For information to contact the office nearest you, please visit one of our program websites:

**NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS**
Your Ideas - Our Expertise - Your Success
www.ndsbdc.org

**NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER**
Government Contracting Assistance
www.ndptac.org

**U.S. SMALL BUSINESS ADMINISTRATION**

**VBOC**
VETERANS BUSINESS OUTREACH CENTERS
www.UND.edu/dakotasvboC

**UNIVERSITY OF NORTH DAKOTA**
CENTER FOR BUSINESS ENGAGEMENT & DEVELOPMENT
YOUR IDEAS
Web-based resources, learning opportunities, and service centers located throughout North Dakota provide easy access to small business assistance. Services are customized to your needs with minimal or no cost to you.

OUR EXPERTISE
Confidential, creative, solution-oriented options are offered by professional business advisors within our network. With over thirty years of experience, our programs help North Dakota entrepreneurs and small businesses achieve their goals.

YOUR SUCCESS
Start, manage and grow your venture and take your business farther. Contact any of our service centers located across North Dakota or visit our website: www.ndsbdc.org.

Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship: Is It Right for You?</td>
<td>1</td>
</tr>
<tr>
<td>Starting a Home-Based Business: Is It Right for You?</td>
<td>2</td>
</tr>
<tr>
<td>Franchising: How to Profit from Experience</td>
<td>3</td>
</tr>
<tr>
<td>Checklist for Starting a Business in North Dakota</td>
<td>5</td>
</tr>
<tr>
<td>Selecting a Legal Structure for Your Business</td>
<td>8</td>
</tr>
<tr>
<td>Taking Care of Startup Logistics</td>
<td>13</td>
</tr>
<tr>
<td>Protecting Your Idea: Trademark, Name Registration and Patents</td>
<td>17</td>
</tr>
<tr>
<td>Writing a Business Plan</td>
<td>18</td>
</tr>
<tr>
<td>Business Plans: Blueprints for Success</td>
<td>19</td>
</tr>
<tr>
<td>Financial Statements: The Importance of the Bottom Line</td>
<td>21</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>22</td>
</tr>
<tr>
<td>Profit and Loss Statement</td>
<td>23</td>
</tr>
<tr>
<td>Cash Flow Statement</td>
<td>24</td>
</tr>
<tr>
<td>How to Find the Money You Need</td>
<td>25</td>
</tr>
<tr>
<td>SBA Small Business Financing</td>
<td>27</td>
</tr>
<tr>
<td>SBA Program Questions and Answers</td>
<td>28</td>
</tr>
<tr>
<td>What to Take to the Lender</td>
<td>29</td>
</tr>
<tr>
<td>Employees: How to Find the Right People</td>
<td>30</td>
</tr>
<tr>
<td>Marketing: Effective Marketing Means Increased Sales</td>
<td>33</td>
</tr>
<tr>
<td>Electronic Commerce: Doing Business Online</td>
<td>35</td>
</tr>
<tr>
<td>Checklist for Creating an Online Business Presence</td>
<td>36</td>
</tr>
<tr>
<td>How to Buy or Sell a Business</td>
<td>37</td>
</tr>
<tr>
<td>International Trade</td>
<td>39</td>
</tr>
<tr>
<td>Procurement: Doing Business with the Government</td>
<td>40</td>
</tr>
<tr>
<td>Serving Those Who Served Our Country</td>
<td>43</td>
</tr>
<tr>
<td>Additional Resources</td>
<td>44</td>
</tr>
</tbody>
</table>

The information contained in this guide was developed by or obtained from a number of known or unknown sources including the U.S. Small Business Administration and other federal agencies, State of North Dakota departments, the University of North Dakota, SCORE and the Women’s Business Center and was compiled into this format by the North Dakota Small Business Development Centers, which makes no claim of authorship but which is, with the University of North Dakota, the guide’s owner.
Entrepreneur: One who organizes, operates and assumes the risk in a business in expectation of gaining profit.

What lies within you? Are you cut out to be an entrepreneur?

Success in business depends on your ability to understand the business, develop the skills to overcome obstacles, and assume the risk required to make a profit. Traits of a successful entrepreneur include drive, commitment, passion, energy, leadership and pride of ownership. As a new entrepreneur, you must understand your strongest talents and skills and realize your areas of weakness.

Successful business owners choose a business that allows them to do what they love. Ask yourself:

- What kinds of things do I like to do?
- What types of things do I not enjoy?
- What do I like to do on my day off?
- What have I always wanted to do but have never had the time to do?
- What do other people compliment me on?
- Do I enjoy interacting with others?

To determine the type of business for which you are suited, carefully consider each of the following questions:

Am I a self-starter? It will be entirely up to you to develop projects, organize your time, and follow through on details. How well do I get along with different personalities and handle conflicts? Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers and other professionals.

Am I good at making decisions? Small business owners are required to make decisions constantly – often quickly, independently and under pressure. Do I have the physical and emotional stamina to run a business? Business ownership can be exciting, but it’s also a lot of work. Can I face six or seven 12-hour workdays every week?

How creative am I? Entrepreneurs must be able to think creatively to take advantage of new opportunities. Am I able to think of new ideas and imagine new ways to solve problems?

How well do I plan and organize? Research indicates that poor planning is responsible for most business failures. Good organization of financials, inventory, schedules and production can help you avoid many pitfalls.

Is my drive strong enough? Running a business can wear you down emotionally. Business owners carry all the responsibility for the success of their business on their own shoulders. Strong motivation will help you survive burnout.

How will the business affect my family? The first few years of business start-up can be hard on family life. It’s important for family members to know what to expect and support you during this time.

Carefully evaluate your skills, interests and personal abilities to help you answer the question, “Am I an entrepreneur?” And, if so, “What is the business for which I am best suited?”

On the Upside...

It’s true, there are a lot of reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks:

- Be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earning and growth potential are far less limited.
- A new venture is exciting.
- Running a business will provide endless variety and challenges and you won’t settle into a dull routine.
While being in any business has certain basic requirements, a home-based business has some additional ones. One of the first things to decide is, can you live where you work… and work where you live? A home-based business may allow you to have a more flexible schedule, more control over your life and a chance to be your own boss. However, you may also find that it is hard to separate business and personal tasks. Your work is always close at hand and you may wonder, “When it is my time and when is it business time?”

Good planning and an understanding of the demand on family functions should be examined before the business is established. Determine the needs and schedules of your family, the type of neighborhood you live in, the risk potential of bringing this business into your home, the local zoning requirements, and your motivation and ability to separate work from family. Firmly communicate your work schedule to family members and neighbors that, even though you are at home, you are working.

One difference in operating a home-based business is isolation from distributors, merchants, clients and co-workers.

It is important to schedule networking opportunities away from your home business to keep informed on issues related to your business.

Remember, help is available. The National Association of the Self-employed (www.nase.org) can provide information, as well as your local SBDC, SCORE office, or WBC.

It is important to understand the rules related to business use of your home. To deduct expenses related to business use of your home you must have a specific area set aside for exclusive and regular use for your trade or business. There are exceptions, including use of space for storing inventory or product samples or using part of your home for a day care facility. The work space does not need to be marked off with a permanent partition.

For more information on home-based businesses visit www.irs.gov/businesses/small/index.html or www.sba.gov/content/home-based-business.
Franchising: How to Profit from Experience

Franchisor: A person or company who decides to expand the business by giving to selected franchisees the right to do business under their trade or service marks in accordance with the franchise agreement in exchange for a recurring royalty fee.

Franchisee: The person or company accepting the right, granted by the franchisor to retail or provide services, using the franchisor’s trade name or service marks, within the terms and fees set in the franchise agreement.

Overall, the entrepreneur may have a lower risk when buying a franchise than when you start a business from scratch, but this initiative must be balanced with a willingness to comply with the franchisor’s business formulas.

The biggest advantage of a franchise is that the franchisor has done most of the work for you. For example, the franchisor will have already developed the product(s) or service(s), positive name recognition, eye-catching signage, interior and exterior store layout, training methods, and effective ways of operating the business. The franchisor wants you to succeed and helps you in developing the business, eliminating much of the trial-and-error, and subsequently lowering the risk of failure.

The biggest disadvantage in franchising is the cost. Franchises often have a high up-front capital investment and require ongoing payment of 20 percent or more of the gross sales for rent, marketing, royalties and advertising. The franchise will have its own protocol and will have very specific limits on what you can and cannot do.

As in all major business decisions, nothing substitutes thorough investigation, planning and analysis of the options. Would the business succeed without the benefits offered by the franchisor? Is the franchised product or service new or established? Does the business require special skills? Does the franchised product meet local demand? Is there a proven market for the product or service?

If the product requires servicing, who is responsible for warranties and guarantees? The franchisee or the franchisor? If neither, are service options available? What kind of reputation does the product or service enjoy? Are supplies available in your local area?

• Ask for a list of all the firm’s current franchisees. Visit at least one franchised location. When meeting with the franchisees, observe their operation, discuss expenses and ask about franchisor support.
• Examine the franchisor’s attitude toward you. Is the firm concerned about your qualifications? Are you being rushed to sign an agreement? Does the firm seem interested in a long-term relationship, or does that interest end with the initial fee?
• What is the legal history of the franchisor?
• Will the franchise agreement require a predetermined level of starting inventory, promotional fees or the use of standardized operations manuals? What are the full initial costs? What do those costs cover? What ongoing costs are paid to the franchisor? Determine what royalty, training or cooperative advertising costs will be required.
• Are you required to purchase supplies from the franchisor or a designated supplier? Are the prices competitive? What restrictions apply to competition with other franchises? Are there renewal rights? What about resale of the business?

The Federal Trade Commission requires the franchise seller to provide prospective investors with specific, complete and accurate information along with documentation of all earnings. Consult a franchise attorney, an accountant and/or a financial advisor to go over the disclosure document and proposed contract.

In North Dakota a franchisor must register its Uniform Franchise Offering Circular (UFOC) and maintain a registration with the North Dakota Securities Department.

For additional information go to www.nd.gov/securities

ND Securities Department
State Capitol, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
701.328.2910
In-State Toll Free: 800.297.5124
Email: ndsecurities@nd.gov

Thoroughly investigate all franchise opportunities and use the resources available to assist you in making the decision, “Should I start from scratch or buy into a franchise?”

Checklist for Starting a Business in North Dakota

This checklist provides information on general requirements that need to be addressed for most new businesses. Other specific requirements may also apply.

Secretary of State: www.sos.nd.gov; 800.352.0867 or 701.328.4284
- From the above website, search New Business Registration or Business Services

IRS: www.irs.gov/smallbiz; 800.829.1040, Business Taxes Ext. 3
- From the above website, check most popular list or search EIN.
- Income Tax Reporting (Form 1040 - Schedule C or C-EZ for Sole Proprietor; Form 1065 for partnership; or Form 1120 for corporation or 1120-S for S-Corp)

ND State Tax Department: www.nd.gov/tax; 877.328.7088 or 701.328.1241
- From the website listed above, search New Businesses

City & County Governments: On the www.nd.gov website, click Government on the left navigation to access city our county links.
- Local business licenses or permits and information on zoning ordinances.

Insurance - Contact your local insurance agent for general liability, property, commercial auto, life, hazard, theft, professional liability, directors and officers, data breach, business interruption, and other types.

- Patents/trademarks and intellectual property law and policy.

Does your business need a license?
- Verify licensing requirements for various businesses in the ND New Business Registration site: www.nd.gov/businessreg/license
- Licenses for Businesses and Individuals: visit www.ndsu.edu and search ‘licenses required for business in North Dakota’

Will you hire employees? You may need to complete the following:
- IRS Form W-4, “Withholding Allowance Form” completed by employee
- Employee Taxes - required to withhold federal income, social security, and Medicare taxes and report them on the “Employers Quarterly Federal Tax Return”, Form 941
  - State income tax withholding reports on Form 307.
- Form I-9, Proof of US Citizenship completed by employee: www.uscis.gov/i-9
- Health coverage options: www.dol.gov and select Health Plans & Benefits from the Topics menu
- ND Workers Compensation Insurance: www.workforcesafety.com, 800.777.5033
- Dept. of Labor wage laws: www.dol.gov and select Wages from the Topics menu
- Social Security Employer Business Services: www.socialsecurity.gov/employer
- ND Job Services for unemployment insurance: www.jobsnd.com/unemployment-business
- United States Occupational Safety & Health Administration (OSHA) for private sector employers: www.osha.gov/oshdir/nd.html

North Dakota District Office: 657 2nd Ave N, Suite 360, Fargo, ND 58102   701.239.5131
Grand Forks Office: 102 N 4th St., Suite 104, Grand Forks, ND 58203   701.746.5160
Bismarck Office: 1200 Memorial Hwy, Bismarck, ND 58506   701.250.4303
www.sba.gov/nd
north.dakota@sba.gov
Your first contact should be with the ND Secretary of State’s office to determine if the business name is available.

The following general requirements may need to be addressed by most new businesses. Other requirements may also apply.

**Secretary of State** ([www.sos.nd.gov](http://www.sos.nd.gov))
701.328.2900 or 800.352.0867
- Most organizations, when transacting business in the State of North Dakota have a filing obligation based on the type of business structure: Sole Proprietorship, General, Limited, Limited Liability or Limited Liability Limited Partnership, Professional Limited Liability Partnership, Limited Liability Companies or Corporations. Fees may be required.
- A North Dakota corporation or Limited Liability Company (LLC) must file articles of incorporation/organization to acquire corporate or limited liability company status.
- A North Dakota Limited Liability Partnership (LLP) or a Limited Liability Limited Partnership must file a registration to acquire limited liability status.
- Out-of-state businesses must register with the Secretary of State prior to transacting business in North Dakota or prior to acquisition of any license or permits.
- Trade name registration is required for sole proprietorship, corporation and limited liability companies using an assumed name.
- A Fictitious Name Certificate must be submitted by a general partnership or limited partnership using an assumed name.
- Any organization with a trademark or service mark may register that mark with the Secretary of State. The registration protects that trademark or service and supersede state registered business and product names. State registered trademarks can be checked by doing a records search at [www.nd.gov/sos](http://www.nd.gov/sos) or by calling 800.352.0867. The federal trademark register can be accessed at [www.uspto.gov/main/trademarks.htm](http://www.uspto.gov/main/trademarks.htm) or a search can be conducted by contacting the UND Patent and Trademark Depository Library at 701.777.4888.

**State Tax Department** ([www.nd.gov/tax](http://www.nd.gov/tax))
701.328.1241 or 877.328.7088
- Every employer required to withhold North Dakota income tax must register and complete the Application to Register for Income Tax Withholding and Sales & Use Tax Permit in advance of withholding. Returns will be sent to permit holders and they must report quarterly even if no tax is due.
- Sales & Use Tax—Any business making taxable sales of tangible personal property or certain services to the end user is required to hold a North Dakota sales and use tax permit. Returns will be sent to permit holders and they must report quarterly even if no tax is due.
• State Income Tax Withholding – An employer is required to withhold state income tax from wages paid to an employee if the employee performs services within North Dakota and wages are subject to federal income tax. Form 306, Income Tax Withholding Return must be filed for each quarter. Form 307, ND Transmittal of Wage & Tax Statements (Forms W-2) must be filed on or before February 28 following the close of the calendar year (visit www.nd.gov/tax/indwithhold/forms for both Form 306 and Form 307).
www.nd.gov/tax/user/businesses/formspublicaions/income-tax-withholding/forms-instructions

IRS (www.irs.gov/business/small-business-self-employed)
Employer ID# – Required if company is formed as a partnership, corporation, or LLC, or if the company has employees. Register electronically at www.irs.gov/businesses/small-business-self-employed/employer-id-numbers

• Income Tax Reporting (Schedule C for Proprietor; Form 1065 for partnership; or Form 1120 for corporation or 1120-S for S-Corp. All forms are available at apps.irs.gov/app/picklist/list/formsPublications.html).

• Federal Withholding Tax – Employers are required to withhold federal income, Social Security and Medicare taxes and report them on the “Employers Quarterly Federal Tax Return.”

• Federal Unemployment Tax Act (FUTA) – Paid from the owner’s funds and reported separately from Social Security and Medicare.

State Licensing Information
• Verify licensing requirements for various businesses on the State’s New Business Registration site: www.nd.gov/businessreg/license/index.html.

City & County Auditors
• Contact the city auditor for information on business licenses or permits and zoning ordinances applying to businesses within city limits. Contact the county auditor for permits and zoning ordinances applying to businesses outside city limits.

Insurance
• Contact your local insurance agent for life, hazard, theft or other types of business insurances to protect your business.
**Forms of Ownership**

One of the first decisions to make as a business owner is how the company will be structured. This decision will have long-term implications, so consult with an accountant and attorney to help you select the form of ownership that is right for you, taking into account the following:

- Your vision regarding the size and nature of your business.
- The level of control you wish to have.
- The level of complexity with which you are willing to deal.
- The business’ vulnerability to lawsuits.
- Tax implications of different ownership structures.
- Expected profit or loss of the business.
- Whether or not you need to re-invest earnings into the business.
- Your need for access to cash out of the business for yourself.

*Sole Proprietorship*

The vast majority of small businesses start out as sole proprietorships, or firms owned by one person (in some cases a married couple). Typically, the sole proprietor is the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets and profits of the business. They also assume sole responsibility for any liabilities or debts. In the eyes of the law and the public, you are one and the same with the business.

**Advantages of a Sole Proprietorship**

- Easiest and least expensive form of ownership to organize.
- Sole proprietors have complete control and make decisions as they see fit.
- Sole proprietors receive all income generated by the business to keep or reinvest.
- Profits from the business directly flow through to the owner’s personal tax return.
- The business is easy to dissolve, if desired.

**Disadvantages of a Sole Proprietorship**

- Sole proprietors have unlimited liability and are legally responsible for all debts against the business. Their business and personal assets are at risk.
- The proprietor may be at a disadvantage in raising funds, and is often limited to using funds from personal savings or consumer loans.
- Sole proprietors may have a hard time attracting high-caliber employees, or those who are motivated by the opportunity to own a part of the business.
- Some employee benefits such as owner’s medical insurance premiums are not directly deductible from business income (only partially deductible as an adjustment to income).

**Federal Tax Forms for Sole Proprietorship**

(partial list; some may not apply)

- Form 1040: Individual Income Tax Return
- Schedule C: Profit or Loss from Business (or Schedule C-EZ)
- Schedule SE: Self-Employment Tax
- Form 1040-ES: Estimated Tax for Individuals
- Form 4562: Depreciation and Amortization
- Form 8829: Expenses for Business Use of your Home
- Employment Tax Forms

Types of Partnerships

General Partnership – Partners divide responsibility for management and liability as well as the shares of profit or loss according to their internal agreement. Equal shares are assumed unless there is a written agreement that states differently.

Limited Partnership & Partnership with Limited Liability – “Limited” means that most of the partners have limited liability (to the extent of their investment) as well as limited input regarding management decisions, which generally encourages investors for short-term projects, or for investing in capital assets. This form of ownership is not often used for operating retail or service businesses. Forming a limited partnership is more complex and formal than that of a general partnership.

Joint Venture – A joint venture acts like a general partnership, but is clearly for a limited period of time or a single project. If the partners in a joint venture repeat the activity, they will be recognized as an ongoing partnership, will have to file as such, and distribute accumulated partnership assets upon dissolution of the entity.
Corporations
A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed and sued, and it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Advantages of a Regular “C” Corporation
- Shareholders have limited liability for the corporation’s debts or judgments against the corporations.
- Generally, shareholders can only be held accountable for their investment in stock of the company. However, officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.
- Corporations can raise additional funds through the sale of stock.
- A corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect “S” corporation status if certain requirements are met. This election enables a company to be taxed similar to a partnership.

Disadvantages of a Corporation
- The process of incorporating requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income, thus it can be taxed twice.

Federal Tax Forms for Regular or “C” Corporations (partial list; some may not apply)
- Form 1120 or 1120-A: Corporation Income Tax Return
- Form 1120-W: Estimated Tax for Corporation
- Form 8109-B: Deposit Coupon
- Form 4625: Depreciation
- Employment Tax Forms
- Other forms as needed for capital gains, sale of assets, alternative minimum tax, etc.

Subchapter S Corporations
A tax election only; this election enables the shareholders to treat the earnings and profits as distributions and have them pass through directly to their personal tax returns. However, the shareholders, if working for the company, and if there is a profit, must pay themselves wages, which must meet standards of “reasonable compensation.” This can vary by geographical region as well as occupation, but the basic rule is to pay yourself what you would have to pay someone to do your job, as long as there is enough profit. If you do not do this, the IRS can reclassify all of the earnings and profit as wages, and you will be liable for all of the payroll taxes on the total amount.

Advantages of an S Corporation
- One of the best features of the S Corp is the
tax savings for you and your business. While members of an LLC are subject to employment tax on the entire net income of the business, only the wages of the S Corp shareholder who is an employee are subject to employment tax. The remaining income is paid to the owner as a "distribution," which is taxed at a lower rate, if at all.

- Some expenses that shareholder/employees incur can be written off as business expenses. Nevertheless, if such an employee owns 2% or more shares, then benefits like health and life insurance are deemed taxable income.
- An S Corp designation allows a business to have an independent life, separate from its shareholders. If a shareholder leaves the company, or sells his or her shares, the S Corp can continue doing business relatively undisturbed. Maintaining the business as a distinct corporate entity defines clear lines between the shareholders and the business that improve the protection of the shareholders.

Disadvantages of an S Corporation

- As a separate structure, S corps require scheduled director and shareholder meetings, minutes from those meetings, adoption and updates to by-laws, stock transfers and records maintenance.
- A shareholder must receive reasonable compensation. The IRS takes notice of shareholder red flags like low salary/high distribution combinations, and may reclassify your distributions as wages. You could pay a higher employment tax because of an audit with these results.

Federal Tax Forms for Subchapter S Corporations
(partial list; some may not apply)

- Form 1120S: Income Tax Return for S Corporation
- Form 1120S K-1: Shareholder’s Share of Income, Credit, Deductions
- Form 4625: Depreciation
- Employment Tax Forms
- Form 1040: Individual Income Tax Return
- Schedule E: Supplemental Income and Loss
- Schedule SE: Self-Employment Tax
- Form 1040-ES: Estimated Tax for Individuals
- Other forms as needed for capital gains, sale of assets, alternative minimum tax, etc.


Limited Liability Company (LLC)
An LLC is a hybrid type of legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.

The owners are members, and the duration of the LLC is usually determined when the organization papers are filed. The time limit can be continued, if desired, by a vote of the members at the time of expiration. LLCs must not have more than two of the four characteristics that define corporations: (1) limited liability to the extent of assets, (2) continuity of life, (3) centralization of management, and (4) free transferability of ownership interests.

**Advantages of an LLC**

- Members are protected from personal liability for business decisions or actions of the LLC. This means that if the LLC incurs debt or is sued, members' personal assets are usually exempt. This is similar to the liability protections afforded to shareholders of a corporation. Keep in mind that limited liability means "limited" liability - members are not necessarily shielded from wrongful acts, including those of their employees.
- An LLC's operational ease is one of its greatest advantages. Compared to an S-Corporation, there is less registration paperwork and there are smaller start-up costs.
- There are fewer restrictions on profit sharing within an LLC, as members distribute profits as they see fit. Members might contribute different proportions of capital and sweat equity. Consequently, it's up to the members themselves to decide who has earned what percentage of the profits or losses.

**Disadvantages of an LLC**

- In many states, when a member leaves an LLC, the business is dissolved and the members must fulfill all remaining legal and business obligations to close the business. The remaining members can decide if they want to start a new LLC or part ways. However, you can include provisions in your operating agreement to prolong the life of the LLC if a member decides to leave the business.
- Members of an LLC are considered self-employed and must pay the self-employment tax contributions towards Medicare and Social Security. The entire net income of the LLC is subject to this tax.

**Federal Tax Forms for LLCs**

LLCs are taxed as partnership in most cases. Corporation forms must be used if there are more than 2 of the 4 corporate characteristics, as described in the first section on this page.

Taking Care of Startup Logistics

Even if you are running a small home-based business, you will have to comply with many local, state and federal regulations. Avoid the temptation to ignore regulatory details. Doing so may avert some red tape in the short term, but could be an obstacle as your business grows. Taking the time to research the applicable regulations is as important as knowing your market. Bear in mind that regulations vary by industry. If you’re in the food-service business, for example, you will have to deal with the health department. If you use chemical solvents, you will have environmental compliances to meet. Carefully investigate the regulations that affect your industry. Being out of compliance could leave you unprotected legally, lead to expensive penalties and jeopardize your business.

BUSINESS LICENSES
There are many types of licenses, both state and local as well as professional. Depending on what you do and where you plan to operate, your business may be required to have various state and/or municipal licenses, certificates or permits. Licenses are typically administered by a variety of state and local departments. Consult your state or local government for assistance.

FICTITIOUS BUSINESS NAME
Search to determine if the name of your proposed business is already in use. If it is not used, register the name to protect your business. For more information, contact the county clerk’s office in the county where your business is based. If you are a corporation, you’ll need to check with the state.

BUSINESS INSURANCE
Like home insurance, business insurance protects your business against fire, theft and other losses. Contact your insurance agent or broker. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, others simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business.

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

**Property** – There are many different types of property insurance and levels of coverage available. It is important to determine the property insurance you need to ensure the continuation of your business and the level of insurance you need to replace or rebuild. You should also understand the terms of the insurance, including any limitations or waivers of coverage. Business Interruption – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or “business income”) insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational. “Key Man” – If you (and/or any other individual) are so critical to the operation of your business that it cannot continue in the event of your illness or death, you should consider “key man” insurance. This type of policy is frequently required by banks or government loan programs. It also can be used to provide continuity of operations during a period of ownership transition caused by the death, incapacitation or absence due to a Title 10 military activation of an owner or other “key” employee.

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

**Officer and Director** – Under most state laws, officers and directors of a corporation may become personally liable for their actions on behalf of the company. This type of policy covers this liability.

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

**Business Interruption** – While property insurance may pay enough to replace damaged or destroyed equipment or buildings, how will you pay costs such as taxes, utilities and other continuing expenses during the period between when the damage occurs and when the property is replaced? Business Interruption (or “business income”) insurance can provide sufficient funds to pay your fixed expenses during a period of time when your business is not operational.
TAXES
Taxes are an important and complex aspect of owning and operating a successful business. Your accountant, payroll person, or tax adviser may be very knowledgeable, but there are still many facets of tax law that you should know. The Internal Revenue Service is a great source for tax information.


When you are running a business, you don’t need to be a tax expert. However, you do need to know some tax basics. The IRS Small Business/ Self-Employed Tax Center gives you the information you need to stay tax compliant so your business can thrive.


FEDERAL PAYROLL TAX (EIN NUMBERS)
An Employer Identification Number (EIN), also known as a Federal Employer Identification Number (FEIN), is used to identify a business entity. Generally, businesses need an EIN to pay federal withholding tax.

You may apply for an EIN in various ways, one of which is to apply online at www.irs.gov/Businesses/SmallBusinesses-&-Self-Employed/EmployerID-Numbers-EINs. This is a free service offered by the Internal Revenue Service.

Call 800-829-1040 if you have questions. You should check with your state to determine if you need a state number or charter.

FEDERAL SELF-EMPLOYMENT TAX
Every employee must pay Social Security and Medicare taxes. If you are self-employed, your contributions are made through the self-employment tax.

The IRS has publications, counselors and workshops available to help you sort it out. For more information, contact the IRS at 800-829-1040 or www.irs.gov.

SALES TAX EXEMPTION CERTIFICATE
If you plan to sell products, you will need a Sales Tax Exemption Certificate. It allows you to purchase inventory, or materials, which will become part of the product you sell, from suppliers without paying taxes. It requires you to charge sales tax to your customers, which you are responsible for remitting to the state. You will have to pay penalties if it is found that you should have been taxing your products and now owe back taxes to the state. For information on sales tax issues, contact your state government. North Dakota State Tax Department 701-328-7088 www.nd.gov/tax

FEDERAL INCOME TAX
Like the state income tax, the method of paying federal income taxes depends upon your legal form of business.

*Sole Proprietorship*: You must file IRS Federal Form Schedule C along with your personal Federal Income Tax return (Form 1040) and any other applicable forms pertaining to gains or losses in your business activity.

*Partnership*: You must file a Federal Partnership return (Form 1065). This is merely informational to show gross and net earnings of profit and loss. Also, each partner must report his share of partnership earnings on his individual Form 1040 based on the information from the K-1 filed with the Form 1065.

*Corporation*: You must file a Federal Corporation Income Tax return (Form 1120). You will also be required to report your earnings from the corporation including salary and other income such as dividends on your personal federal income tax return (Form 1040).

FEDERAL PAYROLL TAX
Federal Withholding Tax: Any business employing a person must register with the IRS and acquire an EIN and pay federal withholding tax at least quarterly. File Form SS-4 with the IRS to obtain your number and required tax forms. Call 800-829-3676 or 800-829-1040 if you have questions.

IRS WEB PRODUCTS FOR SMALL BUSINESSES
For the most timely and up-to-date tax information, go to www.irs.gov.

VIRTUAL SMALL BUSINESS WORKSHOP

The Virtual Small Business Tax Workshop is the first of a series of video products designed exclusively for small business taxpayers. This workshop helps business owners understand federal tax obligations. The Virtual Small Business Workshop is available on CD at www.irs.gov/businesses/small/article/0, id=101169,00.html if you are unable to attend a workshop in person. Small business workshops are designed to help the small business owner understand and fulfill their federal tax responsibilities. Workshops are sponsored and presented by IRS partners who are federal tax specialists.
Workshop topics vary from a general overview of taxes to more specific topics such as record keeping and retirement plans. Although most are free, some workshops have fees associated with them. Fees for a workshop are charged by the sponsoring organization, not the IRS. The IRS’s Virtual Small Business Tax Workshop is an interactive resource to help small business owners learn about their federal tax rights and responsibilities. This educational product, available online and on CD, consists of nine stand-alone lessons that can be selected and viewed in any sequence. A bookmark feature makes it possible to leave and return to a specific point within the lesson. Users also have access to a list of useful online references that enhance the learning experience by allowing them to view references and the video lessons simultaneously.

The Tax Calendar for Small Businesses and Self Employed (Publication 1518) www.irs.gov/businesses/small/article/0,,id=101169,00.html contains useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, common tax filing dates, and federal legal holidays.

Taxpayer Advocate Service
The Taxpayer Advocate Service is an independent organization within the IRS, headed by the National Taxpayer Advocate, that helps individual and business taxpayers resolve problems with the IRS. Local case advocates listen to your point of view, work with you to address your concerns, and see your case through to an appropriate resolution.

Local Taxpayer Advocate Service Office
657 2nd Ave. N.
Fargo, ND 58102
701-237-8342 or 877-777-4778 Toll Free

SOCIAL SECURITY CARDS
All employees must have a Social Security number and card. It must be signed by its owner, and you should always ask to see and personally record the Social Security number. Failure to do so may cause your employee to lose benefits and considerable trouble for yourself in back tracking to uncover the error. Each payday, your employees must receive a statement from you telling them what deductions were made and how many dollars were taken out for each legal purpose. This can be presented in a variety of ways, including on the check as a detachable portion or in the form of an envelope with the items printed and spaces for dollar deductions to be filled in.

EMPLOYEE CONSIDERATIONS
Taxes
If you have any employees, including officers of a corporation but not the sole proprietor or partners, you must make periodic payments towards, and/or file quarterly reports about payroll taxes and other mandatory deductions. You may contact these government agencies for information, assistance and forms.

Social Security Administration
800.772.1213
www.ssa.gov

Social Security’s Business Services Online
The Social Security Administration now provides free electronic services online at www.socialsecurity.gov/employer/. Once registered for Business Services Online, business owners or their authorized representative can:
• file W-2s online; and
• verify Social Security numbers through the Social Security Number Verification Service, used for all employees prior to preparing and submitting Forms W-2.

Federal Withholding
U.S. Internal Revenue Service
800-829-1040
www.irs.gov

Health Insurance
Compare plans in your area at www.healthcare.gov.

Employee Insurance
If you hire employees you may be required to provide unemployment or workers’ compensation insurance.

Job Services of North Dakota
701.328.2825
www.jobsnd.com

Partnering With The Child Support Enforcement Program
Employers play an important role in the enforcement process whenever their employees are required to pay child support. As valuable, essential partners with the program, employers account for about 75 percent of child and medical support collections enforced through payroll deductions.


WORKPLACE DISABILITY PROGRAMS
Americans with Disabilities Act (ADA): For assistance with the ADA, call 800-669-3362 or visit www.ada.gov.
U.S. CITIZENSHIP AND IMMIGRATION SERVICES

E-Verify: Employment Eligibility Verification
E-Verify, operated by the Department of Homeland Security in partnership with the Social Security Administration, is the best — and quickest — way for employers to determine the employment eligibility of new hires. It is a safe, simple, and secure Internet-based system that electronically verifies the Social Security number and employment eligibility information reported on Form I-9. E-Verify is voluntary in most states and there is no charge to use it.

If you are an employer or employee and would like more information about the E-Verify program, please visit www.dhs.gov/E-Verify or contact Customer Support staff: 1-888-464-4218 Monday – Friday 8 a.m. – 5 p.m.
E-mail: e-verify@dhs.gov

SAFETY AND HEALTH REGULATIONS
All businesses with employees are required to comply with state and federal regulations regarding the protection of employees. The Occupational Safety and Health Administration provides information on the specific health and safety standards adopted by the U.S. Department of Labor. Call 1-800-321-6742 or visit www.osha.gov.

North Dakota Workforce Safety & Insurance
800-777-5033
www.workforcesafety.com

BUILDING CODES, PERMITS AND ZONING
It is important to consider zoning regulations when choosing a site for your business. You may not be permitted to conduct business out of your home or engage in industrial activity in a retail district. Contact the business license office in the city or town where the business is located.

BAR CODING
Many stores require bar coding on packaged products. Many industrial and manufacturing companies use bar coding to identify items they receive and ship. There are several companies that can assist businesses with bar-coding needs. You may want to talk with an SBDC, SCORE or WBC counselor for more information.

FEDERAL REGISTRATION OF TRADEMARKS AND COPYRIGHTS

TRADEMARKS
Trademarks or service marks are words, phrases, symbols, designs or combinations thereof that identify and distinguish the source of goods. Trademarks may be registered at both the state and federal level. To register a federal trademark, contact:

U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
800.786.9199
www.uspto.gov

Trademark Information Hotline
703.308.9000

STATE REGISTRATION OF A TRADEMARK
Trademarks and service marks may be registered in a state.

UND Patent and Trademark Depository Library
Chester Fritz Library
3051 University Ave.
Grand Forks, ND 58202
701.777.2617

For patent and trademark search assistance: www.library.und.edu/government-documents/patents.php

Caution: Federally registered trademarks may conflict with and supersede state registered business and product names.

PATENTS
A patent is the grant of a property right to the inventor by the U.S. Patent and Trademark Office. It provides the owner with the right to exclude others from making, using, offering for sale or selling the patented item in the United States. Additional information is provided in the publications, General Information Concerning Patents and other publications distributed through the U.S. Patent and Trademark Office. For more information, contact the:

U.S. Patent and Trademark Office
800.786.9199
www.uspto.gov

COPYRIGHTS
Copyrights protect original works of authorship including literary, dramatic, musical and artistic, and certain other intellectual works. Copyrights do not protect facts, ideas and systems, although it may protect the way these things are expressed. For general information contact:

U.S. Copyright Office
U.S. Library of Congress
Washington, D.C. 20559
202.707.3000
www.copyright.gov
Protecting Your Idea: Trademark, Name Registration and Patents

In January 1990, the Chester Fritz Library on the campus of University of North Dakota was designated the 67th U.S. Patent and Trademark Depository Library. The Patent and Trademark Depository enables the university community to access over 5 million patents and 2 million trademarks issued by the United States Patent & Trademark Office. The North Dakota website is libguides.und.edu/patents-and-trademarks and the national web site is www.uspto.gov.

Patent
Issued by the Patent and Trademark Office of U.S. Government, a patent for an invention is a grant of property right by the U.S. government to the inventor (or his heirs or assignees), acting through the Patent and Trademark Office.

Before requesting a patent, review the information on “What can be” at www.uspto.gov/patents/resources/general_info_concerning_patents.jsp.

For one-on-one assistance contact the Government Documents & Patents & Trademarks Manager at 701.777.4888. The office is located in Room 130-A in the Chester Fritz Library, 3051 University Avenue, Stop 9000 in Grand Forks, ND 58202-9000.

A patent allows the inventor the right to exclude all others from making and selling the product for a certain period of time. Typically the patent is good for twenty years provided maintenance fees are paid at periodic intervals.

Utility patent – a product that serves a unique function, such as a can opener, is eligible for a utility patent. Generally, the focus is on the “functionality” of the product. Their duration is 20 years.

Design patent – a design patent generally “enhances” a functional item, such as a new tread design for an automobile tire. Design patents are also awarded for “ornamental” improvements. Their duration is 14 years.

Plant patent – a patent granted for the development of a new and distinct variety of asexually reproduced plants. Their duration is 20 years.

Trademark ™
Issued by the Patent and Trademark Office of U.S. Government, a trademark or service mark is a name, symbol, design or phrase, or combination of these, which identifies and distinguishes the product or services of one party from those of others. Their duration is 10 years and renewable in 10-year increments.

Trademarks may be lost if they become generic and enter the public domain (i.e., aspirin, cornflakes, dry ice, escalator, kerosene, lanolin, linoleum, nylon, raisin bran, thermos bottle).

Trademarks may not be granted for a person’s likeness without that person’s consent; descriptive words; generic words (i.e., digital); geographical locations; governmental emblems; immoral, scandalous, or deceptive matters; marks that may cause confusion; and personal names.

Copyright ©
Registered with the Library of Congress, copyrights protect the writing of an author from being reproduced without permission. It lasts for the life of the artist plus 70 years (after 1/1978). It may be granted for works of art including architectural design, articles and books, graphics, motion pictures, cartoons, computer software programs, music, and sound and video recordings.

Trade Secrets
A trade secret is protected only by state law for any formula, recipe, device or process which is accessible to the owner and employees of a company, such as the recipe for Coca-Cola. Trade secrets include techniques, designs, materials, processes and formulas that give your company an advantage.

For more information visit www.library.und.edu.

Creating a paper trail is one of the oldest and most inexpensive ways of protecting your invention by documenting its date of conception. The log book can be used as documentation in the event of a legal dispute. It also serves you well in recording test results, successful prototypes and failures and, if well kept, includes your thoughts, sketches, notes, calculations and list of contacts.
Writing a Business Plan

After you've thought about what type of business you want, the next step is to develop a business plan. Think of the business plan as a roadmap with milestones for the business. It begins as a pre-assessment tool to determine profitability and market share, and then expands as an in-business assessment tool to determine success, obtain financing and determine repayment ability, among other factors.

Creating a comprehensive business plan can be a long process, and you need good advice. The SBA and its resource partners, including Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and SCORE, have the expertise to help you craft a winning business plan. The SBA also offers online templates to get you started.

In general, a good business plan contains:

**Introduction**
- Give a detailed description of the business and its goals.
- Discuss ownership of the business and its legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over competitors.

**Marketing**
- Discuss the products and services your company will offer.
- Identify customer demand for your products and services.
- Identify your market, its size and locations.
- Explain how your products and services will be advertised and marketed.
- Explain your pricing strategy.

**Financial Management**
- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.
- Discuss your break-even point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide “what if” statements addressing alternative approaches to potential problems.

**Operations**
- Explain how the business will be managed day-to-day.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements.
- Account for the equipment necessary to produce your goods or services.
- Account for production and delivery of products and services.

**Concluding Statement**

Summarize your business goals and objectives and express your commitment to the success of your business. Once you have completed your business plan, review it with a friend or business associate and a ND SBDC business advisor. Remember, the business plan is a flexible document that should change as your business grows.
Business Plan: A written document that clearly defines the goals of a business and outlines the methods for achieving them.

Planning is your guide to success in the business world. You must write a business plan if you are:

1. Starting or buying a business
2. Financing or refinancing your business
3. Deciding if your idea is feasible
4. Raising debt or equity capital

The plan helps you find hidden flaws and makes you think carefully about each phase of your business. It helps you gain in-depth knowledge and clarifies what makes your business successful.

Elements of A Business Plan
It is important to establish realistic goals with a sound methodology for achieving them. A business plan:

- Is the management and financial blueprint for a business start-up or expansion;
- Is written by the owner with outside help as needed;
- Explains how the business will function and depicts its operational characteristics; and,
- Details how the business will be capitalized and managed to be profitable.

A simple outline of a business plan includes:

1. Executive Summary – Typically a one-page summary of the entire business plan written after the plan is developed.
2. Business Description – Identify business name, address, form of organization, type of product or service and company background.
3. Market Analysis – Illustrate your industry market knowledge as well as any research findings and conclusions about market trends, competitors and market size. Compare your competitors’ strengths and weaknesses.
4. Goals and Objectives – State reasons for starting your business and the goals for the first two to three years.
5. Service or Product Line – Identify what you want to sell, how it benefits your customer and the product life cycle.
6. Sales and Marketing – Discuss your marketing/advertising strategies and pricing policies.
7. Management/Operating Requirements – Describe the equipment, facilities and people necessary to generate your products and services. Also address how your products and services will be produced and distributed.
8. Financial Management – The most critical part of your business plan. It should address sources and uses of funds and present the financial future for the business.
To grow and survive, strategic thinking is essential.

If you are starting a business, your plan should also include:

- Projected start-up costs.
- Expected profit or return on investment (ROI) for the first year.
- Projected income statement and balance sheet for three years.
- Projected monthly cash flow statement for 12 months.

If you have an established business, your plan should also include:

- Income statement or tax returns and balance sheet for the last three years.
- Projected income statements, balance sheets and cash flow statements for the next three years.
- Projected cash flow statements should be monthly for the first 12 months.

To view a template for a business plan, go to www.ndsbdc.org/consulting.cfm and select the Business Plan Outline template.

Writing a business plan will help you move your ideas from your head to paper, help you avoid common mistakes, keep you focused on key points, and help you manage the day to day operations of your company.
Borrowing money is one of the most common sources of funding for a small business, but obtaining a loan isn’t always easy. Before you approach your banker, it is important to understand the factors the bank will evaluate when they consider making you a loan.

Understanding your financial situation is vital to the success of your business. There are four different financial statements that you will need to develop and understand prior to making a loan request. Templates are available at www.score.org/resources/business-plans-financial-statements-template-gallery.

**Personal Financial Statement** is a list of your assets and liabilities and demonstrates your personal financial health. The lender will require each person listed in the business plan to submit their personal financial statement. A lender will request an updated personal financial statement on a yearly basis.

A complete business and financial plan should include three years of income and expense projections, three years of cash flow statements (year one on a month-by-month basis), a beginning balance sheet and ending balance sheets for three years.

**Balance Sheet** is a snapshot of the company’s financial standing at an instant in time. It shows the company’s financial position, what it owns (assets) and what it owes (liabilities and net worth). The bottom line of a balance sheet must always balance (i.e. assets = liabilities + net worth).

**Income & Expense Statement or Profit & Loss Statement** is your company’s report card. Expenses are subtracted from income, which gives you the business’ financial performance, net profit or loss. For start-up businesses, the information is “projected” and based on information obtained by doing thorough research and information gathering.

**Cash Flow** is your cash register; it provides you with an overview of cash flows in and out of your business over a given period of time. This is known as the operating cycle. The operating cycle is the system where cash flows from the purchase of inventory through the collection of accounts receivable. It measures the flow of assets into cash, and is a business stopwatch.

The same format allows you to project your cash flow for future periods of time. The advantage of knowing when cash outlays will be made gives you the ability to plan for expenses rather than being forced to borrow to meet unexpected cash needs. Thus, a cash flow projection becomes your budget.

The four basic steps of cash flow management are:

1. List and date cash inflows from all sources.
2. List all the ways in which cash leaves your business, such as all cash expenses. (Amortization and depreciation are not cash expenses.) List principal payments on loans and draws by non-salaried individuals. Separate fixed disbursement, like rent or payroll, from variable disbursement, such as inventory or advertising.
3. Look at patterns. Careful analysis will show the cycle of your business and help you reschedule certain payments to ease cash flow during the slower times.
4. Establish reporting systems and controls. Once established, get a report system in place to generate the information you need.

There are a variety of excellent, easy-to-use programs for all types of computers that will allow the small business owner to track sales, payables, receivables and bank balances. These programs also generate the needed financial statements.

Remember that you as the owner need to take
time to study and understand the information provided by these financial statements to determine if the financial strength in your business is improving or weakening.

Doing business in North Dakota begins with the Secretary of State’s Office. Before doing business in North Dakota, state law requires almost every business to register with the Secretary of State’s office. The registration is required to establish the business’s legal identity before obtaining any permit or license. An essential first and money saving step is to make sure the chosen business name is available and reserved before making any organizational decisions.

Contact the Secretary of State’s Business Services Unit at 701.328.4284 or via e-mail at sosbir@nd.gov. Extensive information about various types of businesses, trade names and how to start a business is available at www.sos.nd.gov/business/business-services.

<table>
<thead>
<tr>
<th>BALANCE SHEET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
</tr>
<tr>
<td>Cash in Bank ...........................................</td>
</tr>
<tr>
<td>Inventory ...........................................</td>
</tr>
<tr>
<td>Prepaid Expenses ....................................</td>
</tr>
<tr>
<td>Other ................................................</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong> .........................</td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
</tr>
<tr>
<td>Machinery &amp; Equipment ................................</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures ................................</td>
</tr>
<tr>
<td>Leasehold Improvements ............................</td>
</tr>
<tr>
<td>Real Estate / Buildings ............................</td>
</tr>
<tr>
<td>Other ................................................</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong> ..............................</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
</tr>
<tr>
<td>Specify ................................................</td>
</tr>
<tr>
<td>Specify ................................................</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong> ................................</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong> ......................................</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities &amp; Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
</tr>
<tr>
<td>Accounts Payable ........</td>
</tr>
<tr>
<td>Taxes Payable ............</td>
</tr>
<tr>
<td>Notes Payable (due within 12 months)</td>
</tr>
<tr>
<td>Current Portion Long-Term Debt</td>
</tr>
<tr>
<td>Other Current Liabilities (specify)</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Long-term Liabilities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Loans Payable (greater than 12 months)</td>
</tr>
<tr>
<td>Less: Short-Term Portion</td>
</tr>
<tr>
<td>Notes Payable to Stockholders</td>
</tr>
<tr>
<td>Other Long-Term Debt (specify)</td>
</tr>
<tr>
<td><strong>Total Long-Term Liabilities</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES** .................................... $__________

| **Owners’ Equity (Net Worth)** | $__________ |
| **Total Liabilities & Net Worth** | $__________ |
## PROFIT AND LOSS STATEMENT

**Estimated Projection Of Income And Expense For Three Years**

<table>
<thead>
<tr>
<th></th>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Accounting &amp; Legal</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Advertising</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Dues &amp; Subscriptions</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Insurance</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Officers Salaries (Corporation)</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Other Salaries</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Rent</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Repairs</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Selling Expenses</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Supplies</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Telephone</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Travel/Entertainment</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Utilities</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>(before tax )</td>
<td>______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Other Expense</td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Other Income</td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td>Est. Income Taxes (Corporate only)</td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>$______</td>
<td>______</td>
<td>______</td>
</tr>
</tbody>
</table>
**TWELVE-MONTH CASH FLOW STATEMENT**

|       | Pre-Startup | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand (beginning of month)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH RECEIPTS (CR)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collections from CR accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan/other cash inj.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CASH RECEIPTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash Available (before cash out)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH PAID OUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases (merchandise)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross wages (exact withdrawal)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll, expenses (taxes, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplies (office &amp; oper.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs &amp; maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car, delivery &amp; travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting &amp; legal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes (real estate, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan principal payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital purchase (specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other startup costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve and/or Escrow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners’ Withdrawal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CASH PAID OUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Position (end of month)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ESSENTIAL OPERATING DATA (non cash flow information)**

|       |     |     |     |     |     |     |     |     |     |     |     |     |     |       |
|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Sales Volume (dollars)      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Accounts Receivable         |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Bad Debt (end of month)     |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Inventory on hand (eom)     |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Accounts Payable (eom)      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Depreciation                |     |     |     |     |     |     |     |     |     |     |     |     |       |
Finding start-up capital for a new business is challenging. Most new businesses start with initial capital from personal savings and other forms of personal equity. Others look to private sources such as friends and family when starting their business venture.

Venture capital firms provide start-up capital for new companies in exchange for equity or part ownership. This source of financing may be difficult to obtain for service or retail oriented concerns and may involve giving up some management of the business.

Grants are often publicized as a way to get capital; however, very few grants exist to start a business. They are typically for a narrowly defined purpose and for non-profit businesses.

Banks and credit unions are the most common sources of funding. These entities provide financing if you can show a sound business plan and the ability to repay the loan. To be successful in obtaining a loan, be prepared and organized. Questions that a lender will ask you include:

- How much money do you want?
- How will the loan be used?
- How long will it take to repay the loan?
- How will the loan be repaid?
- What collateral do you have to offer?
- How much are you investing in the business?

Match your financing with the needs of the business. Short-term loans to finance working capital or accounts receivable are usually paid back in less than one year. Short-term loans are frequently set up as Lines of Credit. Long-term loans have maturities over one year and finance business expansions, equipment or real estate purchases.

Approval of your loan request will depend on a number of variables. Improve your chances of obtaining a loan by preparing a written loan proposal. Your loan proposal should contain a comprehensive business plan, purpose of loan, amount of loan, list of collateral, cash flow projection and if it is an established business, a balance sheet and income statement for previous three years.

Lenders often analyze the “Six Cs” in loan requests:

1. **Character** – Resumes and references are checked to see if management has the experience and determination necessary to successfully run the business.

2. **Credit** – Review your personal credit report to determine if the information is accurate. Personal and business credit reports are carefully examined by lenders. Establishing a good credit history is vitally important when requesting a business loan!

3. **Capital** – How much money are you putting into the deal? Lenders will not finance 100 percent of your business. You should expect to put in 20-40 percent of the project.

4. **Capacity** – The ability of the business and management to operate at a level sufficient to make debt payments.

5. **Collateral** – Assets pledged to secure the loan. This includes business and personal assets.

---

**Assets:** What the company or you own.

**Collateral:** Assets pledged to support a loan.

**Equity:** Difference between the total assets of a business & the total liabilities.
Lenders require appraisals of your collateral and they discount the value of your assets. The discounted collateral amount must equal the total loan amount requested.

6. **Conditions** – Outside influences that will affect the business such as the local economy and competitors.

Most importantly, does the business have sufficient cash flow to make the monthly payments on the loan request? If not, is there a secondary source of funds available to service the debt?

As a borrower, it is important to understand that each owner will be asked to sign a personal guarantee as part of the loan request. A personal guarantee is a written agreement that the owners will repay the loan if the business fails.

The professional relationship that you develop with your lender may be your most important relationship. Take time to talk to your lender about your financial needs. Each bank or credit union has different requirements, time frames and guidelines for business lending. Keep in mind that looking for financing is like obtaining any other commodity.

Shop around and follow these tips when working with your lender:

- Make an appointment.
- Dress appropriately.
- Be on time.
- Present a complete proposal (30 minutes or less).
- Be strong, positive and tell the truth.
- Find out when you can expect an answer.
- Follow up with a thank you letter and/or a phone call.

Keep in mind that lenders want you to be successful because they want a portfolio of strong, profitable businesses. If your loan is rejected, get the reasons in writing. Ask if there are problems that can be corrected before approaching another lender.

One alternative to traditional financing is leasing. Advantages of leasing include: a lower down payment, longer maturity, and protection against product obsolescence. There may also be certain tax advantages with leasing. Disadvantages include higher finance costs and no ownership after all payments are made.
The U.S. Small Business Administration (SBA) does not make direct loans to help small businesses start or expand their operations. Rather, SBA sets the guidelines for loans, which are then made by its lending partners (banks, credit unions, community development organizations and microlending institutions). The SBA reduces risk to a lender by guaranteeing up to 85 percent of loans made to small businesses. This enables the lender to provide financing to small businesses when funding is otherwise unavailable on reasonable terms.

Eligibility
To qualify for SBA assistance, your business must be operated as for-profit and small according to our size standards. Some restrictions apply such as the following circumstances:

- If the funds are otherwise available on reasonable terms.
- If the loan is to pay off creditors in a position to secure a loss.
- If the loan is for speculation or investment (e.g. rental property).
- If the applicant failed to pay a previous government debt.

SBA Loan Process
The small business applicant first applies to a lending institution that reviews the application and decides if it requires additional support in the form of an SBA guaranty. If the lender approves the loan subject to an SBA guaranty, an application and a credit analysis are forwarded by the lender to the SBA. After SBA approval, the lender closes the loan and disburses the funds; monthly loan payments are made directly to the lender. As with any loan, the small business is responsible for repaying the full amount of the loan.

SBA Programs
- **7(a) Loan Guaranty** – SBA’s flagship program. The maximum loan amount is $5 million with a maximum guaranty percentage of 85% for loans $150,000 or less and 75% on loans over $150,000. Funds can be used for working capital, equipment, inventory and real estate. Interest rates and terms are negotiated between the applicant and lead lender. A reasonable equity injection is required.

- **Certified Development Company 504 Loan** – long-term, fixed rate financing for fixed asset acquisition. This program is a partnership between a local certified development corporation (CDC) backed by SBA, a local lender and the applicant. 504 funds can be used for land, building and long-term equipment. The maximum amount is $5 million ($5.5 million for small manufacturers or when meeting a public policy goal) with a maturity of 10 or 20 years. Interest rates are based on bond rates when the loan is funded.

- **Microloan Program** – SBA works with an intermediary lender who can lend up to $50,000 directly to eligible small businesses. The program is geared to new and existing businesses that might not be able to secure funding from traditional lenders due to smaller loan amounts. Loan proceeds can fund working capital, inventory, machinery and equipment. Maximum term is six years and interest rates are negotiable.

SBA also offers several special purpose loans such as the Caplines program to fund lines of credit for financing working capital; the Lender Advantage Programs (SLA and S/RLA) with streamlined applications for small loans that make getting the SBA guaranty easier for lenders; SBAExpress and Patriot Express allowing lenders to use many of their own forms and processes; and international trade loans designed to support applicants competing in the global economy.

Additional information on SBA’s loan programs can be obtained by contacting the North Dakota District Office at 701.239.5131 or by visiting www.sba.gov/nd.

*SBDCs advise clients, but do not recommend, make or approve loans.*
Q: Does SBA have business grants?
A: No, the SBA does not provide grants for business start-up or expansion. SBA does offer several loan guaranty programs that are described in this publication. Find out more about the grant process at www.grants.gov.

Q: How do I know if I qualify as a small business so that I can receive SBA assistance?
A: About 95 percent of all businesses are eligible for SBA assistance. Size standards vary widely depending upon the industry; however, as a general rule, your business is within SBA size limits if it is in manufacturing or wholesale with fewer than 100 employees, or in retailing with annual sales under $5 million. SBA’s Small Business Size Regulations are contained in Title 13 of the Code of Federal Regulations, part 121 (13 CFR §121).

Q: Are there any restrictions on types of businesses that can receive an SBA loan?
A: Ineligible businesses include not-for-profit organizations and businesses that deal in real estate investments, religious indoctrination, pyramid sales and distribution, or illegal activities.

Q: Do I have to be declined by a bank?
A: No, you do not have to be turned down by a lender to qualify for a loan guaranteed by the SBA.

Q: What are the loan limits?
A: With certain exceptions, SBA’s maximum loan amount is $5 million; however, the amount of the loan guaranteed by SBA is generally limited to $3.75 million.

Q: How much equity do I need to qualify for an SBA loan?
A: A borrower’s equity generally should be one-fifth to one-third of the total project cost.

Q: How long will it take to get my loan?
A: A credit decision on a complete loan package is usually made within 10 working days after it is received by the SBA, not including bank processing time. This assumes that the borrower and lender have provided all the information necessary to process the loan.

Q: Where can I get the loan application?
A: SBA loan forms are available from a participating lender who will also be able to provide information about both the lender and SBA documentation required.
What to Take to the Lender

Documentation requirements will vary depending upon the purpose of the loan. Contact your lender for the information you must supply.

Common requirements include the following:
- A Business Plan that includes:
- Purpose of the loan
- History of the business
- Projections of income, expenses and cash flow as well as an explanation of the assumptions used to develop these projections
- Personal financial statements of the principal owners
- Resume(s) of the principal owners and managers
- Amount of investment in the business by the owner(s)
- Projected opening-day balance sheet (new businesses)
- Lease details
- Proposed Collateral

Three Years of Financial Statements that include:
- Balance Sheet and Income Statement (P&L) for three years (existing businesses) (Tax Returns usually suffice)
- Interim Financial Statements dated within 180 days of the request for assistance
- Schedule of term debts (existing businesses)
- Aging of accounts receivable and payable (existing businesses), plus
- Interim Financial Statements dated within 180 days of the request for assistance

What the Lender Looks for:
- Ability to repay the loan on time from the projected operating cash flow;
- Owners and operators who are of good character;
- Feasible business plan;
- Management expertise and commitment necessary for success;
- Sufficient funds, including (but not limited to) the SBA guaranteed loan, to operate the business on a sound financial basis (for new businesses, this includes the resources to meet start-up expenses and the initial operating phase);
- Adequate equity invested in the business; and
- Enough collateral to fully secure the loan or, all worthwhile available business collateral plus personal real estate if the loan cannot be fully secured.

The Impact of a Credit Score
Lenders also credit score every business that is a potential recipient of a loan. The credit score may have a significant impact on the amount of work the lender has to complete when applying for any loan guaranty. As such it is important for any owner of a business to be aware of their credit score and correct any discrepancies prior to approaching their lender.
Employees: How to Find the Right People

Employee: Anyone who performs services for you is your employee if you have the right to control what will be done, how it will be done, and when it will be done.

Independent Contractor: A person that may perform services for you and your business. You have the right to control or direct only the result of the work and not the means and methods of accomplishing the results. (IRS Publication 15-A)

To effectively manage your small business, you must find and hire the right people. This requires good interviewing skills and comprehensive screening of applicants. Having written personnel policies with specific job descriptions will help when you meet with job applicants. These written policies will identify the type and number of employees you need in the daily operation of your business and should be given to each employee upon hiring. Employment and training procedures should be established so there is no question about how things are done.

Topics to cover in your policies should include:

**Hours**
Include the number of hours and days to be worked per week, evening and holiday work, and the time and method of payment for both regular and overtime work as well as policies on breaks.

**Compensation**
An employee’s base salary should be competitive with the pay offered by other similar firms. A minimum wage will likely apply.

**Fringe Benefits**
Consider offering your employees discounts on merchandise, life insurance benefits, reasonably priced health insurance, pension plans or tuition payments at schools and colleges. Some of these may be taxable income for your employees.

**Vacations**
Determine how long the vacation should be, when the vacation can be taken, and if it will be with or without pay.

**Time Off**
Determine whether you will allow employee time off for personal needs, emergencies in the family, special days, weekends or holidays.

**Retirement**
What are your plans for retirement age benefits such as social security, pension plans and annuity plan insurance? A long-term working relationship may require a retirement plan for employee loyalty and commitment.

**Grievances**
Plan for grievances and establish procedures for handling them. Consider the employee’s right to demand review and establish provisions for third party arbitration.

**Terminations**
Always have a written policy on such matters as layoffs, seniority rights, severance pay and the conditions warranting termination.

**Promotion**
Consider promotion matters such as increases of wages and salaries and changes of job titles as an incentive for quality work habits.
Employees: How to Find the Right People (continued)

Explain the policy to the new employee and verify that they fully understand the document. The employee should acknowledge in writing that the policy has been received and read. Topics listed in the personnel policy statement should be standardized. All employee issues should be handled fairly and emphasize that your employee is the most important asset of your business.

Once you have a job description on paper, decide what skills the person must have to fill the job. Make sure you spell out the employee’s exact responsibilities.

There are a number of sources available which can help you recruit job applicants. The statewide network of ND Job Service Centers (www.jobsnd.com) can help you find qualified applicants. You may want to consider using a private employment placement service or a classified ad in your local newspaper.

When hiring new employees, consideration must also be given to federal and state laws that prohibit discrimination in employment practices because of race, color, religion, sex, national origin, age, disability, pregnancy, marital status, status with regard to public assistance, or participation in lawful activity off the employer’s premises during non-working hours which is not in direct conflict the essential business related functions of the employer. For more information on employment and labor laws visit www.sba.gov/content/employment-and-labor-law.

Interviewing the job applicant may be the most important factor in hiring a new employee. Find out as much information as you can about the applicant’s work background, work habits and skills, and his or her interest in the position. Get the applicant to talk about themselves and their work abilities. Ask the applicant specific questions such as:

• What did you do on your last job?
• How did you accomplish your work?
• Why was it done that way?

Evaluate the applicant’s responses.

• Are they evasive or unskilled in the job tasks required by your business?
• Can they account for discrepancies on the application?
• Contact references to verify information.

Now you are ready to make your selection. The right employee can help you make money. The wrong employee will cost you in wasted time and materials, and may even drive customers away.

**Employer’s Checklist**
Items that may need to be addressed when your
company hires employees:

- Secure a federal employer identification number (EIN) from the IRS at www.irs.gov/smallbiz using Form SS4. Other federal forms on this site include the W-4, the I-9 and Form 941.
- Withholding Allowance Form, Form W-4 must be completed by all employees.
- Proof of Citizenship, Form I-9 must be completed by all employees.
- Federal income tax withholding reported on Employer’s Quarterly Federal Tax Return, Form 941.
- Application to Register for North Dakota Income Tax Withholding, Form 301, must be completed in advance of withholding and is available at www.nd.gov/tax or by calling 701.328.1248 or 877.328.7088.
- Complete Form SFN 41216, Report to Determine Liability, located at www.jobsnd.com. Return form to Job Service North Dakota within 20 days of hiring employees to determine if you are required to have unemployment insurance. For assistance visit www.jobsnd.com or call 701.328.2814.
- Contact Workforce Safety & Insurance to request an Application for Insurance, Form SFN 5556, at www.workforcesafety.com or by calling 800.777.5033.
- Contact the North Dakota Department of Labor to learn about state labor and employment discrimination laws and obtain required employment posters. Visit www.nd.gov/labor, or call 701.328.2660 or 800.582.8032.
- Contact the North Dakota Department of Human Services Child Support Enforcement Division concerning the New Hire Reporting Requirements. Form SFN1018 is available at www.nd.gov/dhs/services/childsupport.empinfo.newhire/. This must be completed within 20 days of hiring each employee. Call 701.328.3582 or 800.755.5830.

For more information on hiring and retaining employees, visit www.sba.gov/business-guide/manage-your-business/hire-manage-employees.
**Marketing: Effective Marketing Means Increased Sales**

**Marketing:** The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy the individual and organizational objectives.

Small business success is based on growing your market. Entrepreneurs must focus on identifying, satisfying and following up on the customers’ needs. The marketing concept states that all company policies and activities should be aimed at satisfying customer needs and desires.

A comprehensive marketing system encompasses the pricing, promotion and distribution of goods and services to a consumer. Profitable sales volume is a better company goal than maximum sales volume, since increased sales do not always equate to additional profitability.

Using this marketing concept, a small business should focus on:

- Market Research – what are my customers’ needs?
- Market Strategy – who is my competition?
- Target Market – who and where are my customers?
- Market Mix – what combination of products and services do I need to satisfy my customers?

For a successful marketing campaign, good information about the market is critical. Market research should identify trends that may affect sales and profitability levels. Good sources of information include industry magazines and associations, talking with people who have experience in the type of business you are starting, and your potential suppliers. Using state or national census information will provide information on population trends, age and income in your area. Information on employment trends and sales tax collections is public information and helpful in identifying areas of growth.

Areas to look at include:

- Demographics such as gender, age, income, location of residence or business.
- Behaviors such as current awareness of your business; the products, services or vendors used; and loyalty to you or your competitor’s business.
- Needs or desires such as benefits, how they decide whether to use your product or services and how your business can fulfill those needs.

Know your target market and those who are most likely to buy or continue buying from you. Value those who like what you do and keep tabs on the competition. How are your products or services the same as theirs? More importantly, how are they different? The SizeUp tool (www.sba.gov/tools/sizeup) will help you manage and grow your business by benchmarking it against competitors, mapping your customers, competitors and suppliers, and locating the best places to advertise.

Marketing mix describes how owner-managers combine the following four important variables into an overall marketing program.

**Products and services:** Effective product strategies
(1) Concentrate on a narrow product line; (2) Develop a highly specialized product or service; and/or (3) Provide an unusual amount of service.

**Price:** Determining price level or pricing policies is the major factor affecting total revenue. Higher prices mean lower sales volume. A loss leader policy will develop higher sales level, but less profitability. Small businesses can often command higher prices because of the personalized service they can offer. Customers will often pay more for better service.

**Distribution:** Small retailers should consider cost and traffic flow as two major factors in location selection, since advertising and rent can be reciprocal. Low cost, low traffic locations must spend more on
advertising to distribute products. Service-based businesses, including those that travel to a site to provide a service, must be aware of the cost of travel and incorporate that into pricing. Manufacturers and wholesalers typically distribute their product through established distributors or manufacturers’ agents.

**Promotion/Advertising:** Every employee is involved in sales. Excellent service means increased sales. High quality salesmanship is the best way for a small business to sell its goods and services. It is inexpensive and very personal.

Advertising involves a number of activities that focus on communicating a message to the people you want as customers. Advertising is typically the biggest expense in a marketing plan followed by public relations and market research. Your advertising should clearly and convincingly speak to your target audience, explaining the important benefits your product or service offers. Advertising venues could include radio, television, newspapers, community magazines, signs, direct mail and the internet.

After all marketing decisions are made, evaluate the impact of your decisions. Performance standards should be set up so results can be evaluated against them. Data on industry norms and past performance provide the basis for comparing against present performance.

To be successful, a small business owner must know the market. A concise, comprehensive marketing plan is an orderly, objective way of learning about the most important people to your business—your customer!
E-commerce is the broad definition of selling goods and services online. With people increasingly using the internet to shop for goods and services, suppliers develop special websites that allow potential customers to ‘browse’ as if they were in a department store. The location of the supplier is irrelevant; they can be in the same country or thousands of miles away.

For North Dakota businesses, this is a unique opportunity to broaden your customer base from local to global. If you decide to join the e-commerce world, set a budget and decide how much time, effort and money you want to invest. List the goals and objectives for your website and identify your target market.

To conduct e-commerce you should have:

- A website to showcase the product or service.
- A way to accept orders online, often referred to as a shopping cart.
- A way to accept money online (normally a merchant’s account handling credit card payments).
- A fulfillment facility to ship products or deliver services.
- A way to accept returns.
- A way to handle warranty claims.
- A way to provide customer service (often through email, online forms or online knowledge bases).

You will need to:

- Develop a website and choose a hosting provider that will give you commercial capabilities. Purchase software to build and maintain a site, purchase an option online to build your site, or hire a design company to do this for you.
- Differentiate yourself from the competition and get return traffic to your website.
- Integrate your website with your existing business.
- Choose an Internet Service Provider (ISP) that offers reliability, line speeds and services you need (this is often the same as your phone company).
- Choose a domain name, which becomes your internet address, also referred to as URL (i.e. www.sba.gov). Domain registration sites an help you do this. Select a short and catchy name that fits your business and is easy to remember.
- Set up a process for secure transactions. This can be done through your website host.

Sales Tax and the Internet

The following information on state sales and use tax requirements for internet sales and purchases is from the North Dakota Tax Department.

- Internet sellers located in North Dakota continue to have a responsibility to charge sales tax on those sales delivered to a North Dakota address. When a North Dakota retailer, including an internet seller, delivers tangible personal property to a purchaser in another state and the goods are not returned to the state, this sale is not subject to North Dakota sales tax.
- Effective October 1, 2018, remote sellers will be required to collect North Dakota sales tax if their taxable sales shipped to North Dakota meet or exceed $100,000 or 200 separate transactions in the previous calendar year.
- If purchases are made from a retailer outside North Dakota and the purchase has not been subject to sales tax, the purchaser is responsible for the payment of use tax. It applies to the same goods which are subject to North Dakota’s sales tax. The use tax applies whether you purchase goods in person at an out of state location or by mail, phone or Internet.

For complete information on compliance and reporting visit www.nd.gov/tax.
The internet should be a significant component in any new business effort. The internet is often the first place that many consumers turn to for product and company information. Creating an online presence may be intimidating to some new business owners, but don’t let it stop you from exploring this opportunity.

The internet increases your ability to reach a wider audience and creates new market growth areas with fairly low barriers to entry. Creating a strong brand presence can be as simple as setting up a basic website template and exploring free social media options for promoting your business.

- Purchase website URL that clearly identifies your business, i.e. www.mybusiness.com. Avoid services that require you to include their name in your URL, i.e. www.freewebsite.mybusiness.com.
- Set up your website. Wordpress.org is a great option for beginners and pros alike to find templates and apps that make your website uniquely yours. The Center for Technology & Business offers online web training for Wordpress, available at www.ed2go.com/ndwbc.
- Add a sign-up form to your website to capture leads, and do not to send marketing emails to anyone that hasn’t given you explicit permission. You must abide to the CAN-SPAM Act (www.business.ftc.gov/documents/bus61-can-spam-act-compliance-guide-business).
- Make sure your contact information is clearly visible throughout your website. Phone number and email address are essential pieces of information so your customer can get in touch with you.
- Include your website and social media site addresses on your offline marketing materials, such as flyers, business cards, window signage and even invoices or receipts.
- Add your website and business to online directories. Don’t forget niche directories that are specific to your industry or location.
- Try at least one type of social media to help build your brand online. Some of the options include Facebook, Twitter, YouTube, LinkedIn, Instagram, Snapchat, and Pinterest.
How to Buy or Sell a Business

Fair Market Value: The price at which property changes hands between a willing buyer and willing seller when the former is not under any compulsion to buy, nor the latter is not under any compulsion to sell, with both parties having reasonable knowledge of relevant facts.

Your decision to buy or sell a business should be a planned one. Planning the process gives both buyer and seller an advantage. For the seller, it means maximizing the value of the business by making it attractive to a greater number of potential buyers. For the buyer, it provides the data and information to make a good financial decision to invest in an enterprise that is already known and successful.

When purchasing an existing business, you may be buying tangible assets, such as land, building, furniture, fixtures and inventory. You may also be purchasing intangible assets, such as an established customer base, employees and a known reputation or location. These intangible assets are known as “blue sky” or “goodwill.” Goodwill is a legitimate part of a purchase—sales agreement, and both the seller and the buyer must understand how that value was determined and how and if it can be financed.

Basic information that the seller should make available to the potential buyer includes:

• Financial statements for the last three to five years including profit & loss statements, balance sheets, and tax returns
• Accounts payable and receivable listings
• Itemized list of assets being purchased with depreciation schedules
• Recently taken physical inventory with obsolete items segregated
• List of recent suppliers
• List of customers and their major purchases
• Written assurance that any zoning permits, business licenses and other items critical to business success can be assigned to the new owner
• Copies of all current advertising brochures, fliers, price lists, commercials and other advertising materials.
The Seller

As a seller, plans to sell a business should ideally be made three years prior to the actual sale. This will permit the time required to make necessary changes in accounting practices that demonstrate a record of maximum profits. Remember that audited financial statements are best because they are the most easily verified by the proposed buyer. Make sure your business is presentable. A business that is clean, with a current inventory, and with equipment that is in good working order sells well.

An aggressive seller may want to have a professional business appraisal done which will help establish the asking pricing for the business. This appraisal goes beyond last year’s financial report; it will include a thorough analysis of several years, and an opinion about the future of the industry, the economy and how the subject business will compete. This appraisal can be useful in establishing criteria and value of the “goodwill” being sold.

Finding a qualified buyer can be as easy as talking with your employees, advertising in the local newspaper, discussing the sale of your business with trade sources or suppliers, or utilizing business brokers or real estate agents. For more guidance in selling a business visit www.sba.gov/business-guide/manage-your-business/close-or-sell-your-business.

The Buyer

To evaluate a business that is for sale, find out why the present owner wants to sell. Review its history, the way it operates, and determine the “reputation” of the business. Obtain tax returns and other financial records to see if the business is viable. Review the provisions of key contracts, leases, franchise agreements or any legal arrangements that have a significant effect on the business. If there is a franchise, make sure the franchise is transferable to you.

Review the purchase price to determine what you are buying. Ask for an allocation of the purchase price to specific assets in the sales agreement, breaking out the intangible assets (goodwill) from the tangible assets.

For the transaction to be successfully completed, both parties must be satisfied with the price and how it was determined. Fair market value is determined by a number of factors. Special circumstances of the particular buyer and seller often have more influence on the transaction than any definition of market value.

Savvy sellers and buyers consult professionals like an attorney, accountant or financial advisor for help in structuring the sale or purchase of a business. These professionals can advise you on important components, including tax considerations, covenants (Covenant Not To Compete), legal structures for owning a business, contract for deed and others.

Your decision to buy or sell a business should be a planned one. The planning process gives both buyer and seller an advantage. Planning puts your head, not your heart, in the leadership role. For more guidance in buying a business visit www.sba.gov/business-guide/plan-your-business/buy-existing-business-or-franchise.
“Going global,” or exporting to expand sales, is an option for an established North Dakota business. Before you launch your export program, contact the North Dakota Trade Office (NDTO) or U.S. Commercial Service.

**North Dakota Trade Office**
811 2nd Ave. North, Suite 284
Fargo, ND 58102
Phone: 701.231.1150

The North Dakota Trade Office and its network of export service providers offer assistance in every step of the export process, including international market research for North Dakota companies, helping them identify export markets best suited for their products and services. Members of the Trade Office staff are located in Bismarck, Fargo, Dickinson, and Grand Forks.

**U.S. Export Assistance Center**
811 2nd Ave. North
Fargo, ND 58102
Phone: 701.552-0792
heather.ranck@trade.gov
www.export.gov/northdakota/

The Export Assistance Center offers assistance in identifying and evaluating international partners, navigating international documentation challenges, creating market entry strategies, and other export-related guidance.
Federal
Procurement is the action of obtaining or “procuring” something. Our local, state, and federal government agencies procure goods and services from a multitude of businesses. North Dakota businesses may want to consider government agencies as a new market. Being a vendor to a government agency is different than a private customer and can be difficult. The government fund Procurement Technical Assistance Centers (PTACs) to assist businesses at no-cost with registrations, certifications, and to find bid opportunities with local, state, and federal government agencies. The North Dakota PTAC provides statewide services with offices located in Bismarck and Fargo. The program is funded in part through a cooperative agreement with the Defense Logistics Agency with match funding provided by the North Dakota Department of Commerce.

State
The North Dakota State Procurement Office (SPO) provides comprehensive purchasing services for the State of North Dakota. The PTAC assists businesses with registering as a bigger with SPO. The SPO website serves as a single-source for bidders to see bid opportunities with North Dakota Executive Branch agencies as well as other participating entities.

The U.S. government is the largest single purchaser of goods and services in the world buying everything from armored vehicles and cutting-edge scientific research to paper clips and supercomputers. On average, federal agencies award more than $500 billion in contracts for goods and services and a significant share are awarded to small businesses.
WHAT YOU SHOULD KNOW ABOUT YOUR BUSINESS

To be eligible to bid on a federal contract, you must know your business. Answer the following three questions:

1. Are you a small business?

Is your small business:

• Organized for profit?
• Located in the U.S.?
• Operated primarily within the U.S. or making a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor?
• Independently owned and operated?
• Not dominant in the field of operation in which it is bidding for government contracts?
• A sole proprietorship, partnership, corporation, or any legal form?

If the first six criteria apply to your business, ask yourself the second important question to find out if your business meets size standard requirements.

2. Do you fall under a specific certification?

Under the umbrella of “small business,” SBA has outlined several specific certifications that businesses may fall under. These certifications are divided into two categories:

SBA-Certified and Self-Certified.

The SBA-Certified Programs were created to assist specific businesses in securing federal contracts and therefore can only be issued by SBA administrators. For Self-Certified Programs, you can determine for yourself if your business meets the requirements by referring to the Federal Acquisition Regulation (FAR).

Just as Congress has given federal agencies a goal of procuring 23 percent of federal contracts from small businesses, so too must federal agencies meet specific contracting goals for other categories of small firms.

These goals are:

• 23 percent of contracts for Small Businesses
• 5 percent of contracts to Small Disadvantaged Businesses
• 5 percent to Women-Owned Small Businesses
• 3 percent to Service-Disabled Veteran-Owned Small Businesses
• 3 percent to HUBZone Small Businesses

Federal agencies have a strong incentive to fulfill these contracting goals. You should apply for those SBA-Certified and determine which Self-Certification programs for which you qualify to take advantage of contracting opportunities.

Overview of steps for federal government contracting:

1. DUNS Number (Data Universal Numbering System) - Obtain a DUNS number if you don’t already have one. The federal government contracts with Dun & Bradstreet to issue a DUNS at no cost for government contracting purposes. https://iupdate.dnb.com/iUpdate/confirmSource.htm

2. EIN (Employer Identification Number) - An EIN is generally needed for all businesses. For more information go to https://www.irs.gov/

3. NAICS (North American Industry Classification System) Codes - The NAICS code(s) is used to classify the industry a particular business occupies. You will need at least one NAICS code to complete your SAM registration but be sure to list as many that apply.

4. Register with the System for Award
Management (SAM) - SAM is the FREE official U.S. government system you need to register with to:

• Do business with the U.S. government
• Update or complete the annual renewal of your entity’s registration
• Check status of an entity registration
• Search for entity registration and exclusion records
• https://www.sam.gov

At the end of the SAM registration you will have the option to complete your small business profile through the SBA supplemental pages. Profile information for your small business important to include is a “capabilities narrative,” your website URL and keywords describing your business (federal buyers often use NAICS or keyword searches to find vendors. Eventually past performance involving government contracts should be added.

Searching for contracting opportunities:

• North Dakota state government https://www.nd.gov/omb/vendor
• FedBizOpps is the single point-of-entry for federal procurement opportunities over $25,000 https://www.fbo.gov/
• Sub-Net contains postings of subcontracting opportunities by prime contractors https://www.sba.gov/federal-contracting/

Contact the North Dakota Procurement Technical Assistance Center (PTAC) for government contracting assistance:

PTAC services include providing training and assistance with:

• Registrations including the federal SAM and the North Dakota Bidders List Application
• Bidmatch – a system that cross references government websites with the client’s industry codes and keywords. Match results are emailed to the client on a daily basis.
• Government certifications such as the SBA’s 8(a), HUBZone and WOSB programs; the VA’s Service Disabled Veteran Owned (SDVOSB) and VOSB Vet’s First Contracting Program
• GSA schedules
• Marketing research and materials including capability statements, SBA profile and review of contracting history
• Matchmaking with prime contractors
• Solicitation review and guidance

www.ndptac.org
SBA’s Office of Veterans Business Development’s (OVBD) mission is to maximize the availability, applicability and usability of small business programs for veterans, service-disabled veterans, reservists, active-duty service members, transitioning service members, and their dependents or survivors. OVBD has a number of programs and services to assist aspiring and existing veteran entrepreneurs that include: Boots to Business (B2B), Boots to Business Reboot, Women Veteran Entrepreneur Training Program (WVETP), Service Disabled Veteran Entrepreneurship Training Program (SDVETP), and Veteran Federal Procurement Entrepreneurship Training Program (VFPETP). These programs offer cutting edge, experiential training in entrepreneurship and small business management through customized curriculums, in-person classes, and online courses. In addition, these programs also help to connect participants to SBA’s local network of resource partners and establish a support structure for graduates.

For more information on any of SBA’s programs for veterans, please visit www.sba.gov/veterans.

**BOOTS TO BUSINESS AND BOOTS TO BUSINESS REBOOT**

Boots to Business and Boots to Business Reboot both provide participants with an overview of business ownership as a career vocation, an orientation to the components of a business plan, a practical exercise in opportunity recognition, and an introduction to available public and private sector resources. However, the two programs are targeted to veterans, service members and their spouses at different life stages:

- Boots to Business (B2B) is an entrepreneurial education program offered by the U.S. Small Business Administration (SBA) as part of the Department of Defense’s Transition Assistance Program (TAP). B2B provides participants with an overview of business ownership and is open to transitioning service members (including members of the National Guard and Reserves) and their spouses. This course is available on over 180 installations around the world.

- Boots to Business Reboot brings the B2B curriculum off installations and into communities for veterans of all eras, members of the National Guard and Reserve, and military spouses.

**VETERANS BUSINESS OUTREACH CENTERS (VBOCS)**

The SBA Resource Partner Network extends its reach specifically to our veteran community through the Veterans Business Outreach Center (VBOC) Program. Through a cooperative agreement with 22 veteran-serving organizations across the country, SBA provides entrepreneurial development services such as business training, counseling and mentoring, and referrals for eligible veterans owning or considering starting a small business. Services provided by VBOCs include: pre-business plan workshops, concept assessments, business plan preparations, comprehensive feasibility analysis, entrepreneurial training and consulting, mentorship, and other business-development related services. VBOCs also provide assistance and training in such areas as international trade, franchising, Internet marketing, accounting, and more.

**Veterans Business Outreach Center of the Dakotas**

Serving North Dakota and South Dakota
4200 James Ray Drive, Room 203
Grand Forks, ND 58203
www.UND.edu/dakotasvