share of the market and what are their strengths and weaknesses? In which areas does your company have a competitive advantage over your competitors? Are there products or services that may threaten your company's ability to produce a profit?

You may want to highlight the following elements within this section:

- *Indirect & direct competitors? Who are they?*
- *Market share of competitors*
- *SWOT (strengths, weaknesses, opportunities, threats) analysis*

Marketing/Sales Plan

Your Marketing and Sales Plan needs to focus on the key characteristics of your target customers, their demographics and buying behavior, and their attitudes about your product. Why will a customer buy from you and not a competitor?

Set realistic sales goals that recognize the size of your industry, the size of your target market, how strong your competitors may be, and your ability to produce the product. Understanding your customers will also help you determine your sales force and distribution plans. Does your product require a direct sales approach? Will customers feel comfortable ordering online? Do customers need to see the product before purchasing? How many contacts will they need before agreeing to purchase?

Once you know your sales targets, you can plan your communications strategy around how many prospects you need to reach. Customers need to be aware of your company; and they have to want your product, have the ability to purchase it, and be satisfied with their purchase so that they will purchase again and also spread your name to others. Your advertising needs to include the media (such as print ads, radio, direct mail, billboards, events, publicity) that best reach your target market. And you will need to get the word out on a regular basis, so draft your communications plan onto a calendar, with regular communications activities throughout the year.

Often, partnering with a company that provides a complementary product can open the door to a broad base of potential customers. (For example, a Subway Shop may open next to a gas station.)

Pricing is an important part of your marketing mix. Estimate sales at various price levels. Investigate your target customers' expectations about price, in addition to what your costs are.

You may want to highlight the following elements within this section:

- *Marketing and sales objectives*
- *Current customer profile (if applicable)*
- *Potential customers feature/benefit analysis (what are customers looking for?)*

- *Potential teaming partners: who are they, why selected (if appropriate)*
- *Pricing: price points, margins and levels of profitability at various levels of sales*
- *Sales plan: sales force analysis, sales expectations for sale people, distribution channels, margins for intermediaries, customer service and warranties*
- *Advertising: Year 1 detailed marketing communications plan including implementation plan; Year 2-5 general plan, marketing budget/costs, assumptions*

MANAGEMENT AND OPERATIONS

Your Management and Operations section needs to focus on the management team and the experience and skill they bring to the business as well as how you will manage the company, who will be responsible for running the day-to-day operation and how it will be implemented. Even the best and brightest entrepreneurs cannot do everything. Identify key work areas that will ensure customer satisfaction and company growth and make sure staff understands their responsibilities. This ranges from how the telephone should be answered to what is your return policy to how do we reach more customers, to what is the most cost effective level of inventory?

Human Resources Plan

Who is on your management team? How many staff members will you hire and in which roles? How much money will you spend? What are your goals for staffing? Estimate the costs and benefits of full-time, part-time and contract employees. How will new employees be trained? Critical areas include Operations, Sales, and Finance, and each function needs to be defined. How will decisions be made? Where are your greatest strengths? What skill areas and team members need to be added?

You may want to highlight the following elements within this section:

- *Management team*
- *Staffing objectives*
- *Organizational structure growth for 3-5 years*
- *Key individuals to be recruited*
- *Human resource budget*
- *Board of Directors, Research Advisory Board (if appropriate)*

Operations Plan

You may want to highlight the following elements within this section:

- *Basics on how work will be processed*
- *Use of subcontractors*
- *Quality control*
- *Market Analysis*
- *Facility needs*
- *Manufacturing needs*
- *Budget requirements*

Research and Development Plan

Plan for your company's future and growth. Whether you will be developing new products or expanding to additional locations, a growth plan is important. What are your goals and plans in this area? What obstacles do you foresee while trying to achieve your objectives? Will you require additional financing to obtain your research and development objectives?

You may want to highlight the following elements within this section:

- *Research and Development objectives*
- *Milestones and contingency plans*
- *Difficulties and risks and how to overcome them*
- *Special budget needs*

FINANCIALS

What are the financial goals and plans for your company? What do you need and how will you obtain it? What is your company's financial history?

You may want to highlight the following elements within this section:

- *Assumption page - A list of your explanation for the numbers in the financial projection. An uninformed reader should be able to understand how the figures being presented were derived.*
- *Cash flow projections - This will compare the money coming in to the money going out on a month-by-month basis. Can you pay your monthly bills?*
- *2-5 years profit & loss statements - Why? Because some bankers do not have credit analysts to help with this aspect. Also, the credit analyst may need to prepare ratio analysis. In addition, as the business owner, you need to know if your company is growing financially and according to your targeted goals.*
- *Financing needed and equity/debt options - Ask for what you have assumed in the financial projection. For example, if the projection assumes a \$50,000 at 7.5% for 10 years, that is what you ask for.*
- *Use of funds - Tell how the money borrowed/invested will be spent.*
- *Alternative scenarios - Some situations are best represented by developing more than one set of financial projections. One may want to present a "best case" and "worst case" scenario.*
- *Terms and conditions of any previous financing --One needs to talk about existing debt and equity arrangements.*
- *Commercialization/strategy (if applicable). Some business plans take an idea or invention from conception to the market place. One needs to address those issues as the timeframe for such a project is usually very long.*
- *Exit strategy - How is the money going to be extracted from the business? Do you plan to sell the business? Will your children inherit it?*

APPENDIX

Supporting documents related to content you have referenced in your plan, which you or another reader may wish to refer to for more detail or verification, may include the following:

- *Principal's resumes and/or list of owners with over 20% of the stock*
- *Personal income tax forms if required*
- *Letters of recommendation*
- *Site plans*
- *Contracts*

5. Develop Your Management Team

As noted in a previous section, many people choose to start a business around something they know how or love to do. That technical skill or specific knowledge/experience becomes the centerpiece of the business, the product or the service offered. However, the operational framework of a business is more than just product or service. It is important to consider ahead of time, rather than under the pressure of a critical need, who or how some of those functions will be managed. Some of the areas to consider are:

- Lawyer
- Accountant or Bookkeeper
- Insurance agent
- Realtor
- Marketing consultant
- Staffing service/consultant
- IT service

6. Complete the Startup Checklist

The following tasks are related to forming and finalizing the business entity itself. These tasks may be completed at any time in the startup process, and many people form a business entity, file for an EIN, and make other registrations as a first step. But the recommended sequence is first to determine IF there is a market opportunity for the business (feasibility) before establishing and registering an entity that might need to be “undone” if the research and preliminary startup cost analysis does not support moving forward with startup.

Name and Legal Structure

To learn more about the advantages and disadvantages of various legal structures refer to the section entitled, “Ways to Legally Structure a Business and Registering A Business Name” see page 21. The decision of what legal structure to select may be very complicated, therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you.

Licensing

The State of Michigan does not have a generic business license, see page 25 for more details on licenses.

State and Federal Tax Registration

Businesses operating or conducting business in Michigan may visit www.michigan.gov/business, Michigan Business One Stop website, a portal for new and existing businesses to access services for doing business in our great state -- from information about licensing and permits, to tax registration and unemployment insurance see pages 28-30 for more details.

Employer Identification Number (EIN) – Taxpayer Identification Number

Generally, an EIN is required by the IRS if: 1) The business will have employees; and/or 2) the business operates as a corporation or partnership, see page 28 for more details.

Intellectual Property (IP) – Patents, Trademark, Copyright

A trademark is the “brand name” by which products are identified by a particular manufacturer or distributor. A trademark is a word, phrase, symbol or device, or any combination other than a trade name adopted and used to identify products and to distinguish them from similar products made or sold by others. A service mark is similar to a trademark and is used to identify and distinguish between services sold or advertised by a person from similar services of others. See page 27 more details.

Business Insurance

Contact an insurance agent to determine the types of insurance the business should purchase. Shop around. Insurance rates and types of coverage vary greatly among insurance carriers – see page 43 for more details.

Zoning and Local Requirements

It is important for startup and expanding businesses to make sure that the planned location or occupied facility is in compliance with all the local laws and regulations. Although Michigan does not have a generic business license (some vocations and occupations require licenses), check with your local governmental units (cities, townships, villages, etc.) as they may require business licenses. See page 26 for more details.

Site and Environmental Conditions

To ensure that the business meets all of the environmental regulations that apply to a specific type of business, contact the Michigan Department of Natural Resources & Environment at 517-373-7917 or access the environmental permit online at www.michigan.gov/dnre.

Employee Considerations

If employees are hired, there are responsibilities at both the state and federal government levels, see page 33 for more details.

Purchasing an Existing Business

As the purchaser of even a portion of a business, you may be responsible for the previous owner's liabilities, regardless of any contractual language to the contrary. As the purchaser of the business, make sure that the seller of the business provides proof that there are no hidden liabilities. The seller of the business should contact the Michigan Department of Treasury at 517.636.5260 to obtain Form 514 to request a Conditional Tax Clearance Request letter, or you may access the information online at www.michigan.gov/businesstaxes. As the purchaser of a business, it is wise to obtain a copy of this Conditional Tax Clearance Request letter from the seller prior to the closing date or signing any purchase agreements.

Also, contact the Unemployment Insurance Agency (UIA) at 800.638.3994 or online at www.michigan.gov/uia to obtain information on successor liability. Furthermore, the seller is required to provide the purchaser with UIA Form 1027, Business Transferor's Notice to Transferee of Unemployment Tax Liability and Rate. This form will advise the purchaser of the unemployment tax rate, outstanding liabilities, and other details about jobless benefit payments and taxes.

Image and Branding

A very critical aspect of business marketing is the message, verbally and visually, that you use to identify your business and attract customers. Plan it carefully and consider its staying power. Much of the value of a business accrues from the recognition of its "brand." For more details on marketing, see pages 40 - 42.

7. Obtain financing (if applicable)

If traditional lending is your financing path, begin visits to lenders just as soon as the business plan is completed, before a site lease or purchase agreement is signed. Your MI-SBTDC office will provide information on lenders in your area. For more information on financing, see the section "Financing a Business," page 38.

8. START your business!

Congratulations! Your planning, persistence and determination have paid off. Now the journey and real hard work begins. Don't hesitate to contact your closest MI-SBTDC office for ongoing assistance.

WAYS TO LEGALLY STRUCTURE A BUSINESS AND REGISTERING A BUSINESS NAME

Choosing a Legal Structure for Your Business

When starting a new business, one of the first decisions you must make is what legal structure you should choose for your business. Your choices are sole proprietorship, partnership, corporation or LLC. Which structure you choose will depend on the type of business you run. The major factors to consider include:

- The potential risks and liabilities of your business
- Income taxes
- Investment needs
- The formalities and expenses involved in establishing the business structure

Below is a review of the most common legal structures for businesses and some of the advantages and disadvantages of each. The decision of what legal structure to select may be very complicated, therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on limited partnerships, corporations or limited liability companies, please go to www.michigan.gov/business or call 517.241.6470.

Sole Proprietorship

A sole proprietorship is a business structure with one owner. A majority of small businesses in the United States are sole proprietorships because it is the easiest to set up and maintain. If you do nothing to choose a legal structure you will default to a sole proprietorship because there is no paperwork to file. However, if you plan to operate the business under a name that is not your personal name, then you must file for an assumed name "DBA" (doing business as...) certificate with the county clerk of the county where your business is located.

There is no legal separation between the business and the owner in a sole proprietorship. This means that as a sole proprietor you will have unlimited responsibility for the liabilities and debts of the business. For instance, if the business cannot pay money owed to a vendor, that vendor may sue you individually. It also means that any income or losses of the business are accounted for on your personal tax return.

Advantages:

- Easy and inexpensive to establish
- Profits are taxed only once at the owner's rate

Disadvantages:

- Owner has unlimited personal liability for business debts
- Ownership is limited to one person

The decision of what legal structure to select may be very complicated. Therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on business structures please go to www.michigan.gov/business or call 517.241.6470.

Partnerships

There are two types of partnerships: General partnerships and Limited partnerships. A general partnership is similar to a sole proprietorship except that it has two or more owners. Like a sole proprietorship it is easy to set up and maintain. There is no paperwork to file unless you are operating the business under a name that is different from the personal names of the owners in which case you only need to file a "DBA" (doing business as...) certificate with the county where the business is located. It is also highly recommended that the partners create a partnership agreement that addresses roles, responsibilities and contingencies, in order to avoid disagreement and conflict between the partners. In a general partnership the owners have unlimited liability for the debts of the business. This means that even though the partners share the profits equally, each partner is 100% responsible for any debts of the business.

