

Congratulations!

--The reward and satisfaction that can result from starting your own business offers a stimulating challenge with unlimited potential for growth and an exciting, but sometimes unexpected adventure.

--The majority of the time, the road to small business success is a rough one. In the first year or two, eight out of ten (80 percent) businesses will fail. A more positive way of looking at this statistic is that twenty percent of all businesses survive the first year. The question remains, which statistical columns will your business fall into?

--Most entrepreneurs are not adequately prepared to go into business. Many have the motivation, desire and talent. However, many do not take the time to properly investigate and research the business they are interested in starting.

--The Harnett County area is an excellent place to start a small business. The information contained in “GETTING STARTED” has been compiled to help you become better informed about the critical aspects of starting a small business. Although most people can pull together enough information and sometimes enough capital to start a business, the majority fails to carefully examine each aspect of starting a business the right way...a way that begins with getting your thoughts and ideas down on paper in the form of a written business plan.

--The challenge is yours! With proper planning, counseling and sufficient capital, you can start and build a successful small business. Use this guide to “GETTING STARTED” and do your homework to make your dreams come true. GOOD LUCK!

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Introduction

“GETTING STARTED” has been developed to help you start your small business. This guide will:

- ❑ Dramatically decrease the amount of time you might spend seeking the basic information needed to start your venture.
- ❑ Give you a business overview of the region.
- ❑ Offer tips on business planning.
- ❑ Introduce you to a variety of professionals who can assist you in getting started.
- ❑ Provide information about licensure, taxes, basic start-up procedures and other step-by-step essentials.

Quiz

Do You Have What It Takes?

Starting a business is risky at best, but your chances of succeeding will be improved if you understand the problems you're likely to encounter and have them worked out before you start. The first question you need to answer is about yourself: Do you have what it takes? The following questions will help you evaluate your qualifications.

1. Are you a self-starter?
 - I do things on my own. Nobody has to tell me what to do
 - If someone gets me started, I follow well enough.
 - Easy does it. I don't put myself out until I have to.
2. How do you feel about other people?
 - I like people and can get along with just about anyone.
 - I have plenty of friends; I don't need anyone else.
 - Most people irritate me.
3. Can you lead others?
 - I can get most people to go along when I initiate something.
 - I can give the orders if someone tells me what we should do.
 - I let someone else get things moving, and then I take part if I feel like it.
4. Can you take responsibility?
 - I like to take charge of things and see them through.
 - I'll take over if I have to but would rather let someone else be responsible.
 - There's always some eager beaver around wanting to show how smart he is. I say let him.
5. How good of an organizer are you?
 - I like to have a plan before I start. I'm usually the organizer when the group wants to do something.
 - I'm fine unless things get too confusing, then I quit.
 - Something usually occurs that presents too many problems. So, I just take things as they come.
6. How good of a worker are you?
 - I can stay motivated as long as I need to. I don't mind working hard for something I want.
 - I'll work hard for a while, but when I've had enough, that's it.
 - I can't see that hard work gets you anywhere.
7. Can you make decisions?
 - I can make up my mind in a hurry if I have to. It usually turns out fine, too.
 - If I have to make up my mind quickly, I later think that I should have decided the other way.
 - I don't like to be the one to decide things.
8. Can people trust you?
 - You bet they can. I don't say things that I don't mean.
 - I try to be on the level most of the time, but sometimes I just say what is easiest.
 - Why bother with the truth if the other person doesn't know the difference.
9. Can you stick with it?
 - If I make up my mind to do something, I don't let anything get in the way.
 - I usually finish what I start – if it goes well.
 - If things don't go right immediately, I quit. Why beat my brains out?
10. How good is your health?
 - I never run down!
 - I have enough energy for most of the things I want to do
 - I run out of energy sooner than most of my friends.

Total number of checks you have next to the first, second, and third answers. If most of your checks are beside the first answer, you probably have the skills needed to run a business. If not, you're likely to encounter more trouble than you can handle by yourself. It would be advisable to find a partner who is strong in the areas where you are weak. If many of your checks are beside the third answer, then a good partner will not be able to shore you up.

First Stop Small Business Center

- In 1984 the North Carolina General Assembly awarded Central Carolina Community College a grant to establish a Small Business Center to serve the counties of Chatham, Lee, and Harnett. The mission of the Small Business Center is to provide small business owners and prospective owners with information and training on how to start and operate a profitable small business.
- The center offers guidance in the formation, development, growth, expansion and survival of a small business. The major goal of the Center is to assist entrepreneurs in overcoming typical problems encountered in the day-to-day operations of a small business.
- The Small Business Center focuses on the issues and questions most important to you and your business. The Center offers at little or no cost a variety of services that include:
 - Confidential, one-to-one counseling to help you get “real” answers to your questions.
 - Quality seminars by professional business consultants on topics critical to starting and operating a small business.
 - In house training for you and your employees at a reduced rate of 50 percent.
 - Business planning, technical and managerial assistance by qualified professionals.

Turning a Dream into a Reality “A Place to Start and Grow Your Business”

- ◆ The Triangle South Enterprise Center is a small business incubator that provides entrepreneurs with an opportunity to locate their business in a business like environment to test their business idea.
- ◆ Opened in 1987, Triangle South Enterprise Center provides a climate for success for new or expanding small businesses during the critical, early stages of development.
- ◆ Triangle South Enterprise Center has 18,500 square feet of office space available for lease to manufacturing, service and research and development firms. Flexible lease terms and space arrangements are available to accommodate the needs of each tenant company. Shared support services are available that include:
 - Wired and Wireless Internet
 - Access to copier and fax machine
 - Computer Lab
 - Telephone System Hook-up
 - Conference Room Facilities
 - Intermediary Relending Program
- ◆ The purpose of the center is to help start-up and expanding businesses flourish by providing a facility where operating costs are lowered thereby reducing the initial working capital needs of tenant companies.

- ◆ Triangle South Enterprise Center is administered by the Dunn Committee of 100, Inc., and is assisted by Central Carolina Community College and its Small Business Center. Entrepreneurs who are interested in starting or expanding a business in a nurtured environment while increasing their chances of success should contact the Center.

Contact: Triangle South Enterprise Center
 Mari-inetta Pavlic
 600 South Magnolia Avenue
 Dunn, NC 28334
 (910) 892-2884 telephone
 (910) 892-8775 fax
 Email: mpavlic@cccc.edu.
www.trianglesouth.com website

Harnett County Business Profile

- If you are considering starting a new business in the Harnett County area, you should know that you will be part of a rich and interesting business history.
- First settled 250 years ago by Scottish immigrants who pushed up the Cape Fear River on flatboats, Harnett County has long featured a diverse economy based on agriculture, manufacturing and trade – what is now called retail.
- Today, the growing industrial and business base includes product packaging and distribution, textile manufacturing, electronics, mobile home manufacturing, and publishing.
- Efforts to boost business in the Harnett County area have not been totally focused on large, industrial businesses. The county has been especially supportive of small businesses. The Dunn Area Chamber of Commerce Small Business Council, the Dunn Area Committee of 100, Inc., and Triangle South Enterprise Center (a small business incubator) are outstanding examples of small business support agencies.
- Triangle South Enterprise Center has 18,500 square feet of space available to start-up companies in manufacturing, service and research and development. The Center offers free managerial and technical assistance, office support services and below market rental rates. Normally, within an incubation period of five years or less, tenant companies graduate from the Center and become viable partners in the business community.
- Harnett County is ideally situated, with I-95, I-40, US 301, US421 and US401 providing easy access to regional and national markets. North Carolina routes 24, 27, 42, 55, 82, 87, 210 and 217 also provide direct links throughout Harnett County. The entire region is expected to attract national economic development attention.
- Transportation has always been a key factor in the business success of Harnett County. The Cape Fear River and a regional railroad were forerunners of Interstate 95 and Interstate 40. Today, the region is served by a variety of motor freight carriers. Air transportation is provided by the airports in the nearby major markets of Fayetteville and Raleigh-Durham.
- Harnett County is located at the midpoint between Florida and New York. Travel and tourism dollars flowing into the area have created many challenges and opportunities.
- Harnett County's population is 125,730, with a workforce of 48,776. Unemployment rate as of September 2015 was 6.7%. Major employers include Harnett County Public Schools, Campbell

University, Harnett County Government, Food Lion Distribution Center, Betsy Johnson Regional

- Hospital and Wal-Mart. Other employers have from 135 to 360 employees on their payrolls. The diversity of the manufacturing base is a strong point for the county.
- Currently, over 2,000 businesses are operating in the county and the vast majority are small businesses. This corresponds to the profile of the state: 97% of the businesses in North Carolina employ fewer than 100 people and 80% have fewer than 20 employees.
- The financial needs of the region are served by some of the state's major financial institutions and a number of regional banks.
- When seeking sources of financing, entrepreneurs have a number of options. Banks, private investors, the Small Business Administration, Dunn Area Committee of 100, Inc., Harnett Forward Together Committee and other federal and state programs can be used as sources of funding. Contact the Small Business Center for details about the variety of funding options available (see Appendix D).
- The Harnett County area is centrally located between two strong media markets: the Triangle (Raleigh/Durham/Chapel Hill) and Fayetteville. A wide variety of print and electronic media serve the area. Local newspapers such as *The Daily Record* (Dunn), *Angier Independent* (Angier) *The Harnett County News* (Lillington) and *Four Oaks Benson News Review* (Benson) provide news and local advertising print media. The two largest newspapers in the region, Raleigh's *News and Observer* and the *Fayetteville Observer-Times* target the area for sales and news.
- Many of the more powerful radio stations in central and eastern North Carolina broadcast into the area. Local radio options include WCKB (Dunn), WLLN (Lillington), and WPYB (Benson).
- Television coverage comes from the three major networks and local cable. Advertising sales people from the Triangle and Fayetteville television stations target Harnett County as part of their sales markets. Also, some local cable channels have access time for commercials from local businesses.
- The individual townships and the county have their own systems of government. In most cases city governments are based on mayors, city councils, and city managers. County government is based on county commissioners and a county manager. The process of obtaining business licenses, tax numbers, permits and proof of accreditation usually begins by contacting a government agency. The resource section of this guide lists the necessary contacts for city, county, state, and federal governments.
- A variety of resources and programs are available to help the small business owner. The Small Business Center of Central Carolina Community College (CCCC) is the key small business resource of the county. The Center's local office is located in the Triangle South Enterprise Center on Magnolia Avenue in Dunn.
- Local Chambers of commerce in Lillington, Coats, Erwin, Angier and Dunn, and local and regional economic development agencies listed in this workbook serve as centers of information about economic development, commercial development, and travel and tourism. Information needed to contact these groups is located in this guide.
- Employment needs in the region are often met by the local office of the Employment Security Commission in Dunn. The office can supply advice about developing a job description, interviewing, and candidate selection. The office is also the local source for potential employee candidates who have listed for employment with ESC. However, before selecting new employees, it is wise to contact the Small Business Center for information about personnel management and the legal and tax considerations of hiring employees.

- A major consideration for starting any business will be “Where will I work?” The Harnett County area offers a variety of offices, retail locations, shopping centers and manufacturing sites for all types and sizes of business. Entrepreneurs who are planning to build a business facility may turn to real estate consultants, city planners and developers for assistance. If you will be working from your home, contact your local planning and zoning office about necessary permits and regulations. If you are starting or expanding a manufacturing, service, or research and development business, you may want to consider locating your business in the Triangle South Enterprise Center.
 - The dramatic level of growth in the Harnett County area during the last three decades has created a wide variety of opportunities for opening and operating small businesses. Entrepreneurs often contact the Small Business Center, local chambers of commerce, and economic development agencies with questions about starting and operating businesses in Harnett County. Your questions and ideas are welcome.
- ❑ Good luck with your new venture.

So You Have A Great Idea?

- ❑ There are three kinds of ideas:
- An idea that addresses an existing need that has previously gone unsatisfied.
 - An idea that addresses an existing need that is better than the alternatives.
 - An idea that is so revolutionary that it creates its own need.
- ❑ If you believe you have a great idea, into which category does it fall? Depending on the category, there will be unique opportunities, advantages and challenges to consider.
- ❑ However, the one question you should ask yourself over and over again is: “How good is my idea?” This requires a careful evaluation on the part of you, the entrepreneur, before investing time, money and energy in developing a business. Often a “good idea” fails in the marketplace because there were glitches or snags that were overlooked in the early stages of planning. A basic evaluation of an idea or concept can help identify potential problems before they occur and save you from committing resources to something that won’t work.
- ❑ Once you have formulated your idea, take time to review each component of your idea before attempting to develop it into a marketable product/service. This review process will help you identify the feasibility of the idea, thus providing insight on what will or should happen if the idea is developed into a business. Failure to do this will no doubt increase your chances of failure.
- ❑ When evaluating your idea, you should be able to classify it in one of three categories:
- Simple: An idea that you could implement now without much expense or delay.
 - Moderate: An idea that could probably be realized in six to twelve months, with some outlay of capital.
 - Difficult: An idea that would take a year or more to develop into a viable business. Often venture capitalists or partners are needed to supply adequate financial support.
- ❑ Knowing what level your idea falls into will help you determine how much time and research you must spend prior to developing your idea into a business.

Checklist for evaluating ideas

- Is there a real need to support your idea? What are the advantages or benefits of the idea?
 - What problems will your idea solve? How will the idea enhance a situation?
 - Is our idea new and original or an adaptation/revision of a previously tried experience?
 - What benefits will the idea generate? What limitations or restrictions does the idea present?
 - What are the economic implications if this idea is implemented? How much will it cost to bring the idea to fruition? What personnel will be needed?
 - Are there variations of this idea that can be implemented? If so, what are they and how much will it cost?
 - Does the idea have a natural sales appeal? Is the market ready for it? Can customers afford it? Why should they buy it?
 - Is there competition? If so, how will you compete?
 - Does your idea fill a real need or does the need have to be created through advertising?
 - How long will it take to develop this idea? What areas do you need help in developing your idea? What resources are available locally, etc.?
- The great thing about ideas is that they are available to anyone. Almost any reasonably intelligent person who is aware of what is going on in their society, community and industry and is willing to immerse themselves in study, thought, research and creativity can make an assessment of their idea. Thus, they can determine with reasonable accuracy the feasibility of the idea before they make an investment of capital.

Note: Determine if there is a large enough market to support your idea 365 days a year!

10 Questions: Before Playing the Game

- 1. Is your product or service different from others already in your marketing area?**
- 2. Do you have the right kind of business experience?**
- 3. Can you prepare a detailed, credible business plan for the first three years?**
- 4. Do you readily take responsibility?**
- 5. Are you a good organizer?**
- 6. Are you ready to put in long hours?**
- 7. Will you stick to it even during the rough times?**
- 8. Do you have your immediate family's support?**

9. Are your resources and credit adequate, or preferably, more than adequate?

10. Is your health up to the tasks ahead?

Planning: The First Key to Business Success

- It is well known that small businesses have a high rate of failure, especially within the first three years of existence. Dun and Bradstreet, Inc., reports that nine out of ten business failures are attributed to a lack of management expertise. This was evident by such things as:
 - Inadequate sales
 - Competitive weakness
 - Heavy operating expenses
 - Receivable difficulties
 - Inventory difficulties
 - Excessive fixed expenses
 - Poor location
 - Under capitalization

- Many of the problems encountered by small business owners are surprises. Entrepreneurs usually have no idea – or a vague idea at best – that difficulties might arise.

- Whether you are a business novice or highly trained in your area of expertise, careful planning and anticipating needs and potential difficulties is a sure way to improve your chances of success. In fact, taking a venture is not a viable idea after all.

- **Note: Planning is simply knowing where you want to go and how you will get there.**

- The following section on “Business Planning” will help you make important decisions and gather information to develop a business plan. As you read the material try to ask the question, “What if?” As in, “What if sales double in the first six months? How will I meet demand, manpower and financial needs?” However, it is more realistic to ask, “What if sales are half what I projected for the first three months of the first year? Where will I get funds and marketing support to keep going?” Asking “What if?” Questions, especially the negative ones, will provide a more realistic outlook for your planning.

- **Note: A carefully planned, well thought out business begins with the entrepreneurs asking questions and getting the answers before making an investment.**

Evaluating Prospective Sites

--When choosing a location for your business, having a method of evaluating the weaknesses of each potential site is crucial. Below is a basic checklist to help you in this process. First, read through the criteria and weigh them on a scale of 1 to 5 according to their importance to the success of your venture (1 is low, 5 is high). Then make a copy of this list with the weights filled in for each site you are evaluating. Go through the criteria again and grade them on a scale of 1 to 10. Multiply the grade times the weight to determine your site's points on each factor. Add up the points to get a total score. Repeat this process for each site. The one with the highest number of points, better meets the most important requirements for a good location. Happy hunting!

FACTORS	GRADE		WEIGHT		POINTS
1. Visibility of site to passerby		x		=	
2. Vehicular & pedestrian traffic		x		=	
3. Parking availability		x		=	
4. Overall customer convenience		x		=	
5. Centrally located to my market		x		=	
6. Raw materials readily available		x		=	
7. Availability of qualified employees		x		=	
8. Labor rates of pay		x		=	
9. Transportation accessibility		x		=	
10. Supplier proximity		x		=	
11. Health of local business climate		x		=	
12. Tax burden		x		=	
13. Housing availability for employees		x		=	
14. Compatibility of neighboring businesses		x		=	
15. Quality of police & fire protection		x		=	
16. Crime/ shoplifting rates		x		=	
17. Adequacy of utilities (water, sewer, power, gas)		x		=	
18. Topography of site		x		=	
19. Condition of premises		x		=	
20. Major repairs required in near future		x		=	
21. Building services (security, janitorial & gardening)		x		=	
22. Provision for future expansion		x		=	
23. Current & future zoning restriction		x		=	
24. Terms & cost of lease (including options)		x		=	
25. Responsiveness of landlord		x		=	
26. Quality of this site in relation to my major competitor		x		=	
27. Competitor proximity		x		=	
28. Personal preference		x		=	
			Total Score		

Developing a Business Plan

- ❑ Starting a venture without a business plan is like setting out to sea in a ship without a rudder. You end up going whichever way the wind blows. On the other hand, a formal business plan provides potential investors and lenders with all the information they need to make financial decisions. The business plan is a written document that clearly defines the goals of a business and outlines the methods for achieving them. A business plan describes what a business does, how it will be done, who will do it, where it will be done, why it is being done, and when it will be done.
- ❑ **Note: A business plan is an excellent planning tool. Those who fail to plan, plan to fail.**
- ❑ However, the most important reason for putting your plan on paper is that the exercise forces you to think through your business idea. Potential stumbling blocks, weaknesses and inadequacies in your skills and knowledge will become apparent as you create your plan.
- ❑ Dreams and ambition are great and important. But what really counts in the business world are results. Therefore, it is important to establish realistic goals with a sound strategy for achieving them. A business plan:

- Is the management and financial “blueprint” for business start-up and profitable operation?
- Is written by the business owner with outside help as needed?
- Explains how the business will function and depicts its operational characteristics.
- Details how the business will be capitalized and managed.

- ❑ Remember, planning is the most important part of starting and operating a successful business. It is in fact... if you don’t know where you are going, you will end up somewhere else.
- ❑ **Note: A business plan is like a road map – it tells where you are, where you want to go and how you will get there.**

Sources of Help with Business Planning

- ❑ Triangle South Enterprise Center
Mari-inetta Pavlic Coordinator
600 South Magnolia Avenue
Dunn, NC 28334
(910) 892-2884
E-Mail: mpavlic@cccc.edu
- ❑ Small Business Center
Central Carolina Community College – Terri Brown, Coordinator
5910 Clyde Rhyne Drive
Sanford, NC 27330
(919) 718-7544
E-Mail: Tbrow513@cccc.edu
- ❑ Small Business Technology Development Center (S.B.T.D.C.) at NC State University
1021 Main Campus Dr.
Suite 200 CB # 7019
Raleigh, NC 27601
919-513-1500

1200 Murchison Road
Fayetteville, NC 28311
910-672-1727

Content of a Business Plan

Cover	The Market
Title Page	Description of Products or services
❑ Executive Summary	Channel of Distribution
Purpose of the Plan	Market Size and Trend
Business Structure	Present Stage of Product
Principle Owners	Product Life Cycle
Financing Proposal – size of funds	Copyrights
Required collateral, purpose of funds,	Research Activities
Repayment schedule	Warranties
Keys to Success in This Venture	Description of Target Customers
❑ Table of Contents	Expected Market Share
Description of Business	Competitors
Type of Business	The Market – who, size, and expected
	Advantages/Disadvantages
Market share	Marketing Strategies

Competitive Advantages

- Present Status of Business
 - Trend in the Business and Industry
 - Business Location
 - Business Address and Why This Location
 - Building – leased or rented, terms and Length, any renovation
 - Neighborhood, conditions, other businesses
 - Future outlook – expansion, renewal of lease
 - License and Permit
 - Registration with the BLIO
 - Type of license and Permit Required for your business
 - Time Frame of License and Permit Applications
 - Affect of Zoning Regulations
 - Business Risk and Insurance Coverage
 - Management
 - Management Personnel Profiles
 - Organization Chart
 - Proposed Salaries and Wages for Management Personnel
 - Other Non-in-house Managerial Personnel
 - Future Management Team Outlook
 - **Note: The bottom line is: Will your business make a profit?**
- ↑ Operations/Productions
 - Procedures
 - Capability
 - Competitive Advantages/Disadvantages
 - Materials and Origin
 - ↑ Financial Data
 - Source of funding
 - Start-up Cost
 - Opening Day Balance
 - Income Statement
 - Cash Flow
 - Break –even analysis
 - Concluding Narrative
 - ↑ Supporting Documents
 - Picture of Products
 - Resumes of Managers
 - Letter of Reference
 - Personal Financial statements
 - Market Research results

Forms of Business Organization

- At this point, you should consider the legal form of your business organization. When starting a business, you may choose to operate as either a sole proprietorship, partnership, or corporation. Choosing a form of business organization is an important decision. Therefore, the advice of an attorney can be especially valuable.
- The form of organization selected should be based not only on the immediate needs of the business but what is anticipated for the future. The form of business is also important from a tax and personal liability standpoint. Generally, the three principal forms of business structure are:
 - Sole Proprietorship
 - Partnership
 - Corporation
- Note: You may want to start with one form of business structure and alter your business structure as you grow (e.g., sole proprietorship to corporation); Thus it is very important to review your organizational form periodically.

Sole Proprietorship

- ❑ The most common form of business organization is called SOLE PROPRIETORSHIP. As the name implies, a sole proprietorship is a business owned by only one person. As the sole proprietor, you are the sole owner, enjoying all the profits and responsible for all the losses. Sole proprietorship is the easiest form of business organization and needs no government approval. Profits are taxed as personal ordinary income, with the owner liable for all debt and taxes.
- ❑ Many people believe incorporation is the most effective legal structure. But starting your business with the simplest structure – Sole Proprietorship – is best until you have a better idea of the legal and financial liabilities your business may incur.

Advantages of Sole Proprietorship

- Easiest to get started
- Greatest freedom of action
- Maximum authority
- Income tax advantages in very small firms
- Social Security Advantage to owner

Disadvantages of Sole Proprietorship

- Unlimited liability
- Death or illness endanger business
- Growth limited to personal energies
- Personal affairs easily mixed with business

Partnership

- ❑ If you decide to establish a business in which you share ownership and control with one or more person(s), you can form a GENERAL PARTNERSHIP, a JOINT VENTURE, or a LIMITED PARTNERSHIP.
 - GENERAL PARTNERSHIP is a flexible and simple structure allowing the association of two or more people who share in the profits and liabilities of a business.
 - LIMITED PARTNERSHIP differs from a general partnership in that it allows you to limit the liabilities of the limited partners to the amount of their investment.
 - JOINT VENTURE differs from a general partnership only in that its business is of a narrower scope and duration, usually being organized to carry out a single undertaking. The laws governing general partnership apply equally to joint ventures.
- ❑ However, before forming a partnership, ask yourself, “Do I really need a partner or just a good friend with whom I can talk about business problems?” Be absolutely sure the partner you choose brings something to the business – money, skills, customers, knowledge, etc. – that you do not have and cannot succeed without.

Advantages of a Partnership:

- Two (or more) heads are better than one
- Additional sources of venture capital
- Better credit rating than corporation of similar size

Disadvantages of a Partnership:

- Death, withdrawal, or bankruptcy of one partner endanger business
- Difficult to get rid of bad partners
- Hazy line of authority

- ❑ Note: If you choose the partnership form of organization, be sure to have an attorney draw up a partnership agreement and a buy-sell agreement. Both will come in handy when a partner becomes deceased or wants out of the business.

Corporation

- ❑ The CORPORATE form of business organization is the most formal of the principal business structures. It is given its existence under state law and is established by the filing of “Articles of Incorporation” with the office of the Secretary of State of North Carolina.

- ❑ Although a corporation may exist, there are a variety of legal requirements and procedures that must be completed before you can begin conducting business. These procedures will depend on the industry in which you will do business and the type of firm you are starting.
- ❑ The major reasons for incorporating a business are the legal and financial flexibilities of operating a corporation and the limits on personal liability of the shareholders who own the business.
- ❑ Businesses in North Carolina can now opt to declare as “Subchapter S” corporations. Subchapter S combines many of the legal benefits of operating as a corporation with the reporting and paperwork simplicity enjoyed by proprietorship.

Advantages of a Corporation:

- Limited liability for stockholders
- Continuity
- Transfer of shares
- Easier to raise capital
- Possible to separate business functions into different corporations

Disadvantages of a Corporation:

- More expensive to launch and maintain
- Gives owner a false sense of security
- Heavier taxes
- Power limited by Charter
- Less freedom of activity
- Legal formalities

An Alternative Structure

Limited Liability Companies

- ❑ LIMITED LIABILITY COMPANIES (LLC) also provides a formal structure to a new business with the flexibility of a partnership. Control can be limited to one or more individuals, or it can be exercised by all members. LLC interests can be freely exchanged, or sale of interests can be limited. LLCs can have a time limit on their lives, or they can run on indefinitely.
- ❑ LLCs major advantages, however, are limited liability and partnership-like taxation. LLC income is taxed directly to the members, like a partnership, rather than to the company, like a corporation. There is no tax when the members receive cash or property. This is different from a corporation, whose shareholders are taxed when they receive cash or property from the corporation, in addition to the tax the corporation pays. The benefit of partnership taxation will soon be diminished as a dominant factor, however, because of new Internal Revenue regulations that will allow all new businesses to choose between a partnership and a corporation taxation. For now, however, partnership taxation is one of the most important benefits of LLCs.
- ❑ Limited liability companies are subject to regulations that partnerships do not have. Like corporations, LLCs also have filing and reporting requirements. They are also subject to fees that less formal business structures are required to pay. These negative regulatory factors are usually offset, however, by the limited liability and beneficial tax effect.
- ❑ To receive a copy of “Guidelines for Incorporation,” a free publication offered by the Secretary of State’s office, contact:
“Guidelines for Incorporation”
Secretary of State
300 N. Salisbury St.
Raleigh, NC 27603-5909
(919) 733-4201.
- ❑ Note: When starting a small business it is wise to keep the form of business organization as simple as possible for at least the first year.

Need Some Advice?

- ❑ By now you may have a clear idea of the type of legal structure your business will take, or you may be thoroughly confused. You may want to seek the advice of an attorney before making a final decision.
- ❑ The Lawyers Referral List refers clients to a local attorney who will grant an initial half-hour consultation for a fee of \$30. You may not get all your questions answered in the half-hour, but you should be able to get a good idea of the complexity of your particular situation.
- ❑ Contact the service at:
Legal Services of North Carolina
224 South Dawson Street
P.O. Drawer 1731
Raleigh, NC 27602
(919) 828-4647
- ❑ NC LEAP
8000 Weston Parkway
Cary, NC 27513
(919) 677-0561
1-800-662-7407
ncleap@ncbar.org
- ❑ Note: Most area attorneys initially grant up to a half-hour of consultation time at no charge. Check with an attorney of your choice.

Marketing Considerations

- ❑ There's an old saying, "Nothing happens until someone sells something." That is particularly true in small business. Unfortunately, marketing is often overlooked. Many entrepreneurs fail to realize that without a market for their product or service, there will be no need for the business to exist. To be successful, a small business must know its market. Marketing is simply determining the best way to reach potential customers. In basic terms, marketing means having the right product/service, at the right price, at the right place, at the right time. Effective marketing and promotion of any business, its products and/or services is critical to business success and survival.
- ❑ Note: Marketing is not advertising! Marketing is determining or knowing who will buy your product or service. Advertising is the message you communicate to your potential market using some form of media.
- ❑ Before starting a business, the following marketing questions should be given careful consideration:
 - Market
 - Is there a market for my product/service?
 - How large is the potential market for my product?
 - How large is "my" target segment of this potential market?
 - What trends have an impact on the market?
- ❑ Note: Before you begin to market, you must first determine what business you are really in.
 - Customers
 - Who are they? What sex, age, income, occupation, etc?
 - What are their needs and wants pertaining to my product?
 - When do they buy?

- Where are they located and where do they buy?
- Why do they buy?
- How much does the average customer spend in one year on my product/ service?
- How do they spend it-- all in one place--all at one time?
- How will I reach my customers?
- How will my customers buy (cash, check, credit card)?

Competitors

- How many competitors will I have?
- Who will my competitors be and where are they located in relation to my business?
- What types of advertising are my competitors doing?
- Is my competitor offering services, products, payment terms, etc., that I cannot offer? How will I compete against those advantages?

- ❑ Note: Marketing is the single most overlooked and non-budgeted aspect of small business operations. Many businesses fail because they fail to effectively market their products and services to potential customers.

Financing a Small Business

- ❑ One of the most crucial stages of beginning or acquiring a business is determining your capital investment needs. Sound financial planning is a proven method for insuring a reasonable return on your initial investment. Financing can come in the form of a loan (debt financing) or in sharing the ownership of your business (equity financing).
- ❑ Loans (debt financing) are usually classified as follows:
 - Short-term loans. This category is used to designate borrowed capital that is to be repaid in one year.
 - Intermediate loans. This title is applied to borrowed capital which is to be repaid in one to five years.
 - Long-term loans. This capital has repayment arranged for more than five years.
- ❑ The entrepreneur should determine which form of financing is the most beneficial to his/her company and then approach lenders who specialize in that form of financing. For example, a business person who is seeking money to expand inventory (short-term loan) should go to a commercial bank. Commercial banks specialize in short and immediate term loans.
- ❑ Finally two things should be considered when one is faced with the problem of obtaining capital assistance:
 - An established concern with a good record of operations usually has better access to available sources of capital than a new firm.
 - Some personal capital available for investment in the firm by the new owner is almost always essential to obtain any type of outside assistance.
- ❑ Working closely with your banker and accountant during this phase of the planning process will help you develop a realistic outlook about the financial possibilities and challenges of your venture. Financial professionals can help with accounts receivables, financing, future credit needs and retirement plans.
- ❑ Note: A major contributing factor to business failures is under capitalization on the part of the business owner – not enough cash to cover operation costs during start-up or lean times.

Where Will You Get the Money?

- ❑ At the end of the planning process, you should have a very good idea of how much money you will need to start and operate your business. If you are not independently wealthy, the next question is, “Where will I get the money?”
- ❑ Studies show that the majority of new small businesses are capitalized by their owners’ savings, loans from families and friends, and loans using automobiles, homes or other assets as collateral. Some entrepreneurs are using credit cards to finance the early months of start-up, but the strategy is risky and costly due to high, credit card interest rates.
- ❑ There are some low-interest loans available for small businesses. But the competition is getting tough, and the requirements are strict. Special lending programs are available through the Small Business Administration.
- ❑ Note: Most traditional sources of financing will require a written business plan before appropriating funds for business start-up.

Applying For a U.S. Small Business Administration Loan

For New Businesses:

- Describe in detail the type of businesses to be established.
 - List your business education, experience, and management capabilities.
 - Prepare an estimate of how much you or others have to invest in the business and how much you need to borrow.
 - Prepare a current personal financial statement of the owner(s).
 - Prepare a projected profit loss statement for the first year the business will operate.
 - List collateral to be offered as security for the loan. List the market value of each item.
- ❑ Take this material with you and see your banker. Ask for a direct bank loan, and if declined, ask the bank to make the loan under the SBA’s loan guarantee plan. If the bank is interested in a SBA guarantee loan, ask the banker to contact SBA for discussion of your application. The SBA will deal directly with the bank for guarantee loans.
 - ❑ If a guarantee loan is not available, send the first six (6) items, in addition to a letter from your banker, indicating the amount you requested and the reason for the decline, to the Small Business Administration, 6302 Fairview Road, Suite 300 Charlotte, NC 28210.

For Established Businesses:

- ❑ Prepare a currently dated, balance sheet listing all assets and all liabilities of the business – do not include personal items.
- ❑ Prepare a profit and loss statement for the previous full year and for the current period to the date of the balance sheet.
- ❑ Prepare a current, personal financial statement of the owner(s).
- ❑ List collateral to be offered as security for the loan. List the market value of each item.
- ❑ State the amount of loan requested and explain exact purposes for which it will be used.
- ❑ Take this material with you and see your banker. Ask for a direct bank loan, and if declined, ask the bank to make the loan under SBA’s loan guarantee plan. If the bank is interested in a SBA guarantee loan, ask the banker to contact SBA for discussion of your application. In most cases for guarantee loans, SBA will deal directly with the bank.
- ❑ If a guarantee loan is not available, send the first five (5) items, in addition to a letter from your banker, indicating the amount you requested and the reason for decline to:

Small Business Administration
6302 Fairview Road
Suite 300
Charlotte, NC 28210
(704) 344-6563
www.sba.gov

Credit Considerations

- ❑ Establishing and maintaining a good credit record is essential. By maintaining good credit, you will be better prepared for opportunities to invest and expand your business. Contact a local credit bureau to get a credit report about yourself. It will allow you to see yourself as lenders see you. Also you may access credit reports/beacon score via the Internet. Annualcreditreport.com will allow you one free credit report per year from Equifax, TransUnion and Experian. Credit scoring is available for a minimal charge.
- ❑ Some considerations are:
 - Determining your current credit status
 - Establishing credit with suppliers
 - Determining your future credit needs.

Sources of Funds for Small Business

- ❑ The following are several sources of funds for small business. When starting a business all possible sources of funding should be evaluated.
 - Personal Funds
 - Loans from Relatives and Friends
 - Home Equity Loans
 - Commercial Bank Loans
 - U.S. Small Business Administration
 - Trade Credit
 - Cash Values from Life Insurance Policies
 - Certified Development Corporation
 - USDA Rural Development
 - Intermediary Relending Program
 - Small Loan Program
 - Center for Community Self-Help
 - Microloan Program
 - Industrial Revenue Bonds
 - Microenterprise Loan Program
 - Lines of Credit
 - Venture Capital
 - Selling Stock

How Much Money Do You Need?

- ❑ To help you estimate the amount of financing you will need to get your venture off the ground, use the following checklist. Keep in mind, however, that not every category applies to all businesses.
- ❑ Your total amount will depend on how many months of preparation you want to allow for before actually beginning operations.

How Much Money Do You Need?

Use the following checklist to help you estimate the amount of financing you will need to get your venture off the ground. Keep in mind that not every category applies to every business.

Your total will depend on how many months of preparation you want to allow for before beginning operations.

Estimated Start-Up Costs Covering Months**

Item	Estimated Amount (\$)
Owner Salary**	
Other Salaries**	
Fixtures, Furniture	
Decorating, Remodeling	
Rent Deposit	
Rent **	
Installation of Equipment	
Starting Inventory	
Delivery	
Deposits for Utilities	
Utilities **	
Supplies	
Professional Fees	
Telephone **	
Licenses & Permits	
Utilities **	
Advertising	
Insurance	
Accounts Receivable	
Payroll Taxes	
Reserve Operating Fund	
Interest Charges	
Maintenance **	
Furniture Lease**	
Automobile/Travel Exp.	
Total Estimated Start-Up	

**The estimates for salaries, rent, utilities and related expenses will all depend on the length of time you need to consider for your start-up period.

Insurance Considerations

- ❑ The purpose of an insurance program is to protect the assets of your company from losses. Furthermore, it is to ensure that losses do not interrupt the overall objective of your company, which is to make a profit.
- ❑ As you set up your new business, you will acquire new assets such as automobiles, buildings, equipment, stock, customers, and employees. Each of these assets creates a possibility of a need for protection from some type of potential loss.

- ❑ Although the types of coverage and the coverage amounts will vary, some insurance may be required, either by law or perhaps by a bank or other lending institution, while some are recommended because the chance of loss in those areas is great. Keep in mind; if you suffer a loss and do not have the proper insurance it could possibly put you out of business. In the long run you want an insurance program that, pre-loss, is reasonable in cost, and post-lost, provides adequate coverage.
- ❑ These Insurance products are available from a variety of sources. These include Direct Writers and Independent Agents, both stock and mutual.
- ❑ Note: Homeowners insurance will not cover home-based businesses. Special coverage is required. This is often neglected or overlooked when starting a business from one's home. Call your agent or insurance company prior to operating a business from your home, i.e. garage, basement, etc.

Staffing Considerations

- ❑ In most businesses you cannot do everything yourself. Even if you start out as a one-person enterprise, you will soon realize that you need assistance. Before bringing another person into your business, you should decide:
 - What you want the person to do?
 - Where they will work?
 - How much authority to make decisions they will have?
 - How long they will work for you?
- ❑ Note: Adding employees to your payroll can be expensive. You may want to utilize the services of a temporary service before adding employees to your payroll.
- ❑ Contact the Small Business Center at Central Carolina Community College for seminars, workshops and information about hiring and human resource management. Information is also available through the local office of the N.C. Employment Security Commission.
- ❑ Deciding how long your new employee will work for you is a crucial decision. If you have a short-term need, such as stuffing envelopes, answering the telephone during short periods of time, or even making sales presentations, you may not need to hire a full-time employee. Private contractors, temporary agency employees, students, friends, or family members may fill your needs.
- ❑ If you will need full-time employees, the following questions should be answered:
 - Staffing Needs
 - Number of employees, specific job titles and Descriptions, hours worked, training needs.
 - Salaries
 - Benefits
 - Group Health Insurance
 - Retirement Program
 - Cost of Benefits
 - Government Requirements
 - Social Security
 - Unemployment Compensation
 - Other
 - Vacation and Holiday Policy
 - Anticipated Employee Turnover
 - Planned Growth and Future Staffing Needs
 - Overtime Requirements

- Safety Factors
- Obtain Comprehensive Job Application Forms
- Develop a Personnel Policy

- ❑ Note: Be careful when classifying workers as an independent contractor. Seek the help of an accountant to assist you in determining whether a worker qualifies as an independent contractor or is really an employee.

Record Keeping Requirements

- ❑ Almost everything connected with running a small business involves creating and maintaining records: correspondence, government regulations, taxes, insurance, financial transactions, banking, etc. The list seems endless.
- ❑ The following is a checklist of some of the types of records that must be created and maintained:

Permanent

- Audit reports of accountants
- Capital stock and bond records
- Cash books
- Chart of accounts
- Checks (canceled, for important payments, i.e. taxes, purchases of property, special contracts, etc., checks should be filed with the papers pertaining to the underlying transaction)
- Contracts and leases still in effect
- Correspondence (legal and important matters only)
- Deeds, mortgages and bills of sale
- Depreciation schedules
- Financial statements (end-of-year trial balances)
- General ledgers (end-of-year trial balances)
- Insurance records, current accident reports, claims, policies, etc.
- Journals
- Minute books of directors and stockholders, including by-laws and charter
- Property records-including costs, depreciation reserves, depreciation schedules, blueprints and plans
- Property Appraisals
- Tax returns and worksheets, revenue agents' reports and other documents
- Trademark registrations

7 Years

- Accident reports/claims (settled cases)
- Accounts payable/ Accounts receivable records
- Checks (canceled)
- Contracts and leases (expired)
- Expense analyses/ distribution schedules
- Inventories of products, materials and supplies
- Invoices to customers
- Invoices from vendors
- Notes receivable ledgers and schedules
- Option records (expired)

- Payroll records and summaries
- Plant cost ledgers
- Purchase orders (purchasing dept. copy)
- Sales records
- Scrap and salvage records
- Stock and bond certificates (canceled)
- Subsidiary ledgers
- Time books
- Voucher registers and schedules

3 Years

- Correspondence-general
- Employee personnel records (after termination)
- Employment applications
- Insurance policies (expired)
- Internal audit reports
- Petty cash vouchers
- Physical inventory tags
- Savings bond registration records of employees

1 Year

- Bank reconciliations
- Duplicate deposit slips
- Receiving sheets
- Requisitions
- Stockroom withdrawal form

--Accounting
 --Banking
 --Employee
 --Purchasing and Sales
 --Mortgages and Notes
 --Insurance
 --Tax
 --Business Organization
 --Correspondence

- ❑ Your accountant and/or attorney can advise you in detail concerning the specific record keeping and retention requirements for your business.

Small Business Financial Status Checklist

- ❑ Keeping your financial records up to date won't be a problem if you do what is necessary on a regular basis. Though particular accounting needs may vary somewhat, the following checklist will help you understand the most common tasks required to maintain accurate accounting records.

Daily

- Total all cash on hand.
- Record income. Enter a summary of sales and cash receipts in an income ledger.
- Record all payments made by cash or check.
- Enter deposits in your business checkbook to keep the balance current.
- Record inventory, adding any new items received.

Weekly

- Review accounts receivable, and take action to collect from slow payers.
- Review accounts payable, remembering to take advantage of discounts.
- Prepare payroll. (Records should include name and address of employee, Social Security number, number of exemptions, date ending the pay period, hours worked, rate of pay, total wages, deductions, net pay and check number.)

Monthly

- Balance checkbook. Reconcile your checking account records to your bank statements to ensure that both sets of records are in agreement.
- Total all ledgers. Compute monthly totals for sales, expenses, and payroll.
- Make tax deposits. Report and remit withheld employee income taxes and FICA taxes. Also file and remit any federal or state income taxes due.
- Age accounts receivable. Update your unpaid accounts, listing them by length of time on the books.
- Review inventory. Check inventory levels to see which items aren't moving so you can replace them with new stock.
- Reconcile petty cash. Make sure the actual cash, plus the total of the paid-out receipts for expenses from petty cash are equal to the starting balance. Replenish if necessary.

Quarterly

- File estimated tax returns. File federal and state estimated income taxes.
- Remit sales tax. If required, fill out a state sales tax report and send it in along with a check for the amount you've collected.
- Prepare income statement. This will reflect the sales, expenses and profit for that quarter and for the year to date.

- Prepare balance sheets. This will indicate the financial position of the business at the end of the quarter.

Annually

- Total all ledgers. Compute yearly totals for sales, expenses and payroll.
- Prepare income statement.
- Prepare balance sheet.
- Prepare cash flow statement.
- Send out 1099 forms.

Annually

- Send out W-2 forms
- Assemble tax papers. Pull together all the documentation you're going to need for filing your income taxes.
- Meet with your accountant.

Checklist for Starting a Business

- ❑ At this point, let's assume that you have completed your business plan and are ready to go "into business." You may now need to list yourself as a proprietorship, partnership or corporation with a number of agencies. In most cases, you will need a permit and/or license before you can present yourself as a representative of your firm and begin to promote your product or service. Some types of businesses, such as restaurants, must have a variety of inspections and permits in order before they can open.
- ❑ This section will cover the necessary checklists, fees, permits and licenses that you will need to be "in business." After reading this section, move on to "Basic Contacts" section that will take you through the local, state, and federal contacts needed to fulfill the legal requirements of your business. However, please realize that a guide such as this cannot cover every license, fee and permit for every type of business. The Business License Information Office **(1-800-228-8443)** <http://www.blnc.go> can help you identify and readily tell you every license required for your particular venture.
- ❑ Note: Seeking the assistance of an attorney or accountant familiar with the legal and financial steps of starting a business will save time, and in the long run, may save money and prevent legal and financial problems.
- ❑ Checklist for Organizing a Business
 - General Requirements for All Forms of Organization
 - Assumed Name Certificate. If trade name is used, Contact: Register of Deeds Office.
 - Open the bank accounts.
 - Complete and remit all forms necessary to meet federal, state, and local taxation, licensing and fee reporting requirements.

-Partnerships

- Choose type of partnership
- Complete Partnership agreement
- If Limited Partnership, file Certificate with Register of Deeds

-Corporations

- Contact the Secretary of State's office at the address listed in this book for a free booklet.
- Choose name
- File Articles of Incorporation with Secretary of State. If the name is allowed, proceed to the next step.
- Record Articles with Register of Deeds
- Choose Registered Agent/Office
- Elect officers and directors
- Adopt by-laws and seal
- Designate fiscal year
- Issue shares
- Complete Shareholder's agreement

Checklist for Taxation/Fee Requirement

- ❑ Your first step in filling the appropriate forms with state and federal agencies should be obtaining two booklets. NC-30, Income Tax Withholding Tables and Instructions for Employers is the guide for filling state forms. You can obtain a copy through the local office of the NC Department of Revenue or log on to www.irs.gov for forms and publications or call 1-800-829-1040.
- ❑ WARNING: Tax laws are extremely complex with a variety of exceptions to the rules. Also, changes in taxes and filling procedures due to governmental action may occur without your knowledge. As noted above contacting a professional accountant – at least during the start-up phase – may provide the necessary expertise to save time and money later

Basic Contacts

Knowing Where to Go

- ❑ A variety of local, state and federal legal responsibilities must be fulfilled before, during and after you start a business. Take the time to contact the appropriate authorities before you begin in order to avoid delays and possible penalties.
- ❑ Here are the basic contacts you must make:
- ❑ Register the name of your company with your local Register of Deeds office located in or near the courthouse.
 - License of some type are required for almost all businesses. Contact the NC Business License Information Office for state licenses. Then, contact the local authorities about local licenses.
 - Contact the local Tax Supervisor to list property for taxes.
 - Inspections of your place of business by building inspectors, fire marshals and the local health department may be required if you are starting a restaurant, opening a day care center, building a new facility or adding an addition or renovating a current structure. Contact appropriate authorities before starting work. If work is not “up to code,” you may be required to demolish the work you have done and start over.
 - Zoning and sign ordinances have become increasingly important as the Harnett County area has grown. Contact the local planning and zoning offices if you will be erecting a sign, building or changing an existing structure.
 - If you will be hiring three or more employees full time or part time, you must have workers compensation. Contact the NC Department of Insurance or local insurance agent for details.
- ❑ On the following pages are the contacts you will need to make if you are starting a business in the Harnett County area.

Local

- ❑ City and County Contacts
 - County:
 - County Manager’s Office
 - 102 East Front Street
 - P.O. Box 759
 - Lillington, NC 27546
 - (910) 893-7555
 - www.harnett.org
 - City:
 - Check with city or Town Hall
- ❑ Inspections and Zoning County:
 - County:
 - Building Inspector
 - Planning Department
 - 102 East Front Street
 - P.O. Box 65
 - Lillington, NC 27546
 - (910) 893-7525
 - Restaurant Inspections
 - Environmental Health Department
 - 102 Cornelius Harnett Boulevard
 - Lillington, NC 27546
 - (910) 893-7547
 - Fire Prevention
 - Check with local fire Marshall
 - City and Townships
 - Coats
 - Town Hall
 - P.O. Box 675
 - Coats, NC 27521
 - (910) 897-5183

Dunn, NC
City Hall
401 East Broad Street
P.O. Box 1065
Dunn, NC 28335
(910) 230-3500

- Registration of Business Name
Register of Deeds
Courthouse
305 W. Cornelius Harnett Blvd.
Lillington, NC 27546
(910) 893-7542
<http://rod.harnett.org/>

- Licenses and Business Taxes
County:
Tax Office
Courthouse
305 West Cornelius Harnett
Boulevard
Lillington, NC 27546
(910) 893-7520

Erwin City Manager
100 West F. Street
P.O. Box 459
Erwin, NC 28339
(910) 897-5140

City Manager's Office
106 West Front Street
Lillington, NC 27546
(910) 893-2654

Angier
Clerk's Office
55 North Broad West Street
Angier, NC 27501

State Requirements

- State Taxes and Licenses
Be sure to contact the Local Department of Revenue office by telephone before you visit. The days and hours of operation may vary.
 - Information on North Carolina Tax Law
 - Application for North Carolina Withholding Identification Number
 - Filing and deposit of North Carolina Payroll Taxes
 - Filing of Information Returns
 - Filing of Applications for Sales and Use Tax Registration
 - Filing of Annual Wholesale License
 - Filing of Initial Franchise Tax Return
 - Annual Franchise Tax
 - Filing of North Carolina Income Tax
 - Licenses
 - Payment of Intangible Tax

State Office
North Carolina Department of Revenue
P.O. Box 25000
Raleigh, NC 27640
(919) 733-7211
www.ncdor.state.nc.us/DOR/

- ❑ Incorporation/Trademarks/Copyrights
 - North Carolina Secretary of State
 - Filing of Articles of Incorporation
 - Filing of Application for Certificate of Authority to transact business
 - Notary Public
 - Trademarks and Copyrights

North Carolina Secretary of State
 Corporation Division
 300 North Salisbury St.
 Raleigh, NC 27611
 (919) 807-2000

www.secstate.state.nc.us/

- ❑ Unemployment Account Number/North Carolina Employment Information
 - North Carolina Employment Security Commission
 - Filing Application for Unemployment Account Number
 - Filing and Deposit of Payroll Taxes

State Office

North Carolina Employment Security Commission
 700 Wade Ave.
 P.O. Box 27227
 Raleigh, NC 27611
www.ncesc.com
 1-888-737-0259

Local Office

101 Hunt Valley Drive
 Dunn, NC 28334
 (910) 891-2915

- ❑ Employee Health and Safety/Wage and Hour
 - North Carolina Department of Labor
 - Administration of Occupational Health and Safety Act
 - Wage and Hour Regulations

North Carolina Department of Labor
 4 West Eden St.
 Raleigh, NC 27601
 1-800-NC-LABOR
www.nclabor.com

- ❑ Business Use of Vehicle
 - North Carolina Department of Motor Vehicles
 - Motor Vehicles dealer's license
 - Restricted use vehicles
 - Special permits

North Carolina Division of Motor Vehicles
 3148 Mail Serv. Center
 Raleigh, NC 27699-3148
 (919) 715-7000
www.ncdot.org/DMV

- ❑ Day Care Licensing Law
 - North Carolina Division of Child Development

Child Day Care Licensing
 2201 Mail Service Center
 Raleigh, NC 27626

1-800-859-0829
www.dhhs.state.nc.us

- Legal Assistance
 - Lawyers Referral List
 - Refers clients to a local lawyer who will grant an initial half-hour consultation for a fee of \$20.

East Central Community Legal Services
5 West Hargett St., Suite 600
P.O. Box 1731
Raleigh, NC 27602
(919) 688-6396
www.legalaidnc.org/

Lawyers for Entrepreneur Assistance (NC LEAP)
8000 Weston Parkway
Cary, NC 27513
(919) 677-0561
1-800-662-7407
<http://ncleap.ncbar.org/>

- State Food Drug Regulations
 - State Food and Drug Protection Division
 - NC Department of Agriculture
 - 4000 Reedy Creek Road
 - Raleigh, NC 27607
 - (919) 733-7366
 - www.agr.state.nc.us/fooddrug

Federal Government Requirements

- Employees with One or More persons Must register With:
 - U.S. Internal Revenue Service
 - Taxpayer Services Division
 - 320 Federal Place
 - Greensboro, NC 27401
 - 1-800-829-1040
 - www.irs.gov
 - Filing of Form SS-4, Application for Employer Identification
 - Number by proprietorships, partnerships, and corporations
 - Filing and Deposit of Federal Payroll Taxes
 - Filing of Federal Information Returns
 - Information on S Corporations
 - Corporate Income Tax

- ❑ Employment Issues
 - U.S. Department of Labor
 - Administration of Fair Labor Standard Act
 - Federal Wage and Hour Laws

Federal Wage and Hour Division
U.S. Department of Labor
4407 Bland Road Suite 260
Raleigh, NC 27609
(919) 790-2741
www.wagehour.dol.gov

- ❑ Compliance with Civil Rights Act

U.S. Equal Employment Opportunity Commission
129 Trade Street Suite 400
Charlotte, NC 28202
(704) 344-6682
www.eeoc.gov

Local Business Assistance

- ❑ There are a variety of local resources available to the new and established entrepreneur.

-Small Business Center
Terri Brown
Central Carolina Community College
5910 Clyde Rhyne Drive
Sanford, NC 27330
(919) 718-7558
www.leesbc.com

Harnett Office
Mari-inetta Pavlic
Triangle South Enterprise Center
600 South Magnolia Avenue
Dunn, NC 28334
(910) 892-2884
E-Mail: Mpavlic@cccc.edu
www.trianglesouth.com

- ❑ The Small Business Center provides a focal point for education, counseling, advising and referral in the Harnett County area. The objective of the center is to assist small businesses starting and operating in the region. The center also strives to increase the survival rate, the number of people employed, and the overall financial strength of small businesses in the county.
- ❑ The Small Business Assistance Center network involves a variety of business and civic leaders as well as organizations in the community. The center can link you with bankers, accountants, attorneys, trade associations, state and federal agencies and local industrial groups.
- ❑ The SBC cooperates with local chambers of commerce, economic development groups, city and county governments.

- ❑ The SBC Advisory Committee is drawn from local small business owners and community people interested in the growth and success of small businesses. The SBC also works cooperatively with federal and state governments, universities and colleges, and private enterprise in promoting assistance to small businesses.
- ❑ Small Business Center Range of Services
 - One-to-one counseling
 - Initial Consultation
 - Referral, if necessary
 - Seminars
 - Basics of Starting a Business
 - Developing a Business Plan
 - Marketing
 - Financial Planning
 - Hiring and Firing
 - Planning for Growth
 - Resource and Information Center
 - Variety of reference and audiovisual resource materials
 - Small Business Administration materials
 - Computer Network linkages
 - Network of Community Contacts
 - Upgrading and Training for Employee
- ❑ Chamber of Commerce
- ❑ The Harnett County Chambers of Commerce have information concerning statistical data about the county, manufacturers' directories, maps, current county economic indicators, and lists of area professionals and businesses that can be of assistance to you and your business.

-Angier Chamber of Commerce
 24 E. Depot Street
 P.O. Box 47
 Angier, NC 27501
 910-639-2500

-Lillington Chamber of Commerce
 24 W. Front Street
 P.O. Box 967
 Lillington, NC 27546
 (910) 893-3751

-Erwin Chamber of Commerce
 100 West F Street
 P.O. Box 655
 Erwin, NC 28339
 (910) 897-7300

-Dunn Chamber of Commerce
 209 West Divine Street
 P.O. Box 548
 Dunn, NC 28335
 (910) 892-4113

-Coats Chamber of Commerce
 127 South McKinley Street
 P.O. Box 667
 Coats, NC 27521
 (910) 897-6213

Economic Development Organizations

- Economic development organizations have current data on population, business, economic development and industry recruitment in the area. They also have information about traffic counts, buying power, family sizes and other specific data that will help in planning and decision-making.

-Economic & Industrial Development
Harnett County Economic Development Commission

Nick Dula
907 S. Main Street
Lillington, NC 27546
910-893-7524
WWW.harnettedc.org

-Triangle South Enterprise Center
& Dunn Area Committee of 100, Inc.

Mari-inetta Pavlic
600 S. Magnolia Avenue
Dunn, NC 28334
910-892-2884
www.trianglesouth.com

-North Carolina Rural
Economic Development, Inc.
4021 Carya Drive
Raleigh, NC 27610
(919) 250-4314
<http://www.ncruralcenter.org>

Cooperative Extension Service

- This is an extension of North Carolina State University charged with Outreach Education in four areas:

-Agriculture Production and Marketing
-Home Economics
-4-H and Youth
-Community and Rural Development

Cooperative Extension Service
126 Alexander Drive
P.O. Box 1089
Lillington, NC 27546
(910) 893-7530
<http://harnett.ces.ncsu.edu/>

□ Child Resource and Referral

Harnett County Child Care Resource & Referral is an early childhood program, operating under the umbrella of the North Carolina Cooperative Extension, Harnett County Center and Harnett County Government. Offering a unique blend of direct services, Harnett County Child Care Resource & Referral helps families and communities in the area of childcare and children's issues

Harnett County Agriculture Center
126 Alexander Drive,
Lillington, 27564
910-893-7530

- SCORE is a Small Business Administration sponsored non-profit organization that provide free business counseling. Retired and active business executives volunteer their time to share experiences

and knowledge with small business owners. Areas of expertise include manufacturing, planning, accounting, production, finance and marketing.

300 N. Fayetteville Avenue
Raleigh, NC 27602
919-856-4739
www.score.org

Public Libraries

- Area libraries have many useful information sources for small business owners. Books such as *Thomas Register*, *Growing a Business*, *The Small Business Sourcebook*, *Starting and Operating a Business in North Carolina*, *Beacham's Marketing Reference*, and *The North Carolina Automated Purchase Directory* are just some of the resources that are available. Don't overlook the outstanding library at Central Carolina Community College. If local libraries do not have the resources you seek, you may want to visit CCCC library. Be sure to ask local librarians about inter-library loan programs and free Internet access.

-Coats Public Library
29 E. Main Street
Coats, NC 27521
(910) 230-1944

-Erwin City Public Library
110 West F Street
Erwin, NC 28339
(910) 897-5780

-Dunn City Library
110 East Divine Street
Dunn, NC 28334
(910) 892-2899

-Harnett County Public Library
601 North Main Street
P.O. Box 1149
Lillington, NC 27546
(910) 893-3446

Staffing

- The Employment Security Commission (ESC) can serve as a resource for finding potential employees. The ESC can help determine salary ranges for specific positions (useful when developing your business plan) screen job applicants and advise business owners about state and federal job assistance programs that will pay for employee training.

Employment Security Commission
101 Hunt Valley Drive
Dunn, NC 28334
(910) 891-2915

Additional Sources of Assistance:

Vocational Réhabilitation
214 W. Edgerton St.
Dunn, NC 28335
(910) 892-7040

Central Carolina Community
College-Placement Office
1105 Kelly Dr.
Sanford, NC 27330
(919) 775-5401

Additional Sources of Information

- ❑ The Harnett County area has a large and diversified group of professionals who can provide valuable information during the initial stages of business start up. Early consultation with the proper advisors could save you a lot of time and money.
- ❑ Do not assume that you have to pay for professional advice. Bankers, insurance agents and brokers, and government sources will provide advice and counsel free of charge. Attorneys and accountants may provide initial consultations at no charge or charge only a small fee for a half-hour to one-hour initial meeting. The best way to find out if a professional charges for consultations is to call and ask.
- ❑ Note: Starting out right is critical to the future success of your business. Consulting with area professionals can increase your chances of success dramatically.

Professionals and the Type of Advice They Offer

- ❑ **Certified Public Accountants (CPAs) and Accountants**
 - Financial professionals can set up a system of record keeping that is appropriate for your business and easy for you to follow on a daily basis, as well as at tax time. An accountant can develop essential record keeping systems for controlling assets and handling receivables.
 - You may wish to consult a financial professional when choosing a form of business organization. They can be especially helpful in areas of future tax planning as it relates to the structure of your business.
 - Bankers and attorneys often know CPAs and accountants who are willing to work with small businesses. Accountants are listed in the Yellow Pages. You should contact several accountants and discuss your business needs before choosing one. Fees are often based on daily and/or monthly rates and vary with the complexity and extent of service desired. Fees should be negotiated in advance.

-Note: A bookkeeper will keep your books but usually will not analyze them at year's end or supply tax guidance. This is where an accountant can help.

- ❑ **Attorneys**
 - An attorney can help with choosing a form of business organization that is most suitable for your business. Attorneys can also help with drawing up partnership or incorporation agreements, making sure papers are properly filed with city, county and state governments, interpreting contracts and leases, arbitrating disputes within the business and for the business against others, and offering consultation when the business owner is unsure of legal rights and obligations.
 - Attorneys may be located through friends, other business owners, bankers, suppliers, and consultants, trade associations or in the Yellow Pages. The North Carolina Bar Association sponsors the NC Lawyer Referral Service (1-800-662-7660).

❑ **Bankers**

-Bankers are another source of financial information. They also provide loans, checking accounts, credit and other bank services for the business.

-Also, shop for a bank and bankers as you would for any product or service. Some banks offer special checking, loan packages and other services to small business.

-Note: Business accounts must be kept separate from personal accounts. A general rule is always keep business and personal records separate.

❑ **Insurance Agents or Brokers**

-These professionals can evaluate insurance needs and set up packages for specific type of businesses. They should also be consulted about employee benefit programs.

-Talk with several agents, compare coverage and costs of the insurance they offer, and select the program best suited to the company's needs – comprehensively and economically. Agents require complete data on business operations and must be kept continuously apprised of changes that might affect insurance coverage. Agents and brokers are listed in the Yellow Pages.

❑ **Management Consultants**

-The most effective consultant for a small business is one who has successfully worked in the industry and, ideally, in the same type and size business the owner is starting or operating. Beware of consultants who claim to “do it all.” Insist on references and check them.

-Consultants may be discovered through counselors at the Small Business Center, the SCORE CHAPTER, trade associations, owners of your type of business in markets similar to the Harnett County area, and through professional publications.

10 TACTICS FOR WINNING THE GAME

1. Learn as much about your proposed business as you can.
2. To the best of your ability project sales and potential profits for the first year or – preferably – three years.
3. Accept the fact that starting a business always takes more money than you anticipate.
4. Study successful competitors carefully.
5. Remember the Realtor's motto: LOCATION, LOCATION, and LOCATION.
6. Decide what kind of image you want to create with your service, product, packaging, pricing, ads, personnel, décor, vehicles, etc.
7. Keep complete and accurate records for tax purposes, for your bank, and most important, for your own guidance.
8. Hire good, experienced help, find a competent lawyer, accountant, banker, insurer, and promoter.
9. Learn WHAT, WHERE, and WHEN to buy and how to gauge inventory.
10. Allow for all expenses – including your living costs, possible losses, “shrinkage” cost such as fringe benefits and taxes – before figuring your potential profit.

What's Next?

You Can Get There From Here

- ❑ The process of building a successful business is like trying to find your way through a maze. Anywhere along the way, you can make a wrong turn and confront a dead end. Fortunately, there are many resources and people who can help you find your way. The keys to success are asking the right questions, at the right time, and knowing how and where to find the right answers.
- ❑ Owners and managers tend to be very knowledgeable about the technical areas of their business skill. However, they are woefully uninformed in the areas that actually turn their idea or skill into a business. Acquiring management skills in marketing, finance, human relations, production, and other areas are critical if you hope to build your business into a stable, growing enterprise.
- ❑ The first step in expanding your business skills is accepting the fact that running a business is an ongoing learning experience. You should target areas of business management in which your skills are not as strong as you would like and seek ways to strengthen your skills.
- ❑ The Small Business Center should be your first contact for building business skills. Seminars, audio and video tapes, books, magazines, and of course, one-to-one counseling are available. Also, join professional associations in your industry to make valuable contacts and meet people who are confronting the same challenges and concerns. Don't be afraid to talk to other small business owners. Remember, the only dumb question is the one you don't ask.
- ❑ Finally, you must realize that as a small business entrepreneur, the maze does not end. Changing market forces, government regulations, fluctuating manpower needs, financial pressures, and personal difficulties all will combine to change the maze of running your business on a daily basis.
- ❑ Good Luck! And contact us at the Small Business Center if we can be of service.
- ❑ Note: Ask questions, more questions and more questions. The only dumb question is the one you don't ask.

Appendices

- ❑ Appendix A
 - Glossary
- ❑ Appendix B
 - Directory of Business Assistance Agencies
- ❑ Appendix C
 - Sources of Financial Assistance
- ❑ Appendix D
 - Personal Financial Statement
 - Sources and Uses of Cash
 - Projected Profit & Loss Statement
 - Cash Flow Projections

Appendix A

Glossary

- ❑ **Assets:** The valuable resources, or properties and property rights owned by an individual or business enterprise.
- ❑ **Balance Sheet:** An itemized statement that lists the total assets, liabilities, and net worth of a given business to reflect its financial condition at a given moment in time.
- ❑ **Business Plan:** A written description of a new-venture idea that projects marketing, operational, and financial aspects of the proposed business.
- ❑ **Budget:** A device for expressing future plans in monetary terms.
- ❑ **Business Incubator:** Facility that provides shared space, services, and management assistance to several new businesses.

- ❑ Capital: The amount of money the owners of a business have committed to that business.
- ❑ Cash Flow: The constant flow of funds into the business as receipts and out of the business as expenditures.
- ❑ Cash Flow Statement: A financial statement that uses the unique cash flow patterns of your business to project when you might need to borrow. How much you will need and when you will, and when you can pay it back. A picture of the probable future.
- ❑ Collateral: An asset pledged to a lender in order to support the loan.
- ❑ Entrepreneur: A risk taker. An individual who takes the risk in starting and/or operating a business.
- ❑ Equity: The owner's investment in the business.
- ❑ Income Statement: A statement of income and expenses for a given period of time. Indicates what has already happened or how the business has performed over a period of time.
- ❑ Liabilities: Money you have to pay others. Debts that you owe, but have not paid.
- ❑ Net Worth: Total assets minus total liabilities. Another term for capital.
- ❑ Pro Forma Statements: Tools consisting of an income statement, balance sheet, and a cash flow budget to help communicate financial plans.
- ❑ Target Market: The specific individuals who are likely potential customers for the goods and/or services of a business.

Appendix B

Directory of Business Assistance Agencies

- | | |
|---|---|
| <ul style="list-style-type: none"> ❑ Central Carolina Community College
Small Business Center
600 South Magnolia Ave.
Dunn, NC 28334
(910) 892-2884
Contact: Mari-inetta Pavlic
www.trianglesouth.com | <p>The Small Business Center helps clients develop business ideas, conducts seminars and provides counseling services. Serves as a clearinghouse for resource information related to small businesses</p> |
| <ul style="list-style-type: none"> ❑ Dunn Area Chamber of Commerce
209 W. Divine Street
Dunn, NC 28334
(910) 892-4113
www.dunnchamber.com | <p>The Dunn Area Chamber of Commerce provides general demographic information on local areas.</p> |
| <ul style="list-style-type: none"> ❑ Alcohol Beverage Control Commission
400 E. Tryon Road
Raleigh, NC 27610
(919) 779-0700
www.ncabc.com | <p>Issues permits for all alcohol sales in NC. Approves all alcoholic beverages that may be sold in the state of NC and set prices.</p> |
| <ul style="list-style-type: none"> ❑ National Federation of Independent Businesses
Wells Fargo Capitol Center
150 Fayetteville St.
Raleigh, NC 27501
(919) 833-9480
www.nfib.com | <p>They have lobbyists who try to get bills that will help small businesses, and they try to block bills that would hurt small businesses.</p> |

- ❑ NC Retail Merchants Association
209 Fayetteville St.
Raleigh, NC 27601
(919) 832-0811
www.ncrma.org

Serves as Legislature protection.
They provide a manual for Merchant Retailers, which contains all of the laws in North Carolina.
- ❑ State Food and Drug Regulations
Food and Drug Protection Division
NC Dept. of Agriculture
4000 Ready Creek Road
Raleigh, NC 27607
(919) 733-7366
www.agr.com/fooddrug

Provides food and drug protection.
They have inspectors who go out and inspect foods, sprays, feeds, homes, etc.
- ❑ National Association for the Self-Employed
PO Box 241
Annapolis Junction, MD 20701
www.nase.org

Provides Health and Travel Benefits for the self-employed.
- ❑ North Carolina Council for Women
116 W. Jones Street
Raleigh, NC 27603
(919) 733-2455
www.doa.statenc.us/doa/cfw/cfw

Provides sexual assault and violence workshops, banquets for women, statistical and technical information.
- ❑ Council for Entrepreneurial Development
334 Blackwell St. B012
Durham, NC 27713
P.O. Box 13353
RTP, NC 27709
(919) 549-7500
www.cednc.org

A nonprofit group that offers members educational programs, seminars, and conferences. Programs include information on starting a business and networking.
- ❑ MCNC (formerly Microelectronics Center Of North Carolina)
P.O. Box 12889
Research Triangle Park, NC 27709
(919) 248-1900
www.mcnc.org

A resource center for high-tech business of all sizes. Has shared facilities for businesses that need assistance in integrating computer chips, operates a data network and has a microelectronics center that helps people design and make computer chips.
- ❑ NC Association of Community Development Corporations
110 Fountain Park Drive
Battleboro, NC 27809
(919) 831-9710
www.ncacdc.org

Provides business planning assistance in the fields of both market analysis and finance. Some of their member CDCs around the state also provide microloans through the NC Micro Enterprise Program of the Rural Economic Development

- ❑ NC Institute of Minority Economic Development
114 West Parrish Street
5th Floor
Durham, NC 27701
(919) 956-8889
www.ncimed.com

Researches federal, state and local policies that may affect small and minority businesses. Also, can provide information on contracts available through state and local governments

- ❑ NC Rural Economic Development Center, Inc.
4021 Carya Drive
Raleigh, NC 27610
(919)-250-4314
info@ncruralcenter.org

Promotes small business development and does small business test programs in rural communities. also operates the microenterprise loan program for people starting businesses in most rural communities in the state. Loan ceiling is \$20,000.

- ❑ NC Department of Commerce Business License Information Office
301 North Wilmington Street
Raleigh, NC 27699-4301
(919) 733-4151
www.nccommerce.com

Provides information on license and permit requirements in the state. Can customize information packages with license applications for businesses.

- ❑ NC Small Business and Technology Development Center
5 West Hargett Street Suite 600
Raleigh, NC 27601
(919) 715-7272
1-800-258-0862
www.sbtcd.org

Helps businesses get started, operate and expand. Provides one-on-one counseling and technical assistance to small business owners and people planning to go into business. Services range from basic counseling to extensive assistance in preparation of business and financing plans.

- ❑ Research Triangle World Trade Center
10900 West Trade Boulevard Suite 200
Raleigh, NC 27617
(919) 872-7626
www.wtnc.org

Provides information for small businesses interested in exporting. Affiliated with 250 World Trade Centers in 65 countries. Helps businesses tailor products for the overseas markets, find overseas markets, and find buyers and distributors. Has an international buyer-seller computer bulletin board and conducts seminars.

- ❑ U.S. Small Business Administration
6302 Fairview Road
Suite 300
Charlotte, NC 28210
(704) 344-6563
www.sba.org

Provides loan assistance, counseling and information on services available to small business people.

Appendix C

Sources of Financial Assistance

Angier

First Citizens Bank
46 W. Depot Street
Angier, NC 27501
(919) 639-2277

First Bank
415 N. Raleigh Street
Angier, NC 27501
(919) 639-5813

BB&T
91 E Depot Street
Angier, NC 27501
(919) 639-2243

First Federal Bank
110 W. Dupree St.
Angier, NC 27501
(919) 639-6144

Buies Creek

First Citizens Bank
222 Main Street
Buies Creek, NC 27506
(910) 893-5748

Coats

BB&T
140 N. McKinley St.
Coats, NC 27521
(910) 897-7726

Dunn

Sun Trust Bank
2100 West Cumberland St.
Dunn, NC 28334
(910)-591-5160

First Federal
200 East Cumberland St.
Dunn, NC 28334
(910)-892-7188

PNC
1100 West Broad St.
Dunn, NC 28334
(910)-891-2150

First Citizens Bank
115 S. Wilson Avenue
P.O. Box 1127
Dunn, NC 28335
(910) 891-2100

BB&T
107 W. Broad St.
Dunn, NC 27334
(910) 891-2200

Fidelity Bank
1000 E. Cumberland Street
Dunn, NC 28334
(910)-892-8700

Four Oaks Bank & Trust
115 Four Oaks Place
Dunn, NC 28334
910-230-3775

Select Bank & Trust
700 West Cumberland St.
Dunn, NC 28334
(910)-892-7080

Erwin

First Federal Bank
540 E. Jackson Blvd
Erwin, NC 28339
(910)-892-2029

Lillington

BB & T
111 W. Front Street
Lillington, NC 27546
(910)-893-4151

Fidelity Bank
20 Pine Street W
Lillington, NC 27546
(910)-814-1164

First Bank
1000 S. Main Street
Lillington, NC 27546
(910)-814-3600

PNC
30 W. Front Street
Lillington, NC 27546
(910)-814-3420

State Government and Non-Profit Sources

- ❑ Microenterprise Loan Program
North Carolina Rural Economic
4021 Cary Drive
Raleigh, NC 27610
(919) 250-4314
www.ncruralcenter.org/loans/micro

Assists small businesses start up or expand by providing loans from \$500 to \$25,000. Typical MLP borrower is rural, low income, minority or female with a good business idea, production skills and the drive to succeed.
- ❑ Center for Community Self Help
301 West Main Street
Durham, NC 27701
(919) 956-4400
www.self-help.org

Makes loans of all sizes, from very small up to \$750,000. Center specializes in loans to financially sound borrowers that cannot be made by a bank for some reason. Most loans are made to existing businesses, but center will make loans for start-up businesses
- ❑ U.S. Small Business Administration Programs
Federal Government Sources
- ❑ U.S. Small Business Administration
6302 Fairview Road
Suite 300
Charlotte, NC 28210
(704) 344-6563
www.sba.com
- ❑ Low Doc Program
- ❑ This is a new initiative by the SBA that will allow borrowers to use a simple, one page application for loans of \$150,000 or less (for loans up to \$50,000, you must also provide a copy of U.S. income Tax Schedule C or the front page of the corporate or partnership returns for the past three years). The SBA will guarantee up to 85 percent of the loan.
- ❑ The program is available to:
 - entrepreneurs who are starting their own businesses;
 - businesses whose average annual sales for the preceding three years do not exceed \$5 million and employ 100 or less; or
 - businesses that satisfy other statutory criteria.
- ❑ The maturity of the loan cannot exceed 25 years for fixed assets or 10 years for all other uses.

- ❑ **Greenline Revolving Line of Credit**
The Greenline is a revolving line of credit that assures small businesses access to cyclical and short term credit for up to five years. Advances can be made at any time prior to maturity, provided the business is not in default. Funds disbursed through the Greenline Program are intended to finance short term operating needs such as operating capital, inventory, or the consolidation of short term debt, as opposed to the ongoing requirements of a business.
- ❑ **Pre-Qualified Women’s Loan Program**
This program is aimed at women who own at least 51 percent of their own business. It allows them to be pre-qualified for an SBA Guaranteed Loan of up to \$250,000 before they approach a bank.
- ❑ **Guaranteed Loan Program**
Under this program, the SBA guarantees up to 80 percent of a private bank loan if the loan is \$100,000 or less, and up to 75% if loan is over \$100,000 with a maximum guarantee amount of \$750,000. Loans have a maximum repayment period of 25 years, but average eight to nine years with a typical loan amount of \$185,000. Loan guarantees are available for many business purposes, including real estate expansion, equipment purchases, working capital, and inventory. SBA loans offer a longer amortization rate than most commercial loans:

Working Capital Loans up to 7 years
 Fixed Asset Loans up to 10 years
 Real Estate or Construction of Building Loan..... up to 25 years

- ❑ **Small Business Innovation Research Grants**
NC Biotechnology Center
15 T. W. Alexander Drive
Durham, NC 27703
NC 27709
www.ncbiotech.org
Provides funds to research and development performed by a small business to meet the needs of various agencies of the federal government.
- ❑ **Harnett Economic Development Commission**
Harnett Forward Together Committee
102 E. Front Street
PO Box 1270
Lillington, NC 27546
(893) 893-7524
www.harnettcdc.org
Loan funds for small businesses located in Harnett County. Must have 50 or less employees and annual revenue of \$1 million or less. Funds can be used for operating capital, capital acquisition and improvement and land acquisition. Loans range from \$25,000 - \$75,000.00
- ❑ **Triangle South Enterprise Center**
Intermediary Relending Program
Dunn Area Committee of 100, Inc.
600 South Magnolia Avenue
Dunn, NC 28334
(910) 892-2884
www.trianglesouth.com
Provides funds for establishing a new business or expanding an existing business. Minimum loan amount is \$10,000. Funds may only be used for projects in towns with a population of 25,000 or less. Other eligibility requirements exist.
- ❑ **Small Business Technological Development Center (SBTDC)**
5 W. Hargett Street
Suite 600
Raleigh, NC 27601
(919) 424-4450
www.info@sbtcdc.org

Sources and Uses Statement

Sources of Financing

Investment of cash by owner #1	\$ _____
Investment of cash by owner #2	\$ _____
Investment of non-cash assets by owner #1	\$ _____
Investment of non-cash assets by owner #2	\$ _____
Bank loans to business (short term)	\$ _____
Bank loans to business (long term)	\$ _____
Bank loans (personal)	\$ _____
Small Business Administration loans	\$ _____
Other: _____	\$ _____
 Total Sources of Financing	 \$ _____

Uses of Financing

Land	\$ _____
Buildings	\$ _____
Equipment	\$ _____
Remodeling	\$ _____
Initial Inventory	\$ _____
Working capital to pay operating expenses	\$ _____
Non-cash assets contributed by owners (Use same amount as in Sources)	\$ _____
Other: _____	\$ _____
 Total Uses of Financing	 \$ _____

Profit and Loss Statement

A projected profit and loss statement is a financial document that reflects the amount of profit or loss you expect your business to generate in future periods. This is an essential document that either you or your accountant should put together. It will be a useful tracking tool for objectively determining whether your business is likely to make a profit and be successful or generate losses and eventually fail.

Your projected profit and loss statement will list revenues (from sales or services provided), your cost for goods or services provided, operating expenses (such as wages, rent, advertising), and net income or loss.

Depending on whether you are preparing a projected profit and loss statement for an existing business or a startup enterprise, you may have some difficulty coming up with reliable estimates. For instance, if you have an existing business, you'll have a lot easier time coming up with projections because your historical financial information will give you a pretty good idea of what your business can do in the future. On the other hand, if you're just starting up your business, you're going to have to do some outside research.

We recommend that you hit your local library, chamber of commerce, and any industry associations for information on demographics such as population, average age, and median income of the target market you're hoping to attract. This will help you to determine whether there is a market for your product or service and also give you an idea of any future growth trends.

You'll also want to check out your local competition and the services they offer in order to realistically determine the share of new customers you can expect to gain with your new business. Finally, and probably most importantly, you'll want to talk to your prospective vendors and suppliers. These businesses are not only a good source of market information, but they also can provide you with accurate estimates of what your startup expenses may include.

WHAT IS A CASH FLOW PROJECTION?

A cash flow projection is a forecast of the difference between cash coming "in" the business and cash going "out" of the business.

For a new or growing business, the cash flow projection can make the difference between success and failure. For an ongoing business, it can make the difference between growth and stagnation.

The cash flow projection shows how cash will flow in and out of the business and enables you to budget the cash needs of the business over a period of time. The ability to predict and plan cash outlays means that you won't be forced to resort to unexpected borrowing to meet your cash needs. At a minimum, this can be more costly (as an example, using your credit card to pay unexpected bills generally costs you more in interest than say a working capital line of credit).

Cash flow projections should be prepared for short-term (weekly, monthly), and long-term (annual, 3-5 years) planning purposes. They are used for different purposes and thus are generally prepared differently

Projected Profit and Loss Statement (Example)

	1 st Year	2 nd Year	3 rd Year
Revenue:			
Salary:	\$50,000	\$56,000	\$62,000
Expenses:			
House payment	\$7,000	\$7,000	\$7,000
Utilities Gas/Electric	\$1,500	\$1,700	\$2,000
Water/Trash	\$100	\$150	\$150
Cell Phone	\$360	\$360	\$360
Cable	\$250	\$250	\$250
Phone	\$300	\$300	\$300
Car Insurance	\$900	\$900	\$900
Loan	\$6,000	\$6,000	\$6,000
Gas	\$2,000	\$2,000	\$2,000
Maintenance	\$300	\$300	\$300
Food	\$2,200	\$3,000	\$3,500
Clothing			
Business attire	\$1,200	\$2,000	\$2,500
Casual attire	\$400	\$600	\$1,000
Entertainment/Vacation	\$2,000	\$2,500	\$4,000
Doctor	\$300	\$400	\$600
Total Expenses	\$24,810	\$27,460	\$30,860
Net Loss/Gain	+ \$25,190	+ \$28,540	+ \$31,140

Cash Flow Statement

Business Name: _____

Year:	Month						6-Month Total	Month						12- Month Total
	1	2	3	4	5	6		7	8	9	10	11	12	
BEGINNING CASH BALANCE														
CASH RECEIPTS														
A. Sales/revenues														
B. Receivables														
C. Interest income														
D. Sale of long-term assets														
TOTAL CASH AVAILABLE														
CASH PAYMENTS														
A. Cost of goods to be sold														
1. Purchases														
2. Material														
3. Labor														
Total cost of goods														
B. Variable expenses														
1.														
2.														
3.														
4.														
5.														
6.														
7. Misc. variable expense														
Total variable expenses														
C. Fixed expenses														
1.														
2.														
3.														
4.														
5.														
6.														
7. Misc. fixed expense														
Total fixed expenses														
D. Interest expense														
E. Income tax														
F. Other uses														
G. Long-term asset payments														
H. Loan payments														
I. Owner draws														
TOTAL CASH PAID OUT														
CASH BALANCE/DEFICIENCY														
LOANS TO BE RECEIVED														
EQUITY DEPOSITS														
ENDING CASH BALANCE														