



Starting a Business In Pike County

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The material included in this
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of the Small Business / Entre-
preneurship Committee of the
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as well as resources from the
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versity of Illinois Extension or
the State of Illinois.

Introduction



Brenda Middendorf, Interim

Executive Director-Pike County Economic Development Corporation



Small businesses are the heart of our state and local economy. The entrepreneurial spirit which encourages individuals to create and grow new businesses has been an essential part of growth in the area. If you are thinking of starting a business or expanding a business in Pike County, you are not alone. Each year, hundreds of individuals in Western Illinois take the steps to start a business, joining the approximately 5,000 independent businesses that already operate in Western Illinois. Fortunately, the Pike County Economic Development Corporation (PCEDC) is here to guide individuals through the necessary steps to start and grow your business or help to expand existing businesses. PCEDC can serve as the facilitator to help you identify and implement the crucial steps outlined in this guide to launch a successful business. We can also help with project management resources and answer questions that may arise.

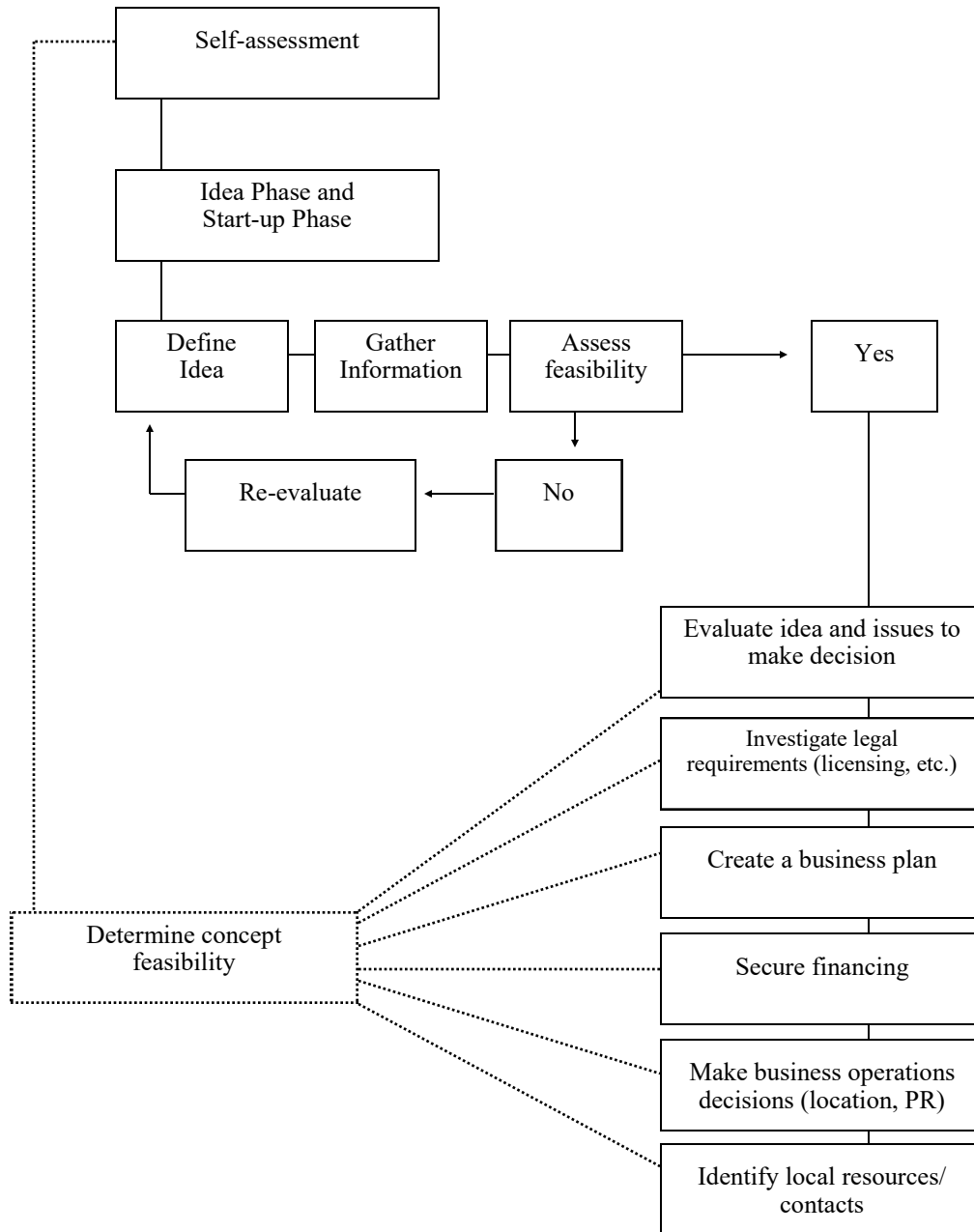
The Pike County Economic Development Corporation is dedicated to our mission to support and expand business and employment by improving the quality of life, utilizing our human and natural resources, and by promoting communication and partnerships throughout Pike County. Economic Development encompasses many areas and includes many partners and relationships throughout the community. It is our hope that working together as individuals, as communities and as a county, we can be more successful. To make an appointment with PCEDC to review the information you have read in this guide and to create an action plan to implement your next steps, please contact the PCEDC office at 217-491-2401 or visit our website at www.pikeedc.org.

Western Illinois is home to dozens of organizations that PCEDC can refer you to that will assist with startups and people already in business. These organizations want to help you succeed in business. If you want training, technical support, advice, marketing help, or even a loan, you can get it in the Pike County area.

This resource guide will assist you in finding the services that fit your situation. To succeed as an entrepreneur, it is up to you to take charge of your ideas and push forward with building your business. The support organizations will do their best to provide specialized training and assistance to help you achieve your goals, as well as refer you to experts.



Business Start-up Planning



Section One: Start-up Planning



Phase One: Assess Yourself as a Potential Business Owner

Many people dream of owning a business; however, managing and dealing with the daily tasks of being a business owner may be difficult because of a lack of experience and/or management skills. By completing a self assessment, it will allow you to determine if your personal characteristics, along with your willingness, will combine to make your dream a solid reality.

In the following self-assessment, some of the questions may be difficult to answer yes or no, but it is critical to give an honest evaluations of your personal weaknesses that go along with the strengths you possess. If your weaknesses are identified, there may be other opportunities that can be found to provide a balance. Check the questions/statements below that you can answer with a “YES.”

- Are you a leader?
- Are you confident?
- Do you like to make your own decisions?
- Do you want to utilize your skills and talents better?
- Do you handle responsibility well?
- Do you thoroughly plan projects from start to finish?
- Are you self-disciplined and independent?
- Do you deal with criticism and rejection calmly?
- Are you flexible?
- Do you read business publications?
- Do you possess computer skills?
- Are you aware of your current credit score?
- Are you willing to utilize your personal savings/cash flow, if necessary, to support the business?
- Will your spouse/partner's income support your monthly expenses without income from your business?
- Do you realize that being a business owner may require long hours and reduced income?
- Are you in good physical and mental health to handle the workload and daily schedule that being a business owner will require?
- Are you prepared to temporarily lower your standard of living, if necessary, until your business is firmly established?
- Are you driven to work for yourself?
- Do you have the family support behind you in this endeavor?
- Do you feel you have the basic skills needed to be successful as a business owner?
- Are you willing to delay your plans if you do not have the necessary skills so that you may undergo training?
- Have you ever worked in a manager or supervisor position?
- Have you ever hired or fired someone?
- Have you ever worked in the industry or business field that you are considering?
- Have you had any business training?
- Do you understand business financing and cash flow management?
- Do you understand the requirements of managing a small business (record keeping, financials)?
- Do you understand marketing fundamentals?