A limited partnership has one or more general partners and one or more limited partners. The general partner(s) control and operate the business and are 100% liable for any debts of the business. The limited partner(s) do not participate in the operation of the business and their personal liability is limited to their contribution to the partnership. Typically a limited partner is an investor.

In order to form a limited partnership in Michigan, you must file a certificate of limited partnership with the Department of Labor, Energy and Economic Growth (DELEG). If a limited partnership does not follow statutory requirements it will be treated as a general partnership so you should consult with an attorney before creating a limited partnership.

Advantages:

- General partnerships are easy and inexpensive to establish
- Each partner's share of profits are only taxed once
- Allows for ownership by more than one individual

Disadvantages:

- General partners have unlimited personal liability for business debts
- Partnership is legally responsible for the business acts of each partner
- General partner's interest in the business can only be sold or transferred by consent of all partners

The decision of what legal structure to select may be very complicated. Therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on business structures please go to www.michigan.gov/business or call 517.241.6470.

Corporations

A corporation is considered a separate legal entity with its own rights, privileges and liabilities separate from its members. Therefore, its shareholders or stockholders (owners) are not personally responsible for the debts of the business. Usually a corporation has more than one shareholder but it can be 100% owned by one person. Shareholders elect a Board of Directors that oversees major policies and decisions, and the directors hire officers to run the company on a day-to-day basis. A corporation can sue and be sued, enter into contracts and own property.

A corporation is more expensive and complex to establish than the other business structures. It is created by filing Articles of Incorporation with Department of Labor, Energy and Economic Growth (DELEG) along with the appropriate fee. The corporation will also be responsible for paying an annual fee with DELEG to continue its existence. Once established, a corporation must abide by corporate formalities required by statute to retain corporate status; therefore, corporations are more complex to operate than sole proprietorships and partnerships.

The corporation itself pays taxes at special corporate tax rates on the profits it earns and retains. Corporations distribute earnings to shareholders (owners) as dividends and the shareholders are taxed on this income. Therefore, it is said that corporate earnings are subject to "double taxation" when they are passed through as stockholder dividends.

Corporations are categorized as "C" corporations. However, after creating your "C" corporation, you might file an election with the IRS to be treated as a subchapter "S" corporation for tax purposes. In order for a corporation to elect to be a subchapter S corporation it must meet certain eligibility requirements including but not limited to having 100 or less shareholders. Subchapter S corporations are formed for tax purposes because generally a subchapter S corporation does not pay taxes on the earnings of the business but instead the income is passed through to the individual shareholders and reported on their income tax returns. This eliminates the corporate "double taxation" described above.

Advantages:

- Easier to raise capital through sale of stock
- Limited liability for business debts – shareholders only risk their investment
- Easy to transfer ownership
- Can elect Subchapter S status with the IRS

Disadvantages:

- Costly to set up and maintain
- Corporate formalities are complex but must be strictly followed to maintain corporate status and limited liability of shareholders
- Closely regulated by both federal and state government
- Double taxation if not eligible for or fail to elect Subchapter S status with the IRS

The decision of what legal structure to select may be very complicated. Therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on business structures please go to www.michigan.gov/business or call 517.241.6470.

Professional Service Corporation

A professional service corporation or PC is a corporation formed for the purpose of engaging in certain licensed professions (sometimes referred to as “learned professions”) such as law, medicine and architecture. All shareholders of the corporation must be licensed professionals, so for example, if a law firm is a PC, all shareholders of the PC must be licensed attorneys. A PC is created by filing Articles of Incorporation with the Department of Labor, Energy and Economic Growth (DELEG) along with the appropriate fee. The corporation will also be responsible for paying an annual fee with DELEG to continue its existence as well as provide a list of shareholders and attest that all are licensed professionals.

The decision of what legal structure to select may be very complicated. Therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on business structures please go to www.michigan.gov/business or call 517.241.6470.

Limited Liability Company

A limited liability company (LLC) is a relatively new business structure. It was created to combine the advantages offered by both corporations and partnerships. An LLC provides the members (owners) of the business limited liability protection like shareholders in a corporation combined with the simpler operation and tax advantages of a partnership.

Although Michigan does not require an operating agreement to be filed in order to form an LLC, executing one is highly advisable. Particularly in a multi-member LLC, it’s the basis on which you establish consistency and understanding about how meetings are conducted, how the company will be managed and decisions made, duties of members, what contributions are required from members, how profits and losses will be calculated, limitations of liability and protection of members, and how members might be added, terminated or exit.

An LLC is created by filing Articles of Organization with the Department of Labor, Energy and Economic Growth (DELEG) along with the appropriate filing fee. Like a corporation, an LLC will be responsible for paying an annual fee with DELEG to continue its existence.

Advantages:

- Limited liability for business debts
- Taxed as a partnership so there is no double taxation
- Easier to establish and maintain than a corporation

Disadvantages:

- More complex startup requirements than partnerships or sole proprietorships
- Since it is a relatively new business structure it has not been thoroughly tested by the courts

The decision of what legal structure to select may be very complicated. Therefore, it is recommended that you consult an attorney and/or tax professional before deciding which structure is best for you. Also, for more information on business structures please go to www.michigan.gov/business or call 517.241.6470.

Selecting and Registering a Business Name

In general, an individual is always entitled to use their personal name for their business. If you choose a name that is not your personal name, you must choose a name that is not already being used by a business. Therefore, it is smart to do a search for the name on the internet and at the website for the US Patent and Trademark Office www.uspto.gov to make sure the name is not already in use. If your name is an integral part of your business or you plan to invest significant money in marketing materials you should consult with an attorney with an expertise in intellectual property law prior to choosing your name.

A business name is registered in Michigan at the time the business structure is formed. A sole proprietorship or partnership using the name(s) of the owner is not required to do anything to register their business name. If the sole proprietorship or partnership is assuming a different name they must file a "DBA" (doing business as...) certificate with county clerk of the county in which the business is located.

A corporation registers its name when filing its Articles of Incorporation and an LLC registers its name when filing its Articles of Organization with the Department of Labor, Energy and Economic Growth (DELEG). It is recommended that you conduct a name availability search prior to filing your paperwork. This search can be done online at www.michigan.gov/dleg. Select "Commercial Services & Corporations," then select "Business Services," then scroll down to "Online Services" and select "Name Availability." Click on "Name Availability" link and the search function will come up.

It is important to note that just because the State of Michigan allows you to register your business name, it does not mean you have absolute rights and ownership of that name. Therefore, if you have any questions or concerns about choosing a name for your business you should consult an attorney.

Also, a corporation or LLC may choose to operate the business under a name different than the LLC or corporation, or it may choose to operate multiple businesses through the one business. In these cases, the corporation or LLC must file a Certificate of Assumed Name for each name used by the business with the Department of Labor, Energy and Economic Growth (DELEG).

LICENSES, PERMITS AND OTHER REGULATIONS

The State of Michigan does not have a generic business license. Several occupations and industries/services are required to be licensed by the State of Michigan. Depending on the specific type of business or manufacturing operation, some type of certification, license or permit may be required. Access the Michigan Business One Stop site for licensed occupations information (search) online at: www.michigan.gov/business

Businesses operating or conducting business in Michigan may visit www.michigan.gov/business, Michigan Business One Stop website, a portal for new and existing businesses to access services for doing business in our great state -- from information about licensing and permits, to tax registration and unemployment insurance. This service will allow a company to access and use an ever expanding list of online permitting services 24-hours a day, seven days a week.

Try the Business One Stop Simulator This tool lets you create scenarios for starting different types of businesses. The tool will determine the state requirements for that type of business, including costs and time frames. No phone calls. No hassles. And, if you like what you see, Log In and Do Business with One Stop!

Resource Center The One Stop Business Resource Center is designed to help you start and manage your Michigan business. Explore these libraries of information!

One Stop Tutorials This links to a number of tutorials which will provide you with step by step instructions for using Michigan Business One Stop.

Michigan Business One Stop

Why Would I Use One Stop?

Starting a new business? One Stop creates a personalized list of activities, registrations and licenses that you will need to complete for your business. The list includes the cost and process time for each item, adding information and value to your business plan. Is it comprehensive? The One Stop database analyzes 876 different government tasks to find the ones that apply to your business. Once you are ready to start your business, use One Stop to apply for an EIN, register for taxes and apply for the permits and licenses you need.

Operating businesses use One Stop a little differently. As a business owner, you will need to renew your licenses periodically, but you probably also need to:

- File your annual report with the Department of Energy, Labor and Economic Growth
- Sign up to e-pay your taxes
- Register with Unemployment Insurance Agency
- Apply and pay for specific permits or licenses
- Delegate authority to another person
- Post a MIOSHA notice
- Consider the costs of expansion by reviewing additional permits and licenses
- Add a location or a DBA

One Stop allows you to manage all of these transactions in one place and eliminates the need to jump from agency to agency to conduct your business. Web site: www.michigan.gov/business

Local licensing, permits and/or regulations may be different than state. Be sure to check with your county, city, village, or township clerk to determine if any local licenses or registrations are required and to obtain the necessary forms.

ENVIRONMENTAL CONSIDERATIONS

Small businesses operate in an increasingly complex legal environment. Concerns about consumer protection and environmental preservation have received increased attention in recent years. As these concerns are brought forth to be enacted into laws and regulations, it is often translated into a maze of paperwork and restrictions for many business owners. The *good* news is that government provides a wide-range of assistance to businesses. One key to surviving the “regulatory jungle” is to be aware of the legal and business environment in which your business operates. No one is expected to become a legal expert but you should know which laws affect your business.

A business involved in activities that have the potential to impact the environment (such as land clearing and construction) or operating processes that generate air emissions and waste (such as coating lines, boilers, and cleaning metal parts with solvent) may need permits, licenses, or other authorizations from the Michigan Department of Environmental Quality (MDEQ).

Contact the MDEQ at 800.662.9278 or online at www.michigan.gov/deq. The MDEQ regulates business activities that involve:

- The release of air emissions
- Solid waste disposal/processing
- Storage, hauling and disposal of hazardous waste
- Major alterations to the landscape
- Building near waterways or wetlands

Resources:

Free technical assistance, consultation, and guidance is available from the Environmental Assistance Program (EAP) by calling 800.662.9278 or online at: www.michigan.gov/deqenvassistance.

The Michigan Manufacturers' Guide to Environmental, Health and Safety Regulations: A general and informational reference that provides an overview of the regulatory programs that apply to many businesses – not just manufacturers. Online copies are available at www.michigan.gov/deq (click on “DEQ Publications” in the right margin).

The DEQ Permit Information Checklist: An easy to use checklist for determining if your project requires any type of environmental permit is available online at www.michigan.gov/deq (click on “Key Topics” in the left margin and then “Permits”). The DEQ Permit and Licensing Guidebook is also available at this site.

The possibility of environmental contamination should be considered when looking at the lease or purchase of an existing building or property for conducting business. In Michigan, a Baseline Environmental Assessment (BEA) allows people to purchase or begin operating at a facility without being held liable for existing or previous contamination. For more information on BEA's and Due Care, go online at www.michigan.gov/deq (click on “Land”).

Business owners should also check with county and local authorities about whether local permits and licensing may be required. Even though the costs of adhering to the regulations can be burdensome for a business owner, the cost of noncompliance, including fines, penalties, and even business closure, can be much greater.

ZONING AND BUILDING CODES AND ORDINANCES

It is important for startups and expanding businesses to make sure that the occupied facility is in compliance with all the local laws and regulations. Contact the city assessor, township or village clerk to assure compliance with all the local zoning codes.

Contact the local building inspector to assure compliance with regulations affecting construction (e.g., building, electrical, mechanical and plumbing codes, rules about construction, alterations, demolitions, occupancy and use of buildings).

A home-based business is subject to many of the same local laws and regulations. Check with your local unit of government to determine if any special permits are required.

Certain products cannot be produced in the home. Most states outlaw the home production of fireworks, drugs, poisons, explosives, sanitary or medical products and toys. Strict rules apply to the processing of food/drinks and the manufacturing of clothing.

Be aware of your city, county and village zoning regulations. If the business operates in violation of the local government's laws and regulations, you could be fined or closed down. For information about the laws and regulations at the city, county, township or village level you should contact your local government agency.

BARRIER FREE DESIGN

A special part of the building code, Barrier Free Design, has been public policy in Michigan since 1966. In 1992, the Americans with Disabilities Act (ADA) mandated federal requirements concerning barrier free design. These regulations are intended to ensure that public facilities and facilities used by the public are accessible to and usable by all citizens, including elderly persons, wheelchair users and individuals with permanent or temporary conditions that reduce coordination, mobility or make walking difficult or insecure. No exceptions to the state requirements can be made by a local unit of government or a state department, agency or person, except the Barrier Free Design Board. A person requesting an exception must demonstrate "compelling need" as defined in section 5a of 1966 Public Act (PA)1, MCL 125.1355a. For additional information, visit the Department of Energy, Labor & Economic Growth, Bureau of Construction Codes website at www.michigan.gov/bcc or contact the Plan Review Division at 517.241.9328.

TRADE AND SERVICE MARKS

A trademark is the "brand name" by which products are identified by a particular manufacturer or distributor. A trademark is a word, phrase, symbol or device, or any combination other than a trade name adopted and used to identify products and to distinguish them from similar products made or sold by others. A service mark is similar to a trademark and is used to identify and distinguish between services sold or advertised by a person from similar services of others.

Registration of a mark used in Michigan gives the owner of the mark certain limited legal protection. Trademarks and service marks adopted and used in Michigan are registered with the Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, Corporation Division at 517.241.6470.

The registration fee is \$50 and is in effect for ten years and can be renewed for an additional ten years prior to the end of each ten year period. Trademarks and service marks may also be registered for use throughout the United States with the United States Patent and Trademark Office, (USPTO), USPTO Contact Center, Post Office Box 1450, Alexandria, VA 22313-1450 or by telephone at 800.786.9199 or available online at www.uspto.gov.

COPYRIGHTS

A copyright enables its owner to exclude others from reproducing certain works, such as books, musical compositions, technical drawings and computer programs, for the author's life plus 70 years. A copyright may be obtained by filing an application with the U.S. Copyright Office, Library of Congress, 101 Independence Avenue SE, Washington, D.C. 20559-6000; telephone 202.707.3000 or online at www.copyright.gov.

BUSINESS TAXES

Understanding your tax obligations and preparing taxes can be confusing and complicated. If returns are neglected or filed improperly, penalties and excess payments may be levied. This document gives an overview to help ensure you are filing and paying the appropriate taxes. Consult with a tax advisor or an accountant to help you understand your obligations and/or prepare your returns.

EMPLOYER IDENTIFICATION NUMBER (EIN)

An EIN identifies the business for federal and state tax purposes. Many financial institutions will not open a commercial banking account under an assumed (“doing business as” – DBA) name without the EIN. Sole proprietorships without employees ARE NOT REQUIRED to have an EIN and may use the owner’s social security number for tax purposes. However, a sole proprietor without employees may apply for and receive an EIN as an alternative to using a social security number, which could increase the chances of identity theft.

An EIN must be obtained if the business is set up as a partnership, a corporation for profit or nonprofit, a limited liability company, a trust or estate, or a sole proprietorship that pays wages to one or more employees. NOTE: If services are performed for a corporation, the owner is an employee of the corporation and subject to all employment taxes.

An EIN is required on any return, statement, or other document if you are an employer. Individuals who file Schedule C or I must use EINs when filing excise, employment, alcohol, tobacco or firearms returns. Important notes:

- If you become the new owner of an existing business, you cannot use the EIN of the previous owner.
- An existing business that adds, opens or acquires a new operation of similar type may use its current EIN for both the existing and new operations. However, a new establishment must obtain its own EIN if its line of business is different from the existing operation.

An EIN form (SS-4) can be obtained from the IRS online at www.irs.gov or call 800.829.4933. The application should be completed early enough to allow processing time for an EIN number to be issued.

EMPLOYER TAXES

Any employer of one or more persons must withhold federal, state and possibly local income taxes from the wages paid to employees. Employers are also responsible for paying into the Social Security and Medicare systems as well as withholding a matched amount from the employee’s wages. State and federal unemployment insurance payments must be paid entirely by the employer and not from an employee’s wages. For detailed information about hiring employees and your obligations, refer to the “Hiring Employees” section, page 33.

SELF-EMPLOYMENT TAXES

Just as employers must withhold tax and report it to various government agencies, so must self-employed individuals, or those working for self-employers. You are considered self-employed if you operate a trade, business, or profession, either by yourself or as a partner. To learn more about your obligations, refer to the “Being Self-Employed” section, page 31.

PERSONAL INCOME TAX

As a sole proprietor or partner, the owner pays taxes on the income from the business on a personal income tax return with the state and federal governments. You will also file an additional schedule that identifies income and expenses of the business. Partners file a partnership return in addition to the personal income tax return that distributes profits and losses between the partners according to the partnership agreement. Corporations pay taxes on the business income at corporate tax rates. Shareholders and employees (including paid corporate officers) pay individual income tax on any salary and dividends received from the corporation.

Most businesses are also required to make “Estimated Tax” payments on a quarterly basis for Michigan income tax, federal income tax and self-employment tax. For more information about your tax obligations and the proper forms, contact the Michigan Department of Treasury at 800.487.7000 for state taxes and the IRS at 800.829.4933 or online at www.irs.gov for federal taxes.

STATE BUSINESS TAXES

In Michigan, it is easy to register for taxes at www.michigan.gov/business, Michigan Business One Stop website, a portal for new and existing businesses to access services for doing business in Michigan. Or, you can complete one form, Registration for Michigan Taxes (Form 518), to register for sales (and use) tax, withholding taxes, Michigan Business Tax, motor fuel tax, and tobacco products tax. It can be obtained by contacting the Michigan Department of Treasury at 517.636.4660. Questions and answers about registering a business may also be accessed online at www.michigan.gov/businessesstaxes.

SALES, USE AND WITHHOLDING TAXES

Anyone who engages in the retail sales of tangible personal property (defined as any good that one can possess or exchange) from a Michigan location needs a sales tax license. The Michigan sales tax is 6 percent of retail sales receipts (at time of publication). Local governments cannot levy sales tax in Michigan.

- When selling or leasing tangible personal property to a Michigan customer from an out-of-state location and when the business has no retail location in Michigan, one must register for use tax, which is also 6 percent (at time of publication).
- Also, register with the Michigan Department of Treasury if a Michigan resident buys or rents tangible property from an out-of-state source or when selling telephone, telegraph or other leased wire communication services.
- Every business that employs one or more employees is required to withhold federal income tax under the Internal Revenue Code. Businesses must also withhold Michigan income tax from wages paid to employees in Michigan.

When liable for sales, use or withholding tax, the business should register for taxes at www.michigan.gov/business, Michigan Business One Stop website or by completing a Registration for Michigan Taxes (Form 518) that can be obtained by contacting the Michigan Department of Treasury at 517.636.4660. Questions and answers about registering a business may also be accessed online at www.michigan.gov/businessesstaxes. No fee is required. For further information about sales, use and withholding taxes, contact the Michigan Department of Treasury at 517.636.4660 or access the business tax information online.

MICHIGAN BUSINESS TAX

On January 1, 2008, Michigan implemented a new business tax system. The Michigan Business Tax (MBT) replaced the Single Business Tax (SBT) and will provide tax cuts to seven out of ten Michigan businesses (including numerous small businesses and manufacturers). A business with gross receipts of \$350,000 or less does not have to file a tax return or pay any tax.

The MBT is based on business income and gross receipts, plus an added surcharge. Only sales in Michigan are taxable. It also includes numerous tax credits. The new tax system also includes significant property tax reform, creating certain exemptions for industrial and commercial personal property. For more information, please visit the Michigan Department of Treasury web site at www.michigan.gov/mbt or consult with a tax specialist or accountant.

MOTOR FUEL TAXES

Motor fuel tax is levied on highway, marine, and aviation fuel. International Field Tax Agreement (IFTA)/Intrastate Motor Carriers should contact the Michigan Department of Treasury, Special Taxes Section at 517.636.4600 or online at www.michigan.gov/taxes, click on “Fuel and Tobacco Tax” for more information. For additional information, please refer to the Department of Energy, Labor & Economic Growth, Public Service Commission, Motor Carrier Division online at www.michigan.gov/mpsc, click on “Motor Carrier”.

LOCAL TAXES

Local governments in Michigan levy property taxes. Recent reforms have cut business property taxes significantly. Since property tax rates vary by locality, it is important to consult your local city, township or village for specific information. The local treasurer's office can also provide information about other local taxes that may apply along with information about registration and payment requirements.

BEING SELF-EMPLOYED

The majority of people who pay into Social Security work for someone else. Their employer deducts Social Security taxes from their paycheck, matches that contribution, and sends wage reports and taxes to the Internal Revenue Service and Social Security. Self-employed people must fill out the forms and pay the taxes directly to the government.

You are considered self-employed if you operate a trade, business, or profession either by yourself or as a partner, or report your earnings for Social Security when you file your federal income tax return. If your net earnings are \$400 or more in a year, you must report your earnings on Schedule SE.

PAYING SOCIAL SECURITY AND MEDICARE TAXES

The Social Security tax rate in 2010 and 2011 is 15.3 percent on self-employment income up to \$106,800. If your net earnings exceed \$106,800, you continue to pay only the Medicare portion of the Social Security tax (which is 2.9 percent) on the rest of your earnings.

There are two income tax deductions that reduce your tax liability. The deductions are intended to make sure self-employed people are treated in much the same way as employers and employees for Social Security and income tax purposes.

- First, your net earnings from self-employment are reduced by an amount equal to half of your total Social Security tax. This is similar to the way employees are treated under the tax laws in that the employer's share of the Social Security tax is not considered income to the employee.
- Second, you can deduct half of your Social Security tax on the face of the IRS Form 1040. This means the deduction is taken from your gross income in determining adjusted gross income. It cannot be an itemized deduction and must not be listed on your Schedule C.

If you have wages as well as self-employment earnings, the tax on your wages is paid first. But this rule is important only if your total earnings are more than \$106,800. For example, if you have \$20,000 in wages and \$30,000 in self-employment income in 2010, you pay the appropriate Social Security taxes on both your wages and business earnings. However, if your 2010 wages are \$70,000 and you have \$40,000 in net earnings from a business you do not pay dual Social Security taxes on earnings above \$106,800. Your employer will withhold 7.65 percent in Social Security and Medicare taxes on your \$70,000 in earnings. You must pay the 15.3 percent in Social Security and Medicare taxes on your first \$36,800 in self-employment earnings and 2.9 percent in Medicare tax on the remaining \$3,200 in earnings.

EARNINGS CREDITS

You need earnings credits to qualify for Social Security benefits. The number of credits you need depends on your date of birth, but no one needs more than 40. You can earn up to four credits per year. If your net earnings are \$4,200 or more, you earn four credits--one for each \$1,050 of earnings. (If your net earnings are less than \$1,050, you still may earn one or more credits by using the optional method described later.)

All of your earnings covered by Social Security are used in figuring the amount of your Social Security benefit. So, it's important that you report all of your earnings up to the maximum as required by law.

Note: Rates have changed, but SSA's Fact Sheet has not.

FIGURING YOUR NET EARNINGS

Net earnings for Social Security are your gross earnings from your trade or business, minus all of your allowable business deductions and depreciation. Some income does not count for Social Security. Do not include the following in figuring your net earnings:

- Dividends from shares of stock and interest on bonds, unless you receive them as a dealer in stocks and securities.
- Interest from loans, unless your business is lending money.
- Rentals from real estate, unless you are a real estate dealer or regularly provide services mostly for the convenience of the occupant; or
- Income received from a limited partnership.

OPTIONAL METHOD

- If your actual net earnings are less than \$400, your earnings can still count for Social Security under an optional method of reporting. The optional method can be used if your gross earnings are \$600 or more or when your profit is less than \$1,600. You can use the optional method no more than five times. Your actual net must have been \$400 or more in at least two of the last three years, and your net earnings must be less than two-thirds of your gross income. Here's how it works:
- If your gross income from self-employment is between \$600 and \$2,400, you may report two-thirds of your gross or your actual net earnings if \$400 or more; or,
- If your gross income is \$2,400 or more and the actual net earnings are \$1,600 or less, you report either \$1,600 or your actual net.
- Special Note for Farmers: If you are a farmer, you can use the optional method every year. You do not need to have had actual net earnings of at least \$400 in any preceding year.