The more items you checked off, the more prepared you are to start your own business. The items not checked may be challenges; however, by reviewing these items and creating a plan as to how to overcome them may prove to be beneficial to you. There are additional self-assessment tests in the appendix as well.



Section One: Start-up Planning

Phase Two: Idea Phase

Building a business starts with an idea and grows from there. Understanding your personal characteristics, your strengths and weaknesses, as well as having a basic understanding of the required business skills and demands of being a business owner are all critical parts to finding a business that is best suited to you. By honestly assessing yourself, you can help determine what you need to do to acquire the necessary skills, as well as providing clarification and motivation to developing your idea.

It can be challenging to run and establish a business, but the most difficult part often comes before you even get started. The biggest challenge is sometimes coming up with an idea for your business. What is your idea? What is your market area? Who are potential customers? The list goes on and on, but they are all critical questions that you should ask yourself before jumping into the role of being a business owner. The checklists and assessments are a good starting point; however, there are often additional details needed to be successful. While you are developing your idea, consider these suggestions:

- Attend a workshop or training
- Research ideas, training options and documentation on the Internet
- Reach out and network with other business owners and inspiring business owners

Workshops/Training

There are a wide range of options available for workshops and trainings for how to start and run a successful business. John Wood Community College (JWCC) regularly offers classes and workshops on these topics. We encourage you to visit www.jwcc.edu to find out more information on available classes and workshops in this area.

The Small Business Development Center of Western Illinois University also

Research

There is an abundant amount of resources available online and through the local libraries. A word of caution is that not everything on the Internet may pertain or be correct of business in Illinois or this area. Always use information you find as a guide to verify with local officials. One great resource is the U.S. Small Business Administration website, www.sba.gov/localresources/district/il, which is one of the most comprehensive sites that provides a guide, start-up kit and information surrounding financing for prospective business owners.

When you talk about market research, there are two basic types—primary and secondary.

Primary research is gathered firsthand and can be very time consuming and expensive; however, it does provide a potential business owner to have potential customer feedback and respond accordingly.

Primary Research Methods

- | | | | |
|---------------------------------|-------------------------|----------------------|-----------------------|
| —Surveys | —In-depth interviews | —Competitor analysis | —Questionnaires |
| —Focus Groups | —Brainstorming Sessions | —Website Metrics | —Social Media Metrics |
| —Advertising/Promotion tracking | | | |

Section One: Start-up Planning



Secondary research is information that has already been published and includes sources such as directories, journals, and publications. This type of research is less expensive, more accessible and can be continuous.

Secondary research sources

—Business directories —Industry reports —Newspapers —Business Magazines
—Trade publications —Market analysis

Networking

While training and research are great ways to find more information on your prospective business idea, networking with other individuals and business owners in the community is a great hands-on resource that is truly invaluable. We have various networking avenues available in the county, including the Pike County Economic Development Corporation, the Pike County Chamber of Commerce, and YPike!, a Young Professionals Group that is organized through Chamber efforts.

ENHANCING YOUR CHANCE FOR SUCCESS

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

- Plan ahead
- Make sure you have experience in management and in the type of business you desire to start
- Utilize your strengths and interests
- Make business decisions based on facts and reliable information
- Seek family support during the start-up phase and other difficult times that may arise with the business
- Seek professional advice from financial resources, legal resources and others
- Network and talk to others in the same field of interest and business in general
- Be confident, persistence and don't give up



Section One: Start-up Planning

Phase Three: Start-up Phase

Once you have your business idea and are ready to start, you will need to focus on a few critical details. A good startup checklist includes these steps:

- Create a business plan*
- Decide on a business structure and business name*
- Get license information and business referrals*
- Obtain the necessary tax information*
- Identify sources of financing*

Later in this resource guide, we will go more in-depth on the above mentioned items.

For some, they will be able to start a business right away, while others will have to take the time to write a business plan that states what their business will do and where they want to go. **A good business plan helps you refine the idea to help you see if the business will be successful enough to create the income you need *before* you put your money into the business.** Even if you are willing to risk your own money, most lenders will require that you show them a business plan before they put *their* money into the plan/idea. There are many books, guides and even workshops that are available to assist in writing a business plan.

Many new entrepreneurs and business owners are searching for government grants to support the start-up phase of their business. Unfortunately, there are limited programs that provide this type of funding. There is no easy way to get government funding for a new business startup, and most individuals have to fund the business using their own resources and credit or go out and get a loan from a lending institution. You must qualify for the funding and be capable of paying it back.

It is never too early to understand and implement sound business practices. You may also want to continue learning about the start-up process for businesses. Many of the community colleges and other training organizations offer workshops and other helpful resources on a variety of topics.

Many successful businesses have their start in garages, basements, and spare rooms of an individual's home. There are practical, legal and tax implications in doing this. You can find more information on business use of your home by visiting www.ncreal.org.

Section Two: Forms of Organizations



There are several options to starting and organizing businesses in Illinois, each one having advantages and disadvantages that need to be evaluated for practical needs and goals. Before making a decision on the type of business organization you will utilize, it is important to explore the following items:

- Cost and complexity
- Taxes and securities law implications for each type of business
- Need for additional capital
- Liability for debt and taxes for investors
- Goals and purpose of the business

There are many reasons why people want to go into business for themselves, and there are various options for starting a business of your own. The most common options are:

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

In the next few pages, we will discuss the various types of business structures and identify the advantages and disadvantages of each type.

Sole proprietorship

A sole proprietorship is a business which is owned and operated by one individual. The business is considered an extension of the owner rather than a separate legal entity. For tax purposes, the profits/losses of the business are combined with other income of the owner.

Advantages:

- Most simple form of ownership to establish and operate
- One owner
- Owner has complete control over all management decisions/policies
- Use of all profits are at the discretion of the owner
- Limited paperwork to state and federal agencies
- Owner's income is directly linked to the failure success/failure of the business

Disadvantages:

- All management decisions must be handled by owner
- Owner personally liable for all debts, taxes and claims incurred by the business
- May be difficult to raise or secure capital
- Continuity of business may be affected by owner's death, disability or departure
- Combined with other income sources of owner, therefore affecting individual tax rate



Section Two: Forms of Organization

Partnership

A partnership is a legally recognized entity between two or more people who each agree to contribute money, skills, and resources, as well as share in the business profits, losses and management decisions. There are two types of partnerships—general and limited.

In a **general partnership**, each partner is held personally liable for all debts, taxes, and other claims against the partnership. Before starting the business, the partners should agree on how much owner equity each partner will contribute, the extent to which each partner will work with the business and the share of the profits/losses to be received by each person. This agreement is best prepared by an attorney to avoid any future misunderstandings. As with sole proprietorships, a general partnership creates personal liability for each owner.

A **limited partnership** has both general partners and limited partners. It restricts the amount of personal liability to a limited partner. It also allows investors to contribute but giving them a limited amount of liability and management control. A limited partner is only liable up to the amount of investment they made into the business.

Advantages:

- Simplest form of business for two or more owners
- Can be established with minimal documentation
- Profits and losses belong to the partners
- Freedom to operate the business on behalf of the partnership
- No income tax on partnership entity (it is passed on to individual partners)
- Buy/sell agreements
- Resources and skills available from all partners
- In limited partnership, lower risks for partners

Disadvantages:

- General partners liable for all debts and actions of the partnership
- Limitations apply to raising investor capital
- Responsibilities and actions of partners can overlap or contradict one another
- Complications with taxes arise if fiscal year varies from calendar year
- Partnership entity lacks perpetual existence in the event of a partner death, disability or withdrawal

Corporations

A corporation is a distinct legal entity and the most complex form of organization. It is a legal entity that exists under the authority of state law and separate from the people who own, manage or control its operations. Corporations will acquire assets, incur debt, pay taxes, enter into contracts, can be sued/or sue others, have perpetual existence and also issue shares of stock as evidence of ownership.

If the decision is made to incorporate, Articles of Incorporation must be filed with the Illinois Secretary of State, indicating the purpose of the enterprise. These articles define the structure of the business, including business purpose, amount of capital stock authorized, number of shares, and organization of a board of directors. The board of directors must create by-laws and oversee major corporate policies and practices. The corporation will be required to file annual reports with the Secretary of State.

Section Two: Forms of Organization



There are three types of corporations: subchapters S, C corporations, and limited liability companies (LLCs). The major differences are centered around taxation, initial profitability, shareholder compensation, and deductibility of fringe benefit payments. After completion of the incorporation process, a corporation is *automatically* classified as a C corporation by the IRS. Board of Director approval is required, along with IRS form #2553 submitted to the IRS, to change the status of a corporation to a subchapter S corporation. To qualify for S Corporation status, a corporation must meet several requirements, one of which limits the number of shareholders to a maximum of 75 individuals. All shareholders must consent to the corporation's choice of S Corporation status. This action must occur within the first 75 days of incorporating the business. For more information, contact the Internal Revenue Service (IRS) at 1-800-829-1040.

One note: if the name of the business will include the word "Corporation," "Inc.," "Incorporated," or "Corp.," you must incorporate. Information on corporate filing is available by telephone, letter, Internet or in person through offices located in Springfield and Chicago. There are also booklets available on organizing domestic corporations that are headquartered in Illinois and foreign corporations that are headquartered out of state or out of the country.

Subchapter S Corporation requirements:

- Must be a domestic corporation
- It must not have more than 75 shareholders (a husband and wife are considered one shareholder if stock is purchased jointly)
- Citizens or resident aliens must own all stock
- Corporation must have individuals, estates, and certain trusts as shareholders
- Corporation must have only one class of stock
- Corporation must have an election with all shareholders present or represented.

Advantages of Corporations:

- Can provide business owner(s) with limited liability
- Separate legal entity
- Limited liability for owners/shareholders
- Shareholders may trade or sell stock
- Continuity of existence beyond original founders or shareholders
- Absence of "mutual agency" (stockholders, acting as owners, may not enter into contracts or agreements on the corporation's behalf)
- Ability to raise large amounts of capital by issuing stock to investors

Disadvantages of Corporations:

- Cost related to setting up the corporation and filing required forms with the Secretary of State's office
- Formalities required by law: maintaining corporate minutes, having a board of directors, recording shareholder rights, maintaining corporate records and filings.
- Considerable organizational costs
- May take considerable time to set-up and organize
- Greater amount of regulation and supervision by governmental agencies
- Corporations are subject to real estate, personal property and franchise taxes
- C Corporations are subject to double taxation: corporation and shareholder earnings taxed



Section Two: Forms of Organization

Advantages of Subchapter S Corporations:

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

Disadvantages of Subchapter S Corporations:

- 100 or fewer stockholders; only one class of stock
- Stockholders limited to individuals, estates, or trustees
- Must be a domestic organization and note a member of an unaffiliated group
- Stockholders limited to citizens or resident aliens of the United States

Limited Liability Company (LLC)

A limited liability company (LLC) is the non-corporate form of doing business that provides owners with limited liability, flow-through tax treatment and operating flexibility through participation in management of the business. It has a combination of partnership and S Corporation characteristics. The LLC is well suited for every type of business venture except banking and insurance, which is prohibited by law. Many Illinois businesses can obtain personal limited liability protection by restructuring as an LLC with a minimum of one owner.

Advantages:

- Considered a separate legal entity
- Unlimited number of shareholders unlike the S-corporation limit of 75
- Tax benefits of a partnership
- Members have management control of business without risking liability
- Members can be individuals, partnerships, trusts, corporations, or other LLCs
- Membership can be transferred
- Free of regulations imposed on S Corporations

Disadvantages:

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

Section Two: Forms of Organization



Factor	Sole Proprietorship	General Partnership	Limited Partnership	C Corporation	S Corporation	Limited Liability Company
Limited Liability	No limit	Partners equally liable	Only the limited partners	Yes	Yes	Yes
Management	Self	All Partners	By General Partners	Board of Directors	Board of Directors	Members and/or Managers
Membership	One	No Maximum, minimum of 2	No Maximum, Minimum of 2 (1 gen/1 ltd)	No Maximum	Maximum of 75 (no corp, trust, pension plan, or non-resident alien stockholders)	No Maximum, minimum of one
Trans of Interest	Only Upon Liquidation	Restricted-Auth by partnership agreement	Restricted-Auth by partnership agreement	No Restriction (usually)	No restriction (see above)	Restricted-auth by operating agreement
Different Classes of Ownership	No	Permitted	Permitted	No	Permitted	Permitted
Federal Tax	Schedule "C" Tax Form to US 1040	Pass Thru to 1040 O at partnership level	Pass thru to 1040 O at partnership level	Graduated Tax from 15% to 35%	Pass thru to 1040 O Corp Level Tax (usually)	Generally, pass thru to 1040, 0 at partnership level
Illinois Income Tax	Illinois 1040	-	-	4.8% Corp Tax	0 Corp Level Tax	-
Illinois Personal Property Replacement Tax	0	1.5%	1.5%	2.5%	1.5%	1.5%
Annual Franchise Tax	No	No	No	Min-\$25, Max-\$1 Million	Min-\$25, Max-\$1 Million	No
Filing Fee	None	State-none County Filing requirement only	\$75 \$15 renewal every other year	To incorporate \$75 plus a minimum \$25 franchise tax	To incorporate, \$75 plus a minimum \$25 franchise tax	\$400 to organize, \$200 annual renewal under amendatory act of 1997



Section Two: Forms of Organization

Buying an existing business

Purchasing an existing and established business can lighten the burden of start-up costs, as well as lag time without a salary, establishing yourself in the market, and other costs associated with starting a new business. Established businesses may have existing assets, such as reputation or historical value. The decision to buy a business requires careful consideration of many factors, including price and financing. As a potential buyer, you consider many things, as well as your motivation for purchasing the business.

Consideration should be given to the following:

- Your experience with the industry
- Your experience with the management aspect
- Do you enjoy what the business is about
- Is the business in a desirable location
- The amount that you are willing to invest
- Securing financing
- The size of business you desire when looking at sales, employees, profit
- Is the asking price fair
- Is the business profitable

If the business that you are considering is outside your area of interest or expertise, it is important to assure that key employees will remain after the sale or that you can employ someone with similar experience.

It is a good idea to obtain significant information before purchasing an existing business. As a potential buyer, research the business by looking at the history and operations. As a guide, obtain the following information:

- 3-5 years financial statements
- 3-5 years tax returns
- Financial statements
- Copies of all real estate, leases or deeds associated with the business
- Debt schedule
- Accounts receivable aging summary
- Accounts payable aging summary
- Inventory list
- Supplier list and any contracts associated
- Customer list and any contracts associated
- Business projections
- Employee contracts
- Equipment leases
- Other contingent financial commitments

Section Two: Forms of Organization



In addition to the previous list, it is important to ask questions regarding all aspects of the business prior to any purchase agreements, etc. Start with basic questions and go from there to obtain the necessary information you need to make a rational decision. Questions to consider:

- Why is the business for sale?
- Is the business making a profit? If not, do you have plans to make it profitable?
- What kind of reputation does the business have?
- What is the makeup of the client base? A few large clients or several small customers?
- Does the purchase include equipment, property, inventory, debts, employee contracts, name, logo, slogans, signage, customer files, etc?
- Are all of the financial books well maintained?
- Have you reviewed the past and current financial reports with an accountant?
- Are there any liens against the property?
- Are there any claims on inventory or equipment?
- Have the taxes been paid to date?
- Are customers/clients loyal because of a personal relationship or quality of service?
- If a lease is present, will the lease be transferred or will the owner require a new lease?
- Is the location suitable for your plans?
- Are there any environmental concerns with the location?
- Are there licensing concerns?
- What liabilities exist?
- What policies are established in regards to salaries/commissions, benefits, vacation and fringe benefits?
- Will the current owner be cooperative with the transition of ownership concerning tax issues, utility transfers, government requirements, employees, and other necessary procedures?
- With this business, are there any environmental concerns?
- Is the seller willing to sign a non-compete agreement?
- Will the seller agree to a contractual agreement for consultation?
- Will the owner finance all or some of the purchase price?

When purchasing an existing business, it is recommended to work with an accountant, attorney, banker and any other resource available. Be aware that a purchaser of the assets of a business is required to file a “Notice of Sale/Purchase of Business Assets” form and obtain a Bulk Sales Release of Transferee Liability from the Illinois Department of Revenue.

Buying a franchise

Franchising has become a popular way for potential business owners to start a new business. This type of business is regulated by the Franchise Disclosure Act, which is administered by the Illinois Attorney General. This Act requires that the franchiser register with the Illinois Attorney General and provide the franchisee all information in relation to their franchisor-franchisee relationship, the details of the contract, the prior business experience of the franchiser and other information relevant to the franchise being offered for sale.



Section Two: Forms of Organization

In the arrangement of a franchise, the franchisor contracts with the franchisee to provide the right to sell or distribute a service or product under the franchisor's system in a particular area. As with any opportunity, both advantages and disadvantages should be researched prior to making a decision to invest in a franchise.

Advantages of a franchise:

- Some require a small capital investment with franchise financing
- Initial corporate support for start-up
- Continuous training and counseling
- Existing reputation and brand name recognition (sometimes)
- Standardized set of goods and services
- Proven products
- Proven business format
- Some require no previous experience in the particular field of interest
- Buying power and programs
- Development of advertising and promotional products and programs
- Site analysis
- Proven business model

Disadvantages of a franchise:

- Complicated legal negotiations
- Restrictions on purchasing
- Franchising fees
- Required to share business profits with corporation (sales/royalties)
- Loss of personal control over some aspects of operation, such as name/logo usage, territory, uniforms, etc.)
- Less freedom and less opportunity for creativity
- Potential problems if owner wants franchisor to buy franchise back
- Limited control over pricing, products and suppliers
- Corporate driven human resources policies
- Actions by the corporation may affect business potential, especially if a new store location is allowed close to yours.

Like all forms of business, it is important to work with an attorney throughout the process. This will assure you are protected and that all information is thoroughly discussed and agreed upon. There are a number of resources available online and through public libraries for more information on Franchising.

Section Three: Setting up a Business



Business Plans

Once you have your business idea and are ready to start, you will need to focus on a few critical details, such as obtaining the required licensing, registrations and permits. You will also need to decide on the structure of your business, based off the information that was provided in the previous section, and one of the most important details to focus on is creating a business plan. According to a recent study, only 42% of small business owners develop a business plan and of those that do, 69% say it was a major contribution to their success.

While some people will cold-start a business and jump right into operations, others will take the time to write a plan that defines what their business is and what plans they have for the future. A good business plan will address and serve the following purposes:

- It helps you **focus** your ideas
- It creates a **track** for you to follow for business growth
- It creates **benchmarks** that you can measure progress
- It provides a document that can be utilized to obtain **financing**

A good business plan formulates goals, plans, strategies and resources of a business to serve as a guide for you as a business owner. By developing a business plan prior to starting business operations, you can minimize some risk and possibly save significant financial losses that may result from an unprofitable idea. As you prepare your business plan, you will find weak spots in your ideas that you will be able to proactively address, and you will also discover areas of potential that you may not have thought of before. Only by putting together a business plan, can you truly see and decide if your idea is worth your time and investment.

Some people will start a business, jumping right into operations without any type of a plan; however, others will take the time to write a business plan that address what their business is doing, where they want it to go and their plans for getting there. **A business plan address a business idea to see if the business will be successful enough and profitable enough to pursue before you put financing into place.** Even if you are willing to utilize your own funding, most financial institutions and funding organizations require a business plan to evaluate your proposal and request.

In today's society, there are several books, guides, and even workshops on how to write a business plan. They cannot write your plan for you, but they can address common mistakes and pitfalls that are made. **An important thing to remember when writing a business plan—the information in the business plan is much more important than the format.** Too many individuals get caught up in the formatting, without focusing on the questions they will need to address for the business to succeed. The process of business planning is more critical than the document. It shows that you have planned ahead and are putting an effort into the longevity and sustainability of your business. Simply stated, a business plan conveys your business goals, the strategies that you will use to meet those goals, potential problems that you may confront and ways to solve them, the organizational structure and the amount of capital that is required to finance your idea and keep it going as a financial success.

A template is located in Section Six of this guide. The template includes items that are important to a comprehensive and detailed business plan. Please note that this is not a template but a guide to help you gather ideas and evaluate your thoughts and ideas to develop a plan.



Section Three: Setting up a Business

Licenses, Registration, Permits and Assistance

Register a Business Name (“Doing Business As”)

Giving your business a name is an important part of the brand and marketing that you will create through your products and/or services. However, if you choose to name your business using anything other than your own name, the names of your partners or the officially registered name of your LLC or corporation, you will need to register it with the appropriate authorities. This process is known as registering your *Doing Business As* (DBA) name.

It is important to remember that when you form and start a business, the legal name defaults to the name of the person or entity that owns the business, unless you follow the above steps and register your DBA. The legal name of your business is required on all government forms and applications, including applications for tax ID's, and any licenses or permits.

In Pike county, all businesses are required to complete paperwork with the County Clerk's office to complete the process of registering your business name or assumed name. The paperwork is processed and then published in the local newspaper for a certain amount of time. To obtain paperwork and get more information, please contact the Pike County Clerk's office. In addition, if you are doing any building or construction with your business, you may be required to obtain permits and comply with local zoning ordinances. Many of the cities and villages within the county have specific zoning ordinances in place, as well as local regulations and restrictions. It is best to check with your local city or village government first or contact the Pike County Zoning Administrator for more detailed information prior to building or starting a project with your business.

Federal Identification Number / Employer Identification Number (EIN)

One of the first steps as a business owner, after deciding on your business name and registering it, is to obtain a Federal Employer Identification Number (EIN). Employer Identification Numbers are issued for the purpose of tax administration and are not intended for participation in any other activities (e.g., tax lien auction or sales, lotteries, etc.). Every partnership, corporation, and S Corporation must have a FEIN to use as its taxpayer identification number. A Sole Proprietorship must also have a FEIN if it pays wages to one or more employees or files any excise tax returns (including those for alcohol, tobacco, or firearms); otherwise, sole proprietors can use their social security number as their business taxpayer identification number. Employer Identification Numbers are issued by the IRS, and can be obtained by completing an application either online, by phone or by mail or fax.

In Illinois, most businesses are required to be registered and/or licensed by the Department of Revenue. A Business Registration kit is available from the Department of Revenue and can be obtained by contacting them. A directory of all contact information is in the back of this guide.

The Department of Revenue also licenses and registers certain businesses which include: Cigarette and Cigarette Use Tax (distributors); Coin-Operated Amusement Device Tax; Hotel Operators' Occupation Tax; Liquor Tax; Motor Fuel Tax (distributors, suppliers, bulk users and blenders); Motor Fuel Use Tax; Public Utilities Tax (electric); and Telecommunications Tax.

Section Three: Setting up a Business



The Department of Financial and Professional Regulation is the main licensing agency for the State of Illinois. The following occupations and career areas are licensed or registered by that Department:

Acupuncturist	Nurse
Alarm Contractor	Nursing Home Administrator
Architect	Occupational Therapist
Athletic Trainer	Optometrist
Barber	Pharmacist
Boxing & Wrestling	Physical Therapist
Chiropractor	Physician
Collection Agency	Physician's Assistant
Cosmetologist	Podiatrist
Dietitian	Professional Service Corporation
Embalmer	Psychiatrist
Environmental Health Practitioner	Psychologist
Esthetician	Public Accountant
Funeral Director	Real Estate Agent/Broker
Geologist	Respiratory Therapist
Home Medical Equipment	Roofing Contractor
Interior Designer	Shorthand Reporter
Land Surveyor	Social Worker
Landscape Architect	Speech Language Pathologist
Licensed Practical Nurse	Structural Engineer
Locksmith	Veterinarian
Massage Therapy	Veterinarian's Technician
Marriage and Family Therapist	Wholesale Drug Distributor

The Securities Department of the Secretary of State's Office licenses securities dealers, salespersons, and investment advisors. Information application packages may be obtained by contacting the Securities Department.

In addition, many businesses are required to obtain permits or register with other state agencies. A business providing day-care services, for example, are licensed through the Department of Children and Family Services. A business that involved plumbing would need to register with the Department of Public Health. These are just two examples of other professions that are licensed by the state. To determine if your occupational activities are regulated, we suggest that you contact the IEN Business Information Center.

In Pike county, all businesses are required to complete paperwork with the County Clerk's office to complete assumed name paperwork that must be published in the local newspaper for a certain amount of time. To obtain paperwork and get more information, please contact the Pike County Clerk's office. In addition, if you are doing any building or construction with your business, you may be required to obtain permits and comply with local zoning ordinances. Many of the cities and villages within the county have specific zoning ordinances in place, as well as local regulations and restrictions. It is best to check with your local city or village government first or contact the Pike County Zoning Administrator for more detailed information prior to building or starting a project with your business.



Section Three: Setting up a Business

Taxes

When dealing with small businesses, taxes can be quite simple or very complex, depending on the size and type of the business. In addition to business taxes required by the federal government, you will have to pay state and local taxes as well. Having a working knowledge of what the requirements are will help you avoid problems, as well as saving you money. The following list outlines the major taxes with which a business would need to be aware of; however, the tax liability of each business will be different.

Income Tax

Every individual, corporation, trust, and estate residing in Illinois or earning or receiving income in Illinois, must pay an income tax based on their net income. A replacement tax is also applied to the net income of partnerships, trusts, and corporations. S Corporations are subject only to replacement tax.

Sole Proprietorship

A sole proprietor must pay individual income taxes on earnings from the business. This is done on your personal tax return.

Partnerships and Limited Liability Companies

Each partner/owner must pay taxes on the distributive share of each partners/owner's income. In addition, Illinois has a replacement tax that applies to partnerships.

Corporation

A corporate entity must pay a corporate income tax and replacement tax, which is administered and collected by the Department of Revenue. In addition, corporations are assessed a franchise tax each year based on their paid-in Capital and a Corporate Personal Property Tax Replacement Income Tax. Corporate and franchise taxes are administered and collected by the Secretary of State's office.

Sales Tax

There are four categories of taxes that comprise the state and local sales tax. These are the Retailer's Occupation tax, the Use Tax, the Service Occupation tax, and the Service Use Tax. The state also administers various local sales and use taxes subject to criteria and rate limits established by Illinois law. The Retailers Occupation Tax (ROT) is imposed directly on gross receipts of a retail seller for the privilege of conducting business in Illinois.

The **Use Tax** is imposed directly on the purchaser for the privilege of using and consuming tangible personal property in Illinois that has been purchased anywhere. Illinois retailers pay the Retailers' Occupation Tax and, by law, reimburse themselves for the tax by collecting Use Tax from customers, based on the selling price of the tangible personal property. The business can keep 1.75 percent of the taxes collected for acting as an agent for the Department of Revenue (if tax is paid in a timely manner). The Service Occupation Tax (SOT) is imposed directly on the receipts from the selling price of any tangible personal property transferred as part of a sale of service, if the cost to the service person is 35 percent or more of the total charged. The Service Use Tax is imposed directly on the purchaser and also is based on the selling price of the property transferred incident to a sale of service. The Service Use Tax is intended to reimburse the service person for his/her SOT liability.

Section Three: Setting up a Business



Sales Tax Exemptions (some examples)

Sales for resale (purchaser must have resale or ROT number from Department of Revenue)

- √ Sales made in interstate commerce
- √ Sales to exclusively charitable, religious, educational or governmental organizations, or recreational organizations for those over 55 years old. (Pursuant to legislation enacted in 1985, the Department of Revenue issues an exemption number. In order to claim an exemption for purchases made on or after July 1, 1987, the purchaser must have this number)
- √ Charges for service or repair labor
- √ Distillation machinery and equipment used to produce ethyl alcohol for motor fuel for personal use and not for resale
- √ Personal property sold to or utilized by interstate carriers for hire for use as rolling stock moving in interstate commerce
- √ Farm machinery and equipment including replacement and repair parts
- √ Graphic arts equipment, including replacement parts
- √ Manufacturing machinery and equipment, including replacement parts
- √ Oil rigs and coal exploration equipment
- √ Enterprise Zone building materials purchased from retailers located within the Enterprise Zone's taxing jurisdiction for use in an enterprise zone
- √ Enterprise Zone materials used in manufacturing for use in an enterprise zone
- √ Farm chemicals
- √ Magazines and newspapers and there are other exemptions.

Property Taxes

All for-profit real estate owners are required to pay property taxes. The property tax rate is determined by local taxing districts and is paid to the county tax collector in the year following assessment.

Withholding Taxes

Certain taxes must be withheld from employee wages and remitted to the government. These include state and federal income taxes and FICA (Social Security). You may be required to register with both the federal government and the State of Illinois for tax withholding purposes. To learn more about your federal government tax requirements, visit the Internal Revenue Service on the web at www.irs.gov or call 1-800-829-3676 and request any of the following materials:

- Understanding Your EIN (Publication 1635)
- A Virtual Small Business Tax Workshop DVD (Publication 1066C)
- Starting a Business and Keeping Records (Publication 583)
- A Tax Guide for Small Business (Publication 334)
- Employer's Tax Guide (Publication 15)
- Tax Calendar for Small Business (Publication 509)

Other Illinois requirements that businesses are subject to include: Business Tax Registration, Workers' Compensation Insurance, and Unemployment Insurance Tax.



Section Three: Setting up a Business

BUSINESS SERVICES

Obtaining Legal Counsel

Many business owners consider legal services only when their firms are in trouble. However, costly and time-consuming legal problems can be averted by retaining a competent attorney who can advise on such business areas as choosing the type of business organization that best suits your needs and objectives, protecting your family's financial security from the business risks advising you as to local, state and federal regulations which affect your business; obtaining licenses and permits; preparing or inspecting contracts; resolving tax questions; assisting in obtaining financing; and giving practical advice on many business problems. Attorneys also can provide professional help when dealing with other parties such as financial institutions, owners of possible store or plant locations, union officials, governmental bodies, franchising companies, contracts with suppliers and customers and insurance coverage negotiation with employees. In addition, other problems may arise requiring the services of an attorney. For instance, the employer may be served with wage deduction orders against employees which, if not handled properly, can result in personal liability on the part of the employer. Other examples:

-
- The business may face collection problems with its customers
- The business may become involved in disputes with its trade creditors.
- The business may have disputes with both present and former employees.
- The business may have expansion opportunities or restructuring may need to be reconsidered.
-

When seeking an attorney's counsel or assistance, be as prepared as possible. Collect pertinent data, do necessary research and have as much information as possible about your business. This will save your attorney time and you money. When considering an attorney, use discretion. Remember, an attorney will provide services fundamental to the success of your business. There are several methods for selecting an attorney. It may be prudent to seek recommendations from other business owners.

Insurance Coverage

Many small business owners, upon start-up, fail to consider their insurance needs. A well planned insurance program is essential to protecting your business from unforeseen issues and losses, as well as significant financial burdens. There are several types of insurance policies available, but some of the essential ones when starting a business include fire, liability, vehicle and worker's compensation. You should also consider business interruption, crime and key employee policies as well.

When looking at your insurance needs, consider the following:

1. Recognize your risks. Recognize the dangers facing the business and the potential loss from each.
2. Study insurance costs and shop for appropriate plans.
3. Have a plan that is compatible with the operation and goals of the business.
4. Get professional advice from a qualified agent, broker or consultant who can explain options and recommend the best coverage for your needs.

Section Three: Setting up a Business



Bookkeeping

A good, sound business has proper bookkeeping systems in place. This includes:

- √ Starting and keeping an accounting system for the accurate and timely recording of the company's cash receipts, disbursements, sales and operating expenses
- √ Preparing periodic statements. This includes statement of assets and liabilities as of a given date (balance sheet), statement of results of operations for a given period of time (income statement), statement of changes in financial position and establishment of systems that track accounts receivable and payments due
- √ Preparing state and federal income tax returns
- √ Preparing social security, withholding, property and other tax return

The above responsibilities can be done from within your business or outsourced. This will most likely depend on the size and realm of your business, as well as your own experience with bookkeeping and the available time you have.

Accounting

In addition to basic bookkeeping requirements, you may also need to obtain the services of a CPA or certified public accountant, who has passed a written examination and received a state license for their services. CPA's provide the following services:

- **Auditing**—Although you may have hired a bookkeeper to maintain and prepare any accounting records and financial statements, there may be times that you need these statements certified by a CPA.
- **Taxes**—Most business and owners are not experts in tax matters and have to rely on professional assistance, as today's tax laws are very complex and change frequently. Tax services provided by a CPA include not only the preparation of tax returns, but also correspondence with taxing authorities who may be examining returns.
- **Consulting**—CPAs may also be able to assist you in finding ways to cut costs, improving reporting, information on accounting systems, as well as budgeting/forecasting, quality control, etc.

Business/Trade/Professional Associations and Chambers of Commerce

There are many organizations that represent every business, trade or profession. These organizations work in the promotion of business interests of their members and often provide services, statistics, newsletters and much more. There are many benefits that coincide with membership to these organizations.



Section Four: Financial Aspect of Starting a Business

Obtaining Financing

One key to a successful startup business is the ability to adequately capitalize your business. Increasing capital and securing funding is an ongoing activity throughout the life of a business, and many small business owners and entrepreneurs discover that finding and securing financing is not always easy. You can be successful in securing and achieving your financial needs if you arm yourself with proper information and resources, preparation and planning, as well as having realistic expectations.

Where do you go to find financing for operating your business? The answer depends on several factors:

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

Most small businesses start with personal funds during the early stages of their business. This includes using personal savings, loans from friends and relatives or contained consumer loans from lending institutions to use as start-up money. Once you establish a good track record, you will find it easier to obtain financing, as well as a greater variety of sources to pull from.

Loans

Most small businesses prefer to use debt funding for financing, as it costs less and does not require the owner to give up ownership or control of how the business is managed. However, debt funding sometimes may be difficult to secure if the owner or any key officer has had previous credit problems or if you are embarking in a high-risk venture. Debt funding, or loans, usually requires that the owner provide collateral to guarantee the repayment of the loan. In addition, if the business fails, the borrower is still legally tied to the loan and obligated to repay.

Pike County is home to several banking and lending institutions that are available to assist with funding opportunities. The following is a list, in alphabetical order, of banks that are located in Pike County. It is important to establish a good working relationship with your banker, as they will become a key resource in your business operations.

Pike County Banks

Bank of Kampsville-
CNB Bank & Trust
Central State Bank
Farmers Bank of Liberty
Farmers National Bank of Griggsville
Farmers State Bank
First National Bank of Barry
Kinderhook State Bank
Prairie State Bank & Trust
United Community Bank

Section Four: Financial Aspect of Starting a Business



In addition to the traditional lending through the banks, Pike County has several organizations and governing bodies that have Revolving Loan Funds in place, which offer low interest gap financing to businesses. Most of these funds require business plans, an application detailing the business and owners, as well as requirements on leverage funds and employment numbers.

Revolving Loan Funds

City of Barry
City of Pittsfield
Pike County Board
Pike County Community Development Corporation
Two Rivers Regional Council of Public Officials

Information and applications for these funds are available by contacting the Pike County Economic Development Corporation.

Venture Capital

Venture capital is defined as financial capital that is provided to early-stage, high-potential, high risk start-up companies. The venture fund makes money by owning equity in the companies it invests in. Venture Capital firms are the most risk-oriented investors, having specific investment preferences in terms of business style, minimum size investment, and rapid growth/high return ratio. Some of the most important factors a venture capital firm will consider are the management team of the business and the ability to recover investments with substantial return in five to seven years.

Venture Capital Opportunities Available

Key Bridge Partners—Mike Troup
Illinois DCEO



Section Five: Business Operations

Selecting a Business Location

Location is more important to some businesses than to others, and a lot depends on the varying factors and individual characteristics of the business. Things to consider when looking at a location for your business:

- Do customers have to travel to the business or do employees travel to the customer?
- Is convenience a factor in what your business offers to the customer?
- Are you offering a special product with little competition in the area?
- Will your product or service require a specific location?
- Will proximity to vendors and potential customers play an important role in your decision on a location?
- Are transportation, labor, utilities, taxes (state and local), zoning or any other regulations critical factors that you need to consider for a location?
- Does traffic flow or parking affect your location selection?
- How much space is required for your business?
- Looking to the future, do you need expansion capacity in the current location?
- Should you lease or should you buy?
- If leasing, what are the terms?
- How is your rent determined?
- What are the insurance requirements?
- Do you understand home-based business expenses and requirements?
- Do you understand the current zoning and code requirements for your potential location?

This is not an all-inclusive list, but things to consider when you are making your site selection for your business. You may find that you need additional information depending on the overall management and operations of your business.

Pike County Economic Development, as well as other entities throughout the county, are available to assist you with any site selection questions that may arise in the process.

Marketing, Advertising and Public Relations

In today's society, just bringing a great idea to life and having a solid business plan is not enough to make your business succeed. The image you create for your company is equally important. Every time you hand out a business card, send a letter, welcome a customer into your business, you are selling your business. Each of these things are valuable tools that help to sell your business. Just because you are starting new, doesn't mean that you have to appear that way.

When looking at this area of your business, it is important to define your product, describe your target customer and create a communication strategy. Once this is complete, set an advertising budget and look at avenues to advertise. There are many resources and templates available for advertising materials such as brochures, fliers, catalogs, etc.

Section Five: Business Operations



Some key factors when thinking about marketing, advertising and public relations in relation to your business include:

- √ Does your logo reflect the overall image you want your company/business to convey?
- √ Are your business cards and other materials easy to read and does the design catch your eye?
- √ Is your business name immediately identifiable?
- √ Have you researched and analyzed the market for your product/service?
- √ Have you described how your product/service will benefit customers?
- √ Have you prepared a pricing schedule?
- √ What kinds of discounts will you offer and to whom?
- √ Have you prepared a sales forecast?
- √ Which media will you use in your marketing efforts?
- √ Is your packaging appealing to your market?
- √ If your product is one you can patent, have you done so?
- √ How will you distribute your product?
- √ What exactly do you want to communicate to your potential customers?
- √ Have you planned an advertising campaign?
- √ Are you prepared for a successful response?
- √ Have you made sure your employees are aware of your goals?
- √ Have all the appropriate management and employees reviewed and approved the advertising?
- √ What is the lead time for ad placement?
- √ Have you told your customers how and where to reach you?
- √ Are you watching competitors?
- √ Are you listening to your customers? What do they want and what is important to them?

Paid advertising isn't the only way to spread the word about your business. In fact, one of the best ways to promote and sell your business doesn't cost you anything—public relations. This covers everything from press releases to networking with others to holding special events.



Section Six: Checklists & Samples

Checklist for Starting a New Business

First 30 Days:

- Prepare a written business plan, including a marketing plan
- Estimate your start-up costs
- Select an attorney and accountant
- Obtain local business licenses through the city and/or county governments
- Check on local zoning ordinances, regulations, building permits and fire codes through the city and/or county government
- Determine whether your business requires a state or federal license or permit to operate. Also check on state or federal regulations that may affect your business.
- Select a banking institution and open a business account.
- Select your business fiscal year
- Determine the legal structure of your business (sole proprietorship, limited partnership, limited liability company, or corporation) and file necessary forms and paperwork with the Secretary of State's office.
- You will need to apply for a Sales Tax Number or use tax if you will be selling merchandise at retail or wholesale
- You may need a Federal Identification Number (EIN)
- Contact a good insurance agent regarding types of commercial insurance

If Hiring Employees:

- Determine the wage and hour laws from the state and federal government
- Obtain report to determine liability status (unemployment tax) with the state
- Check the requirements on Worker's Compensation Insurance with the State
- Have each employee complete an I-9 form (Employment Eligibility Verification)

First 60 Days:

- Obtain Business Insurance
- Join a Professional Association or Organization (Chamber of Commerce, Economic Development)
- You may need to make quarterly estimated income tax payments to the IRS and self-employment tax payments
- If forming an S Corporation, file Form #2553 with the IRS within 75 days

By the End of the First Year:

- File Annual Tax information for state and federal government
- Keep a good set of records for all business activities

Section Six: Checklists & Samples



Business Plan Template

Business Plan Outline

⇒ *Cover page*

- Include name and contact information for business
- Create a professional appearance by printing on high-quality paper and placing in binder
- Logo
- Names, titles and contact information of owners
- Date of business plan
- Indicate if plan is confidential

⇒ *Table of Contents*

⇒ *Executive Summary*

- A one-page summary that briefly explains each sections of your business plan and adds additional information on how you will achieve your goals. **Most executive summaries are written last but is critical to your overall plan.**

⇒ *Background Information*

- Business Concept (mission statement, goals and objectives of the business, and brief description of the business)
- Answer the following questions as appropriate:
 - What business are you in? (Merchandising, Manufacturing, Wholesale, Service)
 - What is the nature of your product(s) and/or service(s)?
 - What is special or extraordinary about your business?
- What market do you intend to serve? (what is the total market, and what is your expected share)
- How can you serve the market better than any competition?
- Present status of the business (start-up, expansion of existing business, takeover of an existing business)
- If you are doing any contract work what are the terms and conditions?
- Reference any contracts and include them as supporting documents to the plan.
- Do you have any letters of intent from prospective suppliers?

For existing businesses, consider adding the following to this section:

- What is the history of the business?
- Why does the current owner wish to sell at this time?
- If the business is declining, why, and how can you turn it around?
- How will your management make the business more profitable?
- What changes do you plan to make to the business?
- What is the purchase price?
- Give detailed breakdown of building, improvements, equipment, inventory, etc.
- If your business is seasonal, make sure this is reflected in your narrative and financial projections with appropriate notations in the footnotes.



Section Six: Checklists & Samples

⇒ **Description of products and/or services**

- Features of proposed products and/or services
- Describe benefits to customers
- Intellectual property and proprietary rights issues
- Production plans
- Future products and/or services

⇒ **The Market Plan**

- Description of the industry (background, current and future industry trends, and fit into the industry)
- Your market (customer profiles and target market, description of your trade area, size of your market, the market potential and market trends)
- Competition (**direct competition**-businesses with the same product/service and same target market, including three to five businesses and locations; **indirect competition**-a product that is in a different category altogether but is seen as an alternative to your product)
- Evaluation of competition, including strengths, weaknesses, size, age, and status
- Your competitive advantage (briefly describe your competition and tell how they are similar and different from your operations and detail your unique selling strategies and how you will use it to control your market share)
- Market Strategies (Include information on market position, marketing tactics, pricing, packaging, promotion, distribution, advertising and public relations, and customer service)

⇒ **Management Structure and Organization**

- Legal form of ownership
- Management and personnel
 - ❑ How does your background and business experience help you?
 - ❑ Describe the management team, identifying their strengths/weaknesses, along with their duties and responsibilities
 - ❑ Do you have job descriptions that clearly define their duties?
 - ❑ Are there additional resources available?
 - ❑ Will you have to train personnel and what is the cost?
- Detail your organizational structure, including description of roles and responsibilities and utilizing charts if necessary
- Are there additional resources or advisors available to you?

⇒ **Business Operations**

- Business location
 - ❑ What is your business address and why did you choose this location?
 - ❑ Will the building be leased or owned?
 - ❑ What are the terms and length of any lease contract?
 - ❑ What renovations or improvements will be needed and what is the cost?
 - ❑ Describe the neighborhood, indicating if stable, changing, improving or deteriorating
 - ❑ What other businesses are in the area?

Section Six: Checklists & Samples



- Licenses and permits
 - Have you registered your business name with the Secretary of State and county?
 - Are there any local zoning regulations/ordinances that affect you?
 - What other licenses and/or permits are you required to obtain?
- ⇒ **Financial Plan**
- Start-up investment
 - What are the start up costs?
 - Business needs and capital equipment list
 - Source and applications of funds
- Cash flow projections
 - Monthly estimate of revenue and expenses
 - Assumptions, showing how you are calculating your revenue and expenses
 - Projected income statement
 - ◆ Month by month detail for first year
 - ◆ Quarterly breakdown for second year
 - ◆ Notes of explanations and assumptions
 - Projected balance sheet
 - Break-even analysis, noting at what level of operations your expenses will equal your sales.
 - Summary of financial plans and needs

For existing businesses, include the following:

- Income statements
- Balance sheets
- Tax returns for the past three years

⇒ **Conclusion**

- Statement of feasibility
- Action plan
- Supporting documents

It is important to remember that each business plan is unique to the individual business being discussed. It requires a great deal of time and research to complete a successful business plan, and it shouldn't be put in a drawer to never be looked at or revised. It is important to think of it as a living document, that requires routine evaluation and revisions. Make it a habit to update your business plan annually, updating critical parts such as financial data and projections.

Here are a few tips to consider when writing your plan:

- √ Keep it simple and focused
- √ Make it legible and easy to read
- √ Use an understandable language, avoiding "flowery" language
- √ Use a layout that is pleasing to the eye
- √ Use charts and graphs to explain concepts that are difficult or challenging
- √ Be objective



Section Six: Checklists & Samples

- √ Be honest
- √ Acknowledge your weaknesses and capitalize on your strengths
- √ Review and revise regularly to keep information current
- √ Utilize your staff and management to develop plan
- √ Have someone unfamiliar with your business and that isn't committed to the business review the plan to gain an outside perspective

Things to avoid when creating your plan:

- √ Submitting a "rough" draft
- √ Any markings or stains that would indicate a lack of seriousness
- √ Outdated information
- √ Unsubstantiated assumptions
- √ Failure to consider potential problems
- √ A lack of understanding of financial breakdown
- √ Absence of outside impacts and influences
- √ No investment by owner (a lender will typically expect the owner to have equity in the potential business)
- √ No capability to personally guarantee a loan
- √ Proposing unrealistic loan repayment terms
- √ Too much focus on collateral and no emphasis on cash flow

Confidentiality

A business plan typically contains sensitive information about every aspect of the business and personal information of owners. It should be treated in a confidential manner, with all copies numbered and strictly accounted for. Have an agreement form that all recipients must sign, agreeing that they will not make copies or disclose details to anyone other than financial advisors. It is important to have the agreement also require that if the party is not interested in the business, that the plan be returned. Distribute the business plan on an individual basis as requested for the protection of not only your business but all of those involved.

Section Seven:
Directory of Contacts



Agency Directory

Pike County Economic Development Corporation

Brenda Middendorf, Interim Executive Director
1301 E Washington, PO Box 214
Pittsfield, IL 62363
Phone: 217-440-5101
Email: gsheurman@pikcedc.org
Website: www.pikcedc.org

***Illinois Small Business Development Center
At Western Illinois University***

Jim Boyd, Director
510 N. Pearl St, Suite 1400
Macomb, IL 61455
Phone: 309-836-2640
Fax: 309-837-4688
Email: sb-center@wiu.edu
Website: www.wiusbdc.org

Pike County Clerk

Donnie Apps
100 E Washington St
Pittsfield, IL 62363
Phone: 217-285-6812
Email: donnieapps@adams.net

***Illinois Department of Commerce &
Economic Opportunity***

Website: www.commerce.state.il.us/dceo

Pike County Chamber of Commerce

Charles Hull, Executive Director
224 W. Washington St
Pittsfield, IL 62363
Phone: 217-285-2971
Fax: 217-285-5251
Email: info@pikeil.org
Website: www.pikeil.org

John Wood Community College

Career Services Center
48th & Harrison
Quincy, IL 62305
Phone: 217-641-4941
Drop in hours available at the Southeast Education
Center in Pittsfield and Mt. Sterling
Education Center.
Website: www.jwcc.edu/career-technical/

Illinois International Trade Center

Jim Foley
1501 W. Bradley Avenue, 141 Jobst Hall
Peoria, IL 61625
Phone: 309-677-3075
Fax: 309-677-3386
Email: illinoisibdcitc@bradley.edu
Website: www.bradley.edu/turnercenter

Illinois Manufacturing Extension Center

1501 W. Bradley Avenue, 404 Jobst Hall
Peoria, IL 61625
Phone: 309-677-4632
Fax: 309-677-3289
Website: www.imec.org

***Illinois Procurement Technical Assistance
Center of Central Illinois***

Mary Turner
Illinois PTAC of Central Illinois
301 Oak Street
Quincy, IL 62301
Phone: 217-223-5636
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Section Seven: Directory of Contacts

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