HOW TO REPORT EARNINGS

*You must complete the following federal tax forms by April 15 following any year in which you have net earnings of \$400 or more:

- Form 1040 (U.S. Individual Income Tax Return)
- Schedule C (Profit or Loss from Business)
- Schedule F (Profit or Loss from Farming)
- Schedule SE (Self-Employment Tax)

These forms can be obtained from the IRS online at www.irs.gov and most banks and post offices. Send the tax return and schedules along with your self-employment tax to the IRS. Even if you do not owe any income tax, you must complete Form 1040 and Schedule SE to pay self-employment Social Security tax. This is true even if you already get Social Security benefits.

FAMILY BUSINESS ARRANGEMENTS

Family members may operate a business together. A husband and a wife may be partners or a joint venture. If you operate a business together as partners, you should each report your share of the business profits as net earnings on separate self-employment returns (Schedule SE), even if you file a joint income tax return. The amount each of you should report depends upon your agreement.

MORE INFORMATION

*For more information about being self-employed, visit Social Security online at www.socialsecurity.gov or call them at 800.772.1213. To speak with a representative, call between 7:00 a.m. and 7:00 p.m. any business day.

*Note: Information obtained from the U.S. Social Security Administration Web site.

HIRING EMPLOYEES

Employees add another layer of complexity to your business that requires careful consideration and planning. It is important to hire the right people, train them well, keep them happy so they will stay, and be aware of taxes and legal requirements. It is wise to consult an accountant and attorney before hiring employees to ensure that good record keeping systems are in place, all the necessary paperwork is completed and legal requirements are met. Hiring outside contractors or temporary help is also an option. However, be sure to satisfy IRS requirements for contractors.

EMPLOYEES VS. CONTRACT LABOR

Individuals may provide services to a business as either an employee or a contractor. Whatever status an individual has as an employee affects the taxes, liability, benefit costs and many other areas of a business. The question of an employee vs. contractor is a very critical issue and does NOT have a simple answer. There are many different tests the IRS may apply to determine whether an individual is an employee or contractor. Improperly classifying someone as a contractor whom the IRS considers an employee can result in very stiff penalties. When using contractors instead of employees for your business, it is important that you consult with a competent tax advisor prior to making a decision. See Appendix A for additional information.

PLAN YOUR HIRING

Hiring employees is expensive and should not be approached casually. Make sure your decision to hire employees fits in with your goals as outlined in the business plan.

- Prepare a written job description that indicates exactly what is expected of each employee.
- Interview several people and select the one with the best qualifications. The majority of employers consider attitude of potential employees as the number one trait in their hiring decision.
- It is a good idea to have a 30- or 90-day trial period before taking someone on permanently. The wrong employee can cause a great deal of damage to your business.

For tips on hiring and managing employees, visit the federal Small Business Administration's (SBA) on-Line resource at www.sba.gov/smallbusinessplanner/manage/manageemployees/index.html.

PAYROLL TAXES

Any business with employees of any type must comply with federal and state payroll requirements. This is true even if you are the sole employee of a corporation that you own. It is critical that you understand the various deadlines and requirements, or that you use the services of someone who does. The major types of payroll taxes in Michigan are:

- Income Tax Withholding (federal, state, and, if applicable, local)
- Federal Social Security Tax (FICA)
- Federal Unemployment Tax Act (FUTA)
- Michigan Unemployment Tax

There are several responsibilities to both the state and federal governments that must be met when hiring employees. NOTE: If the business is a corporation, anyone who performs services for the corporation or receives compensation of any kind (including any "owners") is considered an employee. This list of responsibilities may apply for a startup or existing business owner.

INCOME TAX WITHHOLDING

Any employer of one or more persons must withhold federal and state income taxes from wages paid to employees. A city income tax may also apply. To find out if a city levies a tax, contact that particular city tax assessor or city treasurer.

Each employee should complete the following forms:

- Withholding Exemption Certificate (W-4) from the IRS at www.irs.gov/pub/irs-pdf/fw4.pdf or phone 800.829.4933
- MI-W4 from the Michigan Department of Treasury at www.michigan.gov/documents/mw4f_76761_7.pdf or phone 517.636.4660.

Based on the certificate's information, a certain amount of taxes are withheld from the employee's wages. You may be required to deposit the federal taxes collected. One must file quarterly returns with the IRS and file an annual reconciliation of the quarterly returns. If returns are neglected or filed improperly, penalties and excess payments may be levied. For more information about federal income tax withholding, contact the IRS at 800.829.4933 or online at www.irs.gov.

In addition to federal income taxes, federal law also requires that employers withhold (and deposit) Social Security taxes from employees' wages. The employer must also pay an equal amount. Tax rates and maximum earnings subject to tax may vary from year-to-year, so employers should contact the IRS at www.irs.gov or phone 800.829.4933 for the latest information.

State filing requirements may vary based on the amount of state taxes withheld. An employer must file Form 518, an "Application for Registration" with the Michigan Department of Treasury if employees are hired -- register for taxes at www.michigan.gov/business, Michigan Business One Stop website, or offline by completing the paper Form 518 obtained by contacting the Michigan Department of Treasury at 517.636.4660. They will then notify the employer of filing deadlines and provide the needed forms. An annual return is also required. Michigan's withholding tax tables are available from the Michigan Department of Treasury at 517.636.4660 or online at www.michigan.gov/taxes.

Contact the City Treasurer to determine if a city income tax is applicable for the new employees. If the City does have an income tax, the City Treasurer can provide the required registration forms and any information that is needed.

FEDERAL UNEMPLOYMENT INSURANCE ACT

The Federal Unemployment Insurance Act gives authority to the IRS to collect fees, and for the U.S. Department of Labor to pay administrative expenses, of operating the state unemployment systems. When filing an "Application for Employer Identification Number" (EIN) with the IRS, indicate that employees will be hired. The IRS will mail a packet of information that includes coupon forms for FUTA tax deposits and an Annual Report form. For more information about the FUTA tax, forms and deposit requirements, contact the IRS at 800.829.4933 or online at www.irs.gov.

STATE UNEMPLOYMENT INSURANCE

Unemployment Insurance protects workers who lose their jobs through no fault of their own. The funds used to pay workers who are covered under this type of insurance are accumulated from taxes on the wages of employees during their employment. Both state and federal unemployment taxes are paid by employers. No deductions can be made from an employee's wages to cover these taxes.

Any business that employs one or more persons in Michigan is considered a contributing employer and required to register with the Unemployment Insurance Agency (UIA). A contributing employer is required to file tax reports with the UIA at the end of each calendar quarter, and pays a state unemployment tax on the first \$9,000 of wages paid to each worker in a calendar year. The amount of the tax is determined by the employer's state unemployment tax rate. You can contact the UIA online at www.michigan.gov/uia or phone 313.456.2180, or 800.638.3994.

The UIA produces an [Employer Handbook](#) which contains a wealth of information about unemployment insurance, from the employer to the claimant. To receive a copy of this handbook, an order form can be found at the UIA web site at www.michigan.gov/documents/uia_emphndbkorder_76079_7.pdf or phone 800.638.3994. There is a fee for the handbook.

WORKERS' COMPENSATION

All employers who regularly employ three or more part-time employees at one time, or employ one or more persons for at least 35 hours per week for 13 weeks during the preceding 52 weeks, are required to have Workers' Compensation insurance.

There are a number of organizations involved in Workers' Compensation. It is important to understand who they are and what they do. Workers' Compensation benefits are not generally paid by the State of

Michigan -- Workers' Compensation is the responsibility of an employer. Benefits are paid either directly by an employer or through an insurance company on behalf of an employer.

The majority of employers in Michigan obtain Workers' Compensation through policies sold by commercial insurance companies. Self-insurance is an alternative for large companies that have been granted the privilege of paying Workers' Compensation benefits from general company operating funds. Companies with \$100,000 or more in an annual premium program frequently investigate the self-insurance approach as a possible coverage alternative.

The premium rates for Workers' Compensation insurance are competitively determined. Insurers use about 500 different rating classifications based on the type of business an employer operates. Since premium rates for a given classification vary widely among insurers, it pays to shop carefully. Insurers also have different merit and experience rating plans, schedule-rating plans, and premium discount tables, which can affect an employer's final premium cost.

An excellent source of information to help new business owners understand Michigan's Workers' Compensation system is the "Michigan Business Guide to Workers' Compensation," available online at <http://ref.michigan.org/medc/services/workerscomp/>. The interactive guide includes a very helpful cost estimator.

Additional information and assistance is also available at the Workers' Compensation Agency of the Department of Energy, Labor & Economic Growth at 888.396.5041 or online at www.michigan.gov/wca.

TRAINING AND WORKING WITH EMPLOYEES

Training is expensive but necessary. You want well-qualified employees who properly and consistently represent your business, add value to your brand and image, and build customer good will. A well-defined company policy handbook plus job descriptions outlining duties, responsibilities, ethical standards, and criteria for success are important tools. You may also want to invest in your employees by sending them to special training.

Cross-training employees in areas other than those specifically defined in their individual job descriptions can be very beneficial in small businesses. To keep employees motivated and involved with the business, it is extremely important to develop and maintain effective strategies and methods of two-way communication. Many business owners find it beneficial to include employees in strategic, operational and process planning, and to work together to set individual goals that contribute to achieving overall business objectives.

Employers have a legal as well as an ethical obligation to provide a safe and equitable workplace. You may wish to contact the Department of Energy, Labor & Economic Growth, MIOSHA, Bureau of Safety & Regulation, Consultation, Education and Training Division (CET) at 517.322.1809 or online at www.michigan.gov/miosha.

Listed below is additional information about other programs.

DRUG-FREE WORKPLACE

Many employers are becoming interested in issues involving employees' use of drugs and alcohol and its relationship to work. For additional information about programs to make the workplace drug and/or alcohol free, contact the Substance Abuse and Mental Health Services Administration (SAMHSA) at 800.967.5752 or online at www.samhsa.gov.

HEALTH AND SAFETY STANDARDS

Employers are required to comply with federal and state health and safety standards and laws throughout the Michigan Occupational Safety and Health Act (MIOSHA). For a complete set of safety and health standards, contact the Michigan Department of Energy, Labor & Economic Growth, Michigan Occupational Safety and Health Administration, Box 30643, Lansing, Michigan, 48909-8143, at 517.322.1814 or online at www.michigan.gov/miosha, click on "General Industry Safety and Health".

To obtain posters or for more information about MIOSHA Safety Posters requirements, visit www6.dleg.state.mi.us/Parsers/safety_posters.asp

IMMIGRATION LAW COMPLIANCE

All employers are required to verify the employment eligibility of all employees hired after November 6, 1986, by reviewing the employees' documents, recording the information on a verification form "I-9," and properly maintaining that documentation on file. For further information, contact the U. S. Citizenship and Immigration Services (INS) online at www.uscis.gov/i-9 or phone 800.375.5283 or 800.870.3676 for INS Forms Request.

Additional information may also be found at Michigan's Foreign Labor Certification Program online at www.michigan.gov/mdcd, select "Workforce Programs", then click "Foreign Labor Certification".

AMERICANS WITH DISABILITIES ACT

Employers are required to comply with the Americans with Disabilities Act. For publications and technical information about the Act, contact the U. S. Department of Justice at 800.514.0301 or online at www.ada.gov.

MINIMUM WAGE

Minimum wage and overtime standards are regulated by the federal and state government. For federal information contact the U.S. Department of Labor, 211 West Fort Street, Room 1317, Detroit, Michigan, 48226, at 313.226.7447 or toll free 866.487.9243 or 800 Monroe Avenue, NW, Suite 315, Grand Rapids, Michigan 49505 at 616.456.2004 or toll free 866.487.9243 or online at www.dol.gov/dol/topic/statistics/wagesearnings.htm.

For state information, contact the Department of Energy, Labor & Economic Growth, Wage and Hour Division, Box 30476, Lansing, Michigan 48909, at 517.322.1825 or online at www.michigan.gov/dleg and click on "Wage & Hour Division."

AGE RESTRICTIONS

When hiring an employee who is younger than 18, an employer should be aware of restrictions on the type of work, hours that can be worked, and the need for a work permit. Contact the Department of Energy, Labor & Economic Growth, Wage and Hour Division, Box 30476, Lansing, Michigan 48909 at 517.322.1825 or online at www.michigan.gov/dleg and click on "Wage & Hour Division."

EQUAL EMPLOYMENT OPPORTUNITY

For forms and information, contact the U.S. Equal Employment Opportunity Commission (EEOC) online at www.eeoc.gov/ or phone 800.669.4000 or 313.226.4600. For public information posters and literature, contact the Michigan Department of Civil Rights online at www.michigan.gov/mdcr or call 517.335.3165.

Any other information about enforcement or to make a complaint about EEOC, visit www.eeoc.gov/ or call 800.669.4000 or contact the Michigan Department of Civil Rights (FEPA) at 313.456.3700.

EMPLOYEE POLYGRAPH PROTECTION ACT

To inquire about the Act, contact the U.S. Department of Labor, Wage and Hour Division:

- Detroit District Office, 211 W. Fort Street Room 517, Detroit, MI 48226-3237, Phone: 313.226.7447 or 866.487.9243
- Grand Rapids Area Office, 800 Monroe Avenue, NW, Suite 315, Grand Rapids, MI 49503-1451, Phone: 616.456.2004 or 866.487.9243.

To obtain posters or for more information about poster requirements or other compliance assistance matters, you may contact the U.S. Department of Labor at 866.4.U.SA.DOL or visit www.dol.gov/osbp/sbrefa/poster/main.htm.

MICHIGAN EMPLOYMENT SECURITY ACT NOTICE TO EMPLOYEE

Contact the Department of Energy, Labor & Economic Development, Unemployment Insurance Agency, Customer Service Office, 7310 Woodward Avenue, Detroit, Michigan, 48202, at 800.638.3994 or online at www.michigan.gov/uia, select "Publications", then click "Michigan Employment Security Act" for information about the Act.

FOREIGN EMPLOYEE

The Immigration Reform and Control Act of 1986 not only makes hiring or recruiting "unauthorized aliens" illegal, but it also places the responsibility for enforcing the law on the employer. The law applies to ALL employers, no matter what the size of the business. Under the law, an employer is required to check the citizenship status of every employee and to have proper documentation for those employees with temporary residency. Contact the U. S. Citizenship and Immigration Services online at www.uscis.gov/graphics/index.htm or call 800.375.5283 for more information or 800.870.3676 to obtain forms.

It should be noted that many of the visas that authorize entrance to the United States do not authorize the holders of those visas to accept employment here. Usually these visas must be obtained from the U.S. State Department in the country of origin, though in some cases an application for a change in status can be secured from within the United States. The visas vary in eligibility requirements and in the duration of their viability. It is the employer's responsibility to ascertain whether employees are legally entitled to work. Consult an attorney who specializes in immigration matters or call the U. S. Citizenship and Immigration Services for assistance at 800.375.5283 or TTY 800.767.1833. Additional information may also be found at Michigan's Foreign Labor Certification Program online at www.michigan.gov/mdcd, select "Workforce Programs", then click "Foreign Labor Certification".

NEW HIRE REPORTING

A provision of the Federal Welfare Reform Act requires employers to report to the Michigan Department of Treasury basic information on all newly hired or rehired employees within 20 days of hiring. The purpose of collecting the information is to build a strong partnership between employers and child support programs across the country, with the intent of obtaining better compliance with child support orders. Employers may report electronically or by mail. Required information includes: the business name, address and Federal Employer Identification Number; employee name, address and Social Security Number. For further information or to obtain forms, contact the Michigan New Hire Operations Center at 800.524.9846 or online at www.mi-newhire.com.

Refer to Appendix B for information regarding required workplace posters.

FINANCING A BUSINESS

All businesses must include in their financial plan money to pay rent and utilities; acquire inventory, equipment, and fixtures; pay employees' salaries and benefits; make payments for vehicles; market/advertise products and service; pay taxes and needed insurance; and most importantly, to pay his or her own salary.

There are several options available for obtaining money to start a new business or expand an existing one. Most businesses begin with the owner's own capital or loans from friends and family. Some are successful in obtaining bank financing or using a government sponsored loan program. Although there is a lot of information on the internet and other media regarding grants, startup grant finance is highly unlikely. Regardless of the path you choose, it is wise to take time out to put together a credible business plan.

THE TRUTH ABOUT SMALL BUSINESS GRANTS (Reprinted from www.business.gov/financing/grants/)

We've all seen the headlines: "Millions in free government money for your business." Late-night infomercials and Internet advertisements promise grants to start or expand a business. Sound too good to be true? It is.

The federal government does not provide grants for starting and expanding a business. Government grants are funded by your tax dollars and therefore require very stringent compliance and reporting measures to ensure the money is well spent. As you can imagine, grants are not given away indiscriminately.

Grants from the federal government are only available to non-commercial organizations, such as non-profits and educational institutions in areas such as, medicine, education, scientific research and technology development. The federal government also provides grants to state and local governments to assist them with economic development.

Some business grants are available through state and local programs, non-profit organizations and other groups. For example, some states provide grants for expanding child care centers; creating energy efficient technology; and developing marketing campaigns for tourism. These grants are not necessarily free money, and usually require the recipient to match funds or combine the grant with other forms of financing such as a loan. The amount of the grant money available varies with each business and each grantor.

If you are not one of these specialized businesses, both federal and state government agencies provide financial assistance programs that help small business owners obtain low-interest loans and venture capital financing from commercial lenders. For more information, visit www.business.gov/financing/grants/

DEBT FINANCING

Short-term financing/credit sources are usually grouped into two basic categories: unsecured and secured.

Unsecured credit is obtained without the borrower's pledge of specific assets to serve as collateral. Examples include:

- Personal credit cards, savings, stocks and bonds, and/or cash value of life insurance policies. Funds borrowed from family members and/or friends.
- A short-term, unsecured transaction loan is a direct, single payment financing arrangement with a bank. The maturity on this type of loan is usually between one and six months, but may extend up to a year.
- A company's line of credit is a commitment from a bank to its regular creditworthy business customers to provide a stated maximum amount of short-term financing for a specified time period. The credit line is often granted with a compensating balance requirement, and the floating or variable rate method of interest payment is used.
- Trade credit is credit extended by one firm to another in conjunction with the sale of goods or services that are used in the normal course of business. For the purchasing firm, using trade credit is the

equivalent of a consumer charge account at a department store – goods are purchased but payment can be delayed to the extent of the specified credit terms.

- Accruals are services that are provided for a business on a continuing basis but are not paid for at the time the services are rendered. For example, employees provide services to the business each day they work; however, they are not paid until some specified future payroll date.

Secured short-term credit for new or existing businesses, businesses with a marginal credit rating, or businesses that have exhausted unsecured collateral may offer a financing opportunity that would otherwise not exist. The primary sources of secured short-term financing for business borrowers are:

- Commercial banks
- Commercial finance companies
- Factoring accounts receivables*
- U.S. Small Business Administration (SBA) “guaranteed” loan obtained through a private lending institution. (The SBA does not make direct loans.)

EQUITY CAPITAL FINANCING (Venture Capital or Angel Investors)

Equity capital is the financing made available for investment in promising firms but with a risk greater than what is acceptable to traditional institutional lenders. Financing is provided by sophisticated investors who seek investments that hold the prospects for large capital gains. Such investors are referred to as venture capitalists or Angel investors.

Venture capitalists may be privately owned firms licensed and regulated by the U.S. Small Business Administration (SBCs) or non-regulated firms. The non-regulated firms, which specialize in equity financing, are referred to as Venture Capital firms. Venture Capital firms can be found online at Michigan Venture Capital Association (MVCA) www.michiganvca.org. Established by venture capital and private equity investors in the state, the MVCA is the state’s premier public policy advocate for the private equity/venture capital industry, working to promote entrepreneurship and private equity investment. The MEDC is a founding member of the MVCA. For further details, please contact them at info@michiganvca.org.

Angel investors also provide financing in the form of equity capital, debt financing with an equity component, and in some cases, straight long-term loans. Angel investors are high net-worth investors who make investments in high-growth potential companies. The MEDC has aggressively supported the growth of angel networks to create and fill the gap for seed stage financing. Angel networks actively looking at investment opportunities in Michigan can be found at www.michigan.org/angels. They currently include:

- Ann Arbor Angels -- www.annarborangels.org/ is based in the Ann Arbor area.
- Blue Water Angels – www.bluewaterangels.com is based in Midland.
- Grand Angels -- www.grandangels.org/ is based in Grand Rapids.
- Great Lakes Angels -- www.glangels.org/ is based in the Bloomfield Hills area and is Michigan’s oldest angel network.

Businesses with the following investment characteristics are attractive candidates for equity financing:

- Growth potential. The business has the opportunity and is capable of exploiting a clearly-defined market niche, or has an advantage over competitors. The products/services should: represent a new or revolutionary idea (i.e., fuel cell technology); be evolutionary by representing the next version in a series (i.e., camera cell phones); or be a substantially better or lower cost substitute product (i.e., universal remote control).
- Low cost. The business should have a product/service with low production cost.
- Large profit margins. The product/service should have the ability to provide a gain to their investors.
- Sophisticated and experienced management. The business should have an experienced and capable management team.
- The equity investor should have a clear path to liquidity at a high rate of return.

*Factoring is a financial institution that purchases “at a discount” the accounts receivables of a business, assumes the title and risk of those receivables and in return provides that business with funds.

MANAGING A BUSINESS

PROFESSIONAL ASSISTANCE

The importance of professional assistance cannot be overstated. However, the cost incurred in hiring professional consultants often discourages business people from obtaining professional assistance, which can be a fatal business mistake. The expense of using skilled professional consultants is insignificant when compared to the costly after-effects of poorly prepared or incomplete documents or uninformed decisions. There is no substitute for professional services to keep a business operating within financial and legal parameters. There are professionals available to assist with every aspect of a business, and able to determine what will best serve specific business needs. Listed below is a "core group" of professionals most business people need.

PROFESSIONAL

Accountant
Attorney

Banker
Insurance Agent

SERVICE PROVIDED

Bookkeeping, taxes, cash flow
Legal form of business organization, contracts, agreements, general consultation
Loans, billing services, credit systems
Needs evaluation and packaging of insurance

RECORDKEEPING

Accurate and complete records help you monitor the business and plan for the future based on factual financial knowledge rather than guesswork. There are a variety of records and recordkeeping systems a business can maintain and many computer systems are available at minimal costs. Trade associations can often provide guidelines or simple accounting methods tailored to a specific business or industry.

Professional accountants can be indispensable to a new or growing business. An accountant not only provides a record keeping service for a business but can also provide important advice on taxes, cash flow, credit and systems management and changes within the tax system.

Every business should have up-to-date records, which provide the following information:

- Accurate and thorough statements of sales and operating results, fixed and variable costs, profit or loss statements, inventory levels and credit and collection totals;
- Comparisons of current data with prior years' operating results and budget goals;
- Financial statements suitable for use by management or submission to prospective creditors and investors;
- Tax returns and reports to regulatory agencies; and
- Indications of employee theft, material waste or recordkeeping errors.

Good recordkeeping allows you to create reports of current data so you can compare your status to your financial plan and overall business plan. It is essential to regularly review and compare; evaluate the reasons for differences, whether positive or negative; consider changes to business activity; and, if necessary, adjust the business and financial plan.

MARKETING

The best product or service in the world will not guarantee success for your business. Potential customers must know your product is available, purchase your product or service, and return to purchase more. Developing and implementing a marketing strategy is a necessary process for a successful business. This process begins as you start your business, and it must remain an ongoing process throughout the life of your business.

Marketing is neither sales nor advertising, although both of these may be part of a marketing strategy. Instead, marketing is the thought process by which you:

- Identify the product or service you really sell.
- Identify potential customers for your product or service.
- Identify your competitors in selling to these customers.
- Understand the basis on which those potential customers make buying decisions.

- Know why customers will choose to purchase your product or service instead of your competitor's.
- Determine the most efficient and effective methods to reach these buyers before they make their purchasing decisions.
- Identify methods to deliver your product or service.
- Develop and implement an action plan.

Identify the Product or Service

The key to your product or service identity is your "market niche", not only in terms of the services provided, but in terms of needs fulfilled. For instance, a feature of residential lawn service is that it provides lawn cutting, fertilization, etc. The need this business fills and the benefit provided to the customer is convenience for homeowners who are short on time or proper equipment.

Identify Potential Customers

A potential customer is one whose needs may be filled by your product/service and who may reasonably be expected to consider your business as a source of this product/service based on price, location and other factors. Everyone in the world is not a potential customer. Focus on an attainable and realistic portion of the market.

Identify Your Competitors

A competitor is a business that delivers the same product or service (direct) or similar product or service (indirect) as your business. For instance, if you are providing guard services to warehouses, all other such guard service businesses within your competitive reach would be direct competition. However, alarm systems for warehouses could be an alternative to guard services, and businesses selling alarm systems would be indirect competition.

Understand Why Customers Buy Your Product or Service

It is very important to understand the basis on which customers make buying decisions related to your type of product or service. A sample of some of those reasons might include:

- Price
- Quality
- Convenience
- Prestige

Know Why Customers Will Choose Your Business

Based on why customers buy a particular product or service, you must determine the nature of your competitive advantage. If your potential customers buy solely on the basis of price, are your prices the lowest? If not, how will you compete? Be thorough and careful in this analysis. Your potential customers probably have established buying patterns that do not include your business. You must give them sufficient reason to break these established patterns and buy from you if your business is to succeed.

Determine the Most Efficient Methods to Reach Buyers

Once you determine why potential customers select your type of product or service, you are in a position to identify how they make their buying decisions. Do they typically buy because they've seen an advertisement on cable TV or because they have driven by your place of business? Is this type of product or service generally purchased on the recommendation of another individual? Knowing how your customers will "get the message" about your business will put your marketing dollars to most effective use.

Determine Effective Delivery Methods

The most enthusiastic purchaser is unlikely to become a repeat customer if the product or service does not live up to expectations. Part of your planning is determining how to deliver your product or service in a timely and professional way.

Getting Free Publicity

If you read the publications in your area every day for a week (magazines, newsletters, throw-away papers and other publications that cross your desk), you will begin to see a pattern of reporting that repeats on some periodic basis. For example, Internet on Monday, stocks on Tuesday, franchise information on Wednesday, staff promotions on Thursday and so on. Select those sections in which you

feel your business information might fit and start a collection. Ask yourself the following questions:

- "Why is this here?"
- "For what audience is this written?"
- "Why is this important to the reader?"

While doing this, note how much space is given to each section and the length of each article or bit of information, then write a submission:

- Don't try to write the article for the publication, you're not in that business. Write information that fits the publication and leave the rest to the editor of the publication. Be sure you tell: who, what, when, why, where, how and how much.
- Use a paragraph for each: Include one or more quotes from you, the president of your company, the person you are writing about or an authority in the field. Make sure their comment is relevant, and keep it short and simple. This way, the editor can pick and choose.
- Format: Double space everything and leave at least a one-inch margin on both sides. Number the pages, and center the word "more" at the bottom of each page. Put "end" at the end. At the top of the page write the name of the person from whom more information can be gathered, and be sure you let your staff know to notify that person immediately if they get a call.
- If the information is time-dependent, put the date and time of the event at the top. Write today's date there as well. Don't forget the company name, address and phone. When you meet with the editor for the first time ask how he/she would like the information presented, and follow their guidelines to the letter.
- Newspapers have very tight deadlines, and if a critical bit of information is needed and you're not available, your article may not get published or get published with critical information missing. Include photos if they are dynamic action photos (most publications have a staff photographer that will visit your place of business if a photo is required).

INSURANCE

It is sensible for any business to purchase a number of basic types of insurance. Certain insurance coverage is required by law and other coverages simply make good business sense. The insurances listed below are among the most commonly used and are merely a starting point for evaluating the needs of your own business. To learn more about the coverage that is best for your specific business, you can contact an insurance agent who writes business insurance, often referred to as "business lines." You can also check into insurance programs offered by trade associations related to your type of business, as well as insurance programs that are benefits to members through chambers of commerce.

Insurance is a very competitive business. Be sure to contact more than one source. Shop around to get the best coverage for the lowest price.

LIABILITY INSURANCE

Businesses may incur various forms of liability in conducting normal activities. One of the most common types of liability is product liability, which may be incurred when a customer suffers harm when using the product. There are many other types of liability related to specific industries. Liability law is constantly changing. An analysis of your liability insurance needs by a competent professional is vital in determining an adequate and appropriate level of protection for your business.

PROPERTY

There are many different types of property insurance and levels of coverage available. It is important to determine the property value to insure for the continuation of your business and the level of insurance should you need to replace or rebuild. You must also understand the terms of the insurance, including any limitations or waivers of coverage.

WORKERS' COMPENSATION

Most employers are required to provide Workers' Compensation coverage for their employees. This coverage applies to injuries incurred by workers in the course of their job duties. A Workers' Compensation policy is purchased from a private insurance company and is required by law. For further information, see pages 34-35 and go to the Workers' Compensation web site at www.michigan.gov/wca.

BUSINESS INTERRUPTION

While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business interruption (or "business income") insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.

"KEY MAN"

If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider "key man" insurance. Banks or government loan programs frequently require this type of insurance. It can also be used to provide continuity in operations during a period of ownership transition caused by death or incapacitation of an owner or other "key" employees.

AUTOMOBILE

It is obvious that a vehicle owned by your business should be insured for both liability and replacement purposes. What is less obvious is that you may need special insurance (called "non-owned automobile coverage") if you use your personal vehicle on company business. This policy covers the business for any damage that may result for such usage.

OFFICER AND DIRECTOR

Under certain circumstances, officers and directors of a corporation may become personally liable for their actions on behalf of the company. An officer and director insurance policy covers this liability.

HOME OFFICE

If you are establishing an office in your home, it is a good idea to contact your homeowner's insurance company to update your policy to include coverage for office equipment. This coverage is not automatically included in a standard homeowner's policy.

SELLING TO GOVERNMENT

Obtaining government contracts can be the key to expanding and diversifying the marketing and income potential of any business. Government agencies at all levels contract for goods and services. However, it is a generally accepted practice that a business needs to have been in business at least 2 years to be eligible for government contracts.

To become a State of Michigan contractor, visit the "Buy Michigan First" Web site at www.michigan.gov/buymichiganfirst. The site will provide access to current bid opportunities, upcoming contracting seminars and contact information for state purchasing personnel. In addition, valuable links are available from the site, including no-cost and low-cost resources available to assist Michigan firms.

The Michigan Department of Management and Budget (DMB) competitively bids all solicitations, and Michigan businesses are encouraged to participate in the State contracting process. DMB and MEDC work closely to provide valuable tools and training for Michigan businesses that want to become State contractors.

The preferred and quickest method to become a State of Michigan vendor/payee is to log on to the Contract & Payment Express, (C&PE) online at www.cpexpress.state.mi.us and complete the easy to follow instructions. When finished, you will be a registered State of Michigan vendor/payee. Vendor registration includes a list of commodities and services required by state government. When completing the vendor registration, indicate which products or services you are interested in providing to the State. Note that pre-vendor qualification is required for printing, natural gas, and food vendors. Additional information can be obtained by calling the Department of Management and Budget directly at 517.335.0230.

PROCUREMENT TECHNICAL ASSISTANCE CENTERS (PTACS), MEDC PROCUREMENT OFFICES, & GOVERNMENT CONTRACT SUPPORT

The Michigan Economic Development Corporation (MEDC) provides support to PTACs and MEDC Procurement Offices located throughout the state. This network of locally based offices provides government contracting assistance. Highly skilled professionals assist businesses to successfully bid for federal, state and local government contracts. The federal government is a major buyer of goods and services, spending more than \$400-800 billion annually. It is, however, a generally accepted practice that a business needs to have been in business at least 2 years to be eligible for government contracts.

To find the PTAC or MEDC Procurement Office nearest to your business, visit www.michiganadvantage.org/dc3. Procurement support includes, but is not limited to:

- Orientation to the procurement system
- Training seminars and conferences
- Bid match for government solicitations
- Contracting opportunities
- Subcontracting opportunities
- Government specifications
- Bid history and contract award results
- Bid package assistance
- Linking local companies to federal and state government agencies

Defense Contract Coordination Center (DC3)

The Defense Contract Coordination Center (DC3) is the arm within MEDC that strategically connects defense buyers and prime contractors with Michigan's capable supply chain. With the goal of creating Michigan jobs by bringing more defense contracts to Michigan, the DC3 aggressively seeks and identifies Michigan companies to create and compete in supply chains, leveraging their unique abilities to meet defense goals. PTACs and MEDC Procurement Offices are the front line to the DC3. These procurement specialists partner with Michigan companies, helping to de-mystify government contracting, orienting those unfamiliar with the process, and helping companies obtain and perform on federal, state and local contracts.

PROCUREMENT TECHNICAL ASSISTANCE CENTERS

N.W. MICHIGAN COUNCIL OF GOVERNMENTS -
Traverse City
231.929.5036, or 5076, or 231.922.3784
FAX: 231.929.5042

MICHIGAN WORKS! THE JOB FORCE
BOARD/PTAC - Escanaba
906.789.0558 ext. 218
FAX: 906.789.9952

N.E. MICHIGAN CONSORTIUM - Onaway
989.733.8548
FAX: 989.733.8069

MEDC PRODUCTION OFFICE – Grand Rapids
616.301.8210
FAX: 616.771.0555

MACOMB REGIONAL PTAC - Warren
586.498.4122
FAX: 586.498.4165

THUMB AREA SATELLITE OFFICE
MACOMB REGIONAL PTAC – Marlette
989.635.0063

SAGINAW FUTURE, INC. - Saginaw
989.754.8222 ext. 232 or ext. 233
FAX: 989.754.1715

GENESEE PROCUREMENT OFFICE - Flint
810.600.1432, 1433, 1437 or 1438
FAX: 810.600.1461

SOUTHWEST MICHIGAN TAC
KALAMAZOO REGIONAL CHAMBER OF
COMMERCE - Kalamazoo
269.381.2977 exts. 3243, 3245 or 3210
FAX: 269.343.0430

PTAC OF SOUTH CENTRAL MICHIGAN - Jackson
517.788.4680
FAX: 517.782.0061

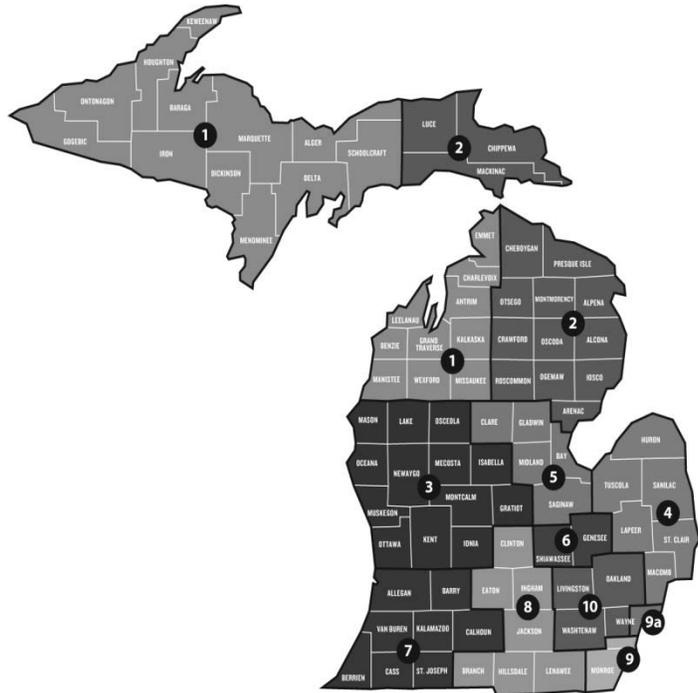
LANSING REGIONAL CHAMBER – Lansing
517.853.6445

DOWNRIVER COMMUNITY CONFERENCE -
Southgate
734.362.3477 or 3480
FAX: 734.281.6661

9a. WAYNE STATE UNIVERSITY -
PROFESSIONAL DEVELOPMENT DIVISION -
Detroit
313.577.2241
FAX: 313.577.4354

PTAC OF SCHOOLCRAFT COLLEGE -Livonia
734.462.4438
FAX: 734.462.4673

DEFENSE CONTRACT COORDINATION CENTER
(DC3) - Lansing
800.946.6829



NOW WHAT?

You've taken the time to read this information and probably learned a lot about starting a business, but where should you go from here?

- Take the time to prepare a comprehensive business plan.
- Think about what you want to achieve with your business.
- What are your goals and how do you intend to meet them?
- What will you need to get started, i.e., tax advice, financing, management assistance, legal advice?
- Then use your business plan when you meet with your banker, lawyer, or accountant.

And don't hesitate to contact your local MI-SBTDC (see Appendix C), or other resources listed. Helping you get your business off to a good start is our number one priority.

APPENDIX A

EMPLOYEE OR INDEPENDENT CONTRACTOR

How do we determine if an individual is an employee or Independent Contractor? To make this determination we must examine the relationship of the worker and the business. The main focus of this examination is control and independence. This usually falls into three categories:

- Behavioral Control
- Financial Control
- Type of Relationship

Behavioral Control: Does the business have the right to direct and control how the worker does the task for which they are hired?

What is the level of instruction that the business gives the worker? The more defined these instructions are, the more likely the worker is an employee. These instructions could include, but are not limited to:

- When and where to do the work
- What tools or equipment to use
- What workers to hire or assist with work
- Where to purchase supplies and services
- What work must be performed by a specified individual
- What order or sequence to follow

Even if no instruction is given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. The key is whether or not the business has retained the right to control the details of a worker's performance.

Does the business provide any training to the worker? Normally an employee is trained to perform services in a particular manner. Independent contractors ordinarily use their own methods.

Financial Control: Does the business have the right to control the business aspects of the worker's job?

- Does the worker have unreimbursed expenses? Independent contractors are more likely to have unreimbursed expenses than employees.
- Does the worker incur fixed ongoing costs regardless of whether the work is currently being done? Yes to this question indicates the worker is an independent contractor.
- Does the worker have a significant investment in the facilities he or she uses in performing services for someone else? If yes, then the worker is normally an independent contractor. However, the lack of a significant investment in facilities does not automatically mean the worker is an employee.
- Does the worker make his or her services available to other businesses? This is a clear indication of independent contractor status. Often times an independent contractor will advertise, maintain a viable business location and make themselves available to other businesses.
- Is the worker paid a regular wage? An employee is generally guaranteed a regular wage amount for a set period of time - hourly, weekly, monthly, etc. An independent contractor may be paid based on a per job basis, or can also be paid by the hour.
- Can the worker incur a profit or loss? An independent contractor can make a profit or loss on the work/job.

Type of Relationship: What is the relationship between the business and the worker?

- Is there a written contract between the business and the worker that describes the relationship intended between the two parties?
- Does the business provide the worker with employee-type benefits, such as insurance, a pension plan, vacation and/or sick pay? If so, the worker has the characteristic of an employee.
- What is the permanency of the relationship? If the worker is given the expectation that the relationship will continue indefinitely rather than for a specific project or period, then it is more likely that the intent was to establish an employer/employee relationship.

APPENDIX A (CONTINUED)

EMPLOYEE OR INDEPENDENT CONTRACTOR

- Are the services performed by the worker a key aspect of the regular business of the company? If the services provided by the worker are considered a key aspect of the business' regular activities, it is more likely that the business will have the right to direct and control his or her activities. The ability to direct and control the activity is a characteristic of an employer/employee relationship.

Generally there is an employer/employee relationship when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished but also as to the details and means by which the result is accomplished. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if the employer has the right to do so. The Internal Revenue Service developed 20 factors to assist the taxpayer in determining if a worker is an employee or Independent Contractor.

A "Yes" answer for the following questions indicates that the worker is an employee:

1. Does the business provide instructions to the worker about when, where and how he or she is to perform the work?
2. Does the business provide training to the worker?
3. Are the services provided by the worker integrated into the business' operations?
4. Must the services be rendered personally by the worker?
5. Does the business hire, supervise and pay assistance to the worker?
6. Is there a continuing relationship between the business and the worker?
7. Does the business set the work hours and schedule?
8. Does the worker devote substantially full-time to the work of the business?
9. Is the work performed on the business' premises?
10. Is the worker required to perform the services in an order or sequence set by the business?
11. Is the worker required to submit oral or written reports to the business?
12. Is the worker paid by the hour, week or month?
13. Does the business have the right to discharge the worker at will?
14. Can the worker terminate his or her relationship with the business any time he or she wishes without incurring liability to the business?
15. Does the business pay the traveling expenses of the worker?

A "Yes" answer for the following questions indicates that the worker is an Independent Contractor:

16. Does the worker furnish significant tools, materials and equipment?
17. Does the worker have a significant investment in the facilities?
18. Can the worker realize a profit or loss as a result of his or her services?
19. Does the worker provide services for more than one firm at a time?
20. Does the worker make his or her services available to the general public?

The determination of whether or not the worker is an employee or independent contractor is the responsibility of the business. If the Internal Revenue Service challenges the classification made by the business, the burden of proof is on the taxpayer (business).

If requested, the IRS will make a determination of whether a worker is an employee or independent contractor. This request is done by filing Form SS-8, "Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding" available at www.irs.gov.

APPENDIX B

REQUIRED WORKPLACE POSTERS

The following is a list of posters that are required to be displayed in the workplace. These posters can be obtained through the Department of Energy, Labor and Economic Growth or from the U.S. Department of Labor as follows:

- **Michigan Safety and Health Protection on the Job – Michigan Right to Know Laws** - Michigan Department of Energy, Labor and Economic Growth (DELEG), Michigan Occupational Safety and Health Administration (MIOSHA), Consultation Education and Training Division
 - Phone: 517.322.1809
 - www.michigan.gov/miosha/ Select "MIOSHA Workplace Posters" in right index
- **Annual Summary of Injuries and Illnesses Form 300** (formerly Form 200) DELEG, MIOSHA
 - Phone: 517.322.1851
 - www.michigan.gov/miosha/ Select "MIOSHA Workplace Posters" in right index, then scroll down to "MIOSHA Log 300 Forms"
- **Michigan Law Prohibits Discrimination: (Equal Employment Opportunity)** Michigan Department of Civil Rights
 - Phone: 517.335.3165
 - www.michigan.gov/mdcr Select "Publications" in left index, then click on "Pamphlets and Brochures"
- The following **Michigan Minimum Wage Law** posters are required by law to be posted in the work place if you are not covered by the Federal Fair Labor Standards Act of 1938, as amended (FLSA) or federal minimum wage provisions resulting in a lower minimum wage than provided in the Michigan Minimum Wage Law.
 - The Michigan Wage Law of 1964 P.A. 154
 - Michigan Minimum Wage Rules – General & Overtime Compensation Rules
 - Michigan Minimum Wage Rules – Wage Deviation Rules
 - Phone: 517.322.1825
 - www.michigan.gov/dleg Select "Wage and Hour Division," then "Forms and Publications"
 - For more information on the new federal minimum wage law requirements, visit www.dol.gov
- **Michigan Employment Security Act, Notice to Employees**, Unemployment Insurance Agency, UIA UC Poster.
 - Phone: 800.638.3994
 - www.michigan.gov/uia/0,1607,7-118-26899-78362--,00.html
- **Michigan Whistleblowers Protection Act** -- 469 of 1980, Section 15.368 states that posting notices of protections and obligations are required as follows: An employer shall post notices and use other appropriate means to keep his or her employees informed of their protections and obligations under this act.
 - Michigan Occupational Safety and Health Administration (MIOSHA), Consultation Education and Training Division
 - Phone: 517.322.1809
 - www.michigan.gov/miosha/ Select "MIOSHA Workplace Posters" in right index, then scroll down to "Michigan Whistleblowers Protection Act Poster"

APPENDIX B (CONTINUED)

REQUIRED WORKPLACE POSTERS

- **Americans with Disabilities Act**, Department of Labor
 - Phone: 800.669.3362 or 202.663.4900
 - www.dol.gov/oasam/programs/osdbu/sbrefa/poster/matrix.htm
- **Employee Polygraph Protection Act** U.S. Department of Labor
 - Phone: 800.669.3362 or 202.663.4900
 - www.dol.gov/oasam/programs/osdbu/sbrefa/poster/matrix.htm

The State of Michigan, Department of Energy, Labor & Economic Growth, requires employers to display the following posters at the workplace:

- Annual Summary of Injuries and Illnesses Form 300A 517.322.1851
(Form 300A is required to be posted from February 1 to April 30)
- Occupational Safety and Health Posters 517.322.1809
- Notice to Employees (UIA) 800.638.3994
- Wage and Employment Standards Posters* 517.322.1825

The State of Michigan, Department of Civil Rights, requires employers to display the following poster at the workplace:

- Michigan Law Prohibits Discrimination in Employment Education, Housing, Public Accommodation or Public Service 800.482.3604

The U.S. Government, U.S. Department of Labor requires employers to display the following posters at their workplace:

- Notice to Workers with Disabilities 800.669.3362
- Equal Employment Opportunity Act 800.669.3362
- Employee Polygraph Protection Act 800.669.3362
- Family & Medical Leave Act 800.669.3362
- Fair Labor Standards 866.487.9243
- Minimum Wage 866.487.9243
- Federal Job Safety & Health Protection 202.693.1888
- Michigan Relay Center 800.649.3777
(Voice Mail and TDD)

The U.S. Department of Labor has a website, www.dol.gov/oasam/programs/osdbu/sbrefa/poster/matrix.htm, which instructs employers of various types and sizes on the federal job posting requirements.

If gross annual sales are less than \$500,000 per year, State of Michigan workplace posters are required to be posted for all employees. And, if sales are more than \$500,000 per year, the Fair Labor Standard Act workplace posters are required to be posted in an accessible area for all employees.

APPENDIX C SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTERS (MI-SBTDCS)

Michigan SBTDCs are small business management assistance and training centers located throughout the state to assist people interested in starting a business as well as existing businesses with less than 500 employees.

The MI-SBTDCs provide no-cost business management consulting and low-cost training to Michigan's small business community. On a daily basis, certified counselors assist businesses in handling cash flow problems, developing sound accounting practices, producing marketing materials, packaging loan proposals, addressing personnel issues, and referring clients to experts who partner with the MI-SBTDC network.

These consultants include CPAs, loan counselors, attorneys and marketing specialists. Firms interested in exporting, research and development, strategic growth, manufacturing, and technology transfer may receive specialized assistance from the MI-SBTDCs.

SBTDCs also link resources of federal and local governments with community colleges, universities, and the private sector to produce practical solutions to business problems.

For more information, contact the Michigan MI-SBTDCs online at www.misbtdc.org or call your regional office for information about one of the many satellite locations nearest you.

Region & Phone #	Counties Served	Host Institution
Upper Peninsula 906.789.0558	Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, Schoolcraft	Michigan Works!
Northwest 231.922.3780	Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, Wexford	Northwest Michigan Council of Governments
Northeast 800.562.4808	Alcona, Alpena, Cheboygan, Crawford, Iosco, Montmorency, Ogemaw, Oscoda, Otsego, Presque Isle, Roscommon	Michigan Works!
Mid Michigan 989.386.6630	Clare, Gladwin, Gratiot, Isabella, Lake, Mason, Mecosta, Montcalm, Newaygo, Oceana, Osceola	Mid Michigan Community College
Great Lakes Bay 989.686.9597	Arenac, Bay, Huron, Midland, Saginaw, Sanilac, Tuscola	Delta College Corporate Services
Genesee Lapeer 810.762.9660	Genesee, Lapeer	Kettering University

APPENDIX C (CONTINUED)

SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTERS

Region & Phone #	Counties Served	Host Institution
West Michigan 616.331.7370	Kent, Muskegon, Ottawa	Grand Valley State University
Capitol 517.483.1921	Clinton, Eaton, Ingham, Ionia, Livingston, Shiawassee	Lansing Community College
Southeast 734.487.0355	Monroe, Oakland, Wayne	Eastern Michigan University
Macomb St. Clair 586.469.5118	Macomb, St. Clair	Macomb Co. Dept. of Planning & Economic Development
Southwest 269.387.6004	Allegan, Barry, Berrien, Branch, Calhoun Cass, Kalamazoo, St. Joseph, Van Buren	Western Michigan University
Greater Washtenaw 734.547.9170	Hillsdale, Jackson, Lenawee, Washtenaw	Washtenaw Community College

APPENDIX D

BUSINESS RESOURCE CENTERS (BRC'S)

The Business Resource Centers offer:

- One-stop locations where current and future small business owners can receive business assistance and advice.
- Extensive small business reference library of hard copy books and publications.

BRC Statewide Locations:

<u>Region/Host</u>	<u>Location</u>	<u>Telephone*</u>
1 Ishpeming – Main Street Program	Ishpeming	906.486.6853
1 Michigan Works!	Escanaba	906.789.9732
1 Michigan Works!	Marquette	906.228.3075
1 Michigan Works!	Sault Ste. Marie	906.635.1752
1 Finlandia University	Hancock	906.487.7344
1 Michigan Works!	Caspian	906.265.0532
1 Michigan Works!	Ironwood	906.932.4059
1 Michigan Works!	Menominee	906.863.9957
2 Boyne District Library	Boyne City	231.582.7861
2 Michigan Works!	Petoskey	231.347.5150
2 Michigan Works!	Traverse City	800.442.1074
2 East Jordan District Library	East Jordan	231.536.7131
2 Charlevoix Public Library	Charlevoix	231.547.2651
2 Mackinaw Area Public Library	Mackinaw City	231.436.5451
2 Petoskey Public Library	Petoskey	231.758.3100
3 Alpena Community College	Alpena	989.358.7252
3 Cheboygan Area Public Library	Cheboygan	231.627.2381
3 Michigan Works!	East Tawas	989.362.6407
3 Michigan Works!	Gaylord	989.732.3886
3 Michigan Works!	Grayling	989.348.8709
3 Indian River Area Library	Indian River	231.238.8581
3 Michigan Works!	West Branch	989.345.1090
4 Michigan Works!/MMCC M-TEC Office	Gladwin	989.240.0059
4 MMCC M-TEC Building	Harrison	989.386.6624
4 Montcalm CC M-TEC	Greenville	616.754.7706
4 Pere Marquette District Library	Clare	989.386.7576
5 Michigan Works!	Saginaw	989.249.5232
5 Michigan Works!	Bay City	989.667.0500
5 Michigan Works!	Midland	989.631.3073
5 Michigan Works!	Standish	989.846.2111
5 Thumb Works!	Marlette	989.635.3561
5 Delta College	University City	989.686.9016
6 Kettering University	Flint	810.762.9660
7 Hackley Public Library	Muskegon	231.722.7275
7 Grand Valley State University – Holland Campus	Holland	616.331.3910
7 Kentwood District Library	Kentwood	616.784.2007
7 MAREC (Grand Valley State University)	Muskegon	231.722.4371
8 Lansing Regional Chamber of Commerce	Lansing	517.487.6340
8 Portland District Library	Portland	517.647.6981
8 Brighton District Library	Brighton	810.229.6571
8 Charlotte Public Library	Charlotte	517.543.8859
9 Schoolcraft College	Livonia	734.462.4438
9 Michigan Works!/Downriver Community Conference	Southgate	734.362.3442
9 TechTown Business Resource Center	Detroit	313.967.9295
9 Eastern Michigan University	Ypsilanti	734.487.0355
9 Southfield Public Library	Southfield	248.796.4200

APPENDIX D (CONTINUED)

BUSINESS RESOURCE CENTERS (BRC'S)

<u>Region Host</u>	<u>Location</u>	<u>Telephone</u>
9 Dearborn Public Library	Dearborn	313.943.2330
9 Oakland County Business Center	Waterford	248.858.0783
10 Michigan Works!	Clinton Township	586.263.1501
10 MBPA/MFBA	Warren	586.393.8800
11 Niles Main Street	Niles	269.687.4332
11 Marshall District Library	Marshall	269.781.7821
11 Allegan Library	Allegan	269.673.4625
11 Center for Entrepreneurship @ Miller College	Battle Creek	269.660.8021
11 Hastings Library	Hastings	269.945.4263
11 South Haven Memorial Library	South Haven	269.637.2403
12 Michigan Works!	Hillsdale	517.437.3381
12 Michigan Works!	Jackson	517.841.5627
12 Michigan Works!	Adrian	517.266.5627
12 Washtenaw Community College	Ann Arbor	734.487.0355
12 Chelsea District Library	Chelsea	734.475.8732
12 Dexter District Library	Dexter	734.426.4477
12 Ypsilanti District Library	Ypsilanti	734.482.4410
12 Food Systems Economic Partnership	Ann Arbor	734.222.6859

APPENDIX E

INDEX OF STATE AND FEDERAL GOVERNMENT WEB SITES

STATE GOVERNMENT

Michigan Business One Stop – Online portal for Businesses to the State Of Michigan

Web site: www.michigan.gov/business

Michigan Department of Civil Rights – Information on compliance with Civil Rights laws.

Web site: www.michigan.gov/mdcr

Michigan Department of Energy, Labor & Economic Growth – Information, forms, and publications related to health, safety, economic/cultural well being.

Web site: www.michigan.gov/dleg

Consultation Education & Training (CET) – Information about training programs to provide a safe and equitable workplace for employees. Heading: Consultation Education & Training.

Web site: www.michigan.gov/miosha

Corporation Division - Forms for filing as a corporation (Articles of Incorporation), limited partnership or limited liability company (Articles of Organization), and registrations of trademarks & service marks. Registrations for limited liability partnerships (LLPs).

Web site: www.michigan.gov/corporations

Office of Occupational Safety & Health Administration - Information about safety and health standards and access to required workplace posters – Michigan Safety & Health Protection on the job, and Right to Know Material Safety Data Sheets. Heading: General Industry Safety & Health.

Web site: www.michigan.gov/miosha

Workers' Compensation - Information about the Workers' Disability Compensation Act of 1969, Act 317 of 1969, an Overview of Workers' Compensation in Michigan, and the pamphlet – A Summary of Your Rights and Responsibilities under Workers' Disability Compensation. Heading: Publications.

Web site: www.michigan.gov/wca

Michigan Department of Technology, Management & Budget - Access to information about doing business with the State of Michigan and the Vendor Registration Form.

Web site: www.michigan.gov/buymichiganfirst

Michigan Department of Treasury - Forms to register for Michigan business taxes, i.e. Sales, Use & Withholding and Single Business Tax.

Web site: www.michigan.gov/taxes

Michigan Works – A public-private partnership between Michigan Department of Energy, Labor & Economic Growth and Michigan Works which serves Michigan's employers and workers where job openings can be posted.

Web site: www.michiganworks.org/

Michigan New Hire Operations Center – Michigan Employer Guide to New Hire Reporting along with the New Hire Reporting Form.

Web site: www.mi-newhire.com

Michigan Unemployment Insurance Agency – Information on unemployment insurance services.

Web site: www.michigan.gov/uia

APPENDIX E (CONTINUED)

INDEX OF STATE AND FEDERAL GOVERNMENT WEB SITES

FEDERAL GOVERNMENT

Internal Revenue Service – Information, forms, and publications regarding business and personal taxes.

Web site: www.irs.gov

Social Security Administration - Information about the Social Security Administration, their services to employers (including a guide to wage reporting for employers), and information about being self-employed.

Web site: www.ssa.gov

Department of Labor – Summary of federally required workplace posters

Web site: www.dol.gov/oasam/programs/osdbu/sbrefa/poster/matrix.htm

U. S. Patent and Trademark Office – Registration forms for trademarks and service marks.

Web site: www.uspto.gov

www.freepatentsonline.com – Provides fast, easy-to-use access to millions of patents and patent applications.

U. S. Copyright Office – Information, forms, and publications regarding United States Copyright laws.

Web site: www.copyright.gov

Small Business Administration (SBA) – Information about the services and programs available through the SBA.

Web site: www.sba.gov

Michigan District Office: www.sba.gov/mi

OTHER ORGANIZATIONS:

Michigan Small Business & Technology Development Centers (MI-SBTDC's) – Information about the services provided by the SBTDCs, and a list of the Regional and Satellite Centers.

Web site: www.misbtdc.org

SCORE, Counselors to America's Small Businesses - Information about SCORE, a listing of regional chapters, and a schedule of available workshops.

Web site: www.scoremichigan.com

APPENDIX F

ABOUT THE SMALL BUSINESS ADMINISTRATION (SBA)

U.S. Small Business Administration (SBA)
Michigan District Office
477 Michigan Avenue, Room 515, McNamara Building
Detroit, Michigan 48226
Phone: 313.226.6075
Fax: 313.226.4769
Web site: www.sba.gov
Michigan web site: www.sba.gov/mi/
E-mail: Michigan@sba.gov

The U.S. SBA helps people get into business and stay successful. The agency accomplishes this mission by providing new and existing small businesses with loan guarantees, management counseling and training, and assistance in obtaining government contracts. The SBA also acts as an advocate for small business interests.

WHAT IS A SMALL BUSINESS?

Independently owned and operated

For-profit business

Meets SBA size standards (maximum) that are based on either number of employees or average annual sales. In general they are as follows:

- Manufacturing -- Generally not more than 500 employees
- Wholesale -- Not more than 100 employees
- Retail or Service -- Average (3 year) annual sales or receipts of not more than \$6.0 million to \$29.0 million, depending on business type
- Construction -- Average (3 year) annual sales or receipts of not more than \$12.0 million to \$28.5 million, depending on the specific business type

SBA provides small business assistance in four major areas: advocacy, procurement, business development, and financial assistance.

ADVOCACY

The SBA supports the cause and explains the role of small business in our society and economy, and advocates programs and policies that help small firms. SBA's Office of Advocacy maintains a hotline to assist callers with their small business questions at 800.827.5722.

GOVERNMENT CONTRACTING

SBA helps small businesses obtain a representative share of federal contracts through a variety of programs including assistance locating government contracts and prime subcontracts. Visit SBA's Office of Government Contracting online at www.sba.gov/gc or www.ccr.gov SBA programs include:

- 8(a)-Minority Enterprise Development Program: a business development program for small businesses at least 51 percent owned, managed, and controlled by individual(s) who are socially and economically disadvantaged citizen of the United States. The firm must also meet SBA's size standards and must have been established for two years before applying.
- Small Disadvantaged Business Certification (SDB) Program: to qualify as an SDB, a firm must be owned and controlled by one or more individuals who are socially and economically disadvantaged. Under the new rule, before a small business concern can become eligible to receive benefit as an SDB, it must be certified as a SDB through a self-certification process that can be accessed online at www.ccr.gov.

APPENDIX F (CONTINUED)

ABOUT THE SMALL BUSINESS ADMINISTRATION (SBA)

ENTREPRENEURIAL DEVELOPMENT

Through its resource partners, the SBA offers free, one-on-one counseling, and no/low cost training, conferences, and seminars. Major resource partners in Michigan include the following:

- **Small Business & Technology Development Centers (SBTDCs)**, established to help foster small business concerns by providing “one-stop” guidance, assistance, and counseling to small business owners. There are 12 regional centers and many satellite and affiliate centers in Michigan. To find the location closest to you, please call 616.331.7480 or toll free 877.873.4567 or refer to Appendix C.
- **SCORE, Counselors to America’s Small Businesses:** This non-profit organization is comprised of working and retired business executives and business owners who share their management and technical expertise with small business owners. To locate the SCORE office closest to you, please visit their web site at www.scoremichigan.com.
- **U.S. Export Assistance Centers (USEACs):** A cooperative effort between the SBA, U.S. Department of Commerce and Export-Import Bank to provide free trade counseling and advise on all facets of the export process. There are four USEACs in Michigan: Detroit 313.226.3650, Pontiac 248.975.9600, Grand Rapids 616.458.3564, and Ypsilanti 734.487.2359.
- **Women Business Centers (WBCs):** SBA funded microenterprise organizations created to help women become self-sufficient through self-employment. Each center provides a wide range of services customized for female entrepreneurs starting or growing a business. While assistance may vary between WBCs, typically each provides basic programs such as economic literacy training and business planning, to more specialized topics such as government contracting and certification. SBA also maintains an On-Line Women’s Business Center full of information compiled from WBCs across the country on topics such as financing and accounting, marketing, management, technology and procurement.
- **Central Contractor Registration (CCR):** CCR is an electronic gateway of procurement information for and about small businesses. It is a search engine for contracting offers, a marketing tool for small firms and a “link” to procurement opportunities and important information. www.ccr.gov/ For more information and assistance related to government contracting, contact your nearest PTAC as shown on page 46.

ON-LINE CLASSROOM

SBA’s on-line classroom - www.sba.gov/services/training/index.html A series of online courses available 24/7 that provide everything you need to know to succeed in the new Internet economy. You’ll learn how to market effectively on the Web, implement e-commerce and how to participate in the Internet economy! The course content is divided into brief modules viewable in any order you choose. You’ll get answers to questions most business owners like you want to ask about e-business. Modules include:

- The Internet Economy – learn how the Internet can help make your business more competitive.
- Basics of the Internet – learn why it’s important for your business and which technologies and services you’ll need to start putting the power of the Internet to work for you.
- Basics of E-commerce – overview of how to buy and sell on-line, the different kinds of e-commerce, and setting up a virtual storefront.
- Growing Your Business on the Web – information about the technologies, software and products you will need for your Internet strategy.

Online Women’s Business Center -- How to Market Your Business Online: This site is full of tested advice compiled from the experienced business counselors of the Women Business Centers nationwide. There is a special marketing section devoted to the Internet. There are numerous articles with advice on choosing a Web production company, selling online, promoting your Web page, and more. www.sba.gov/onlinewbc/



www.misbtdc.org
616-331-7480



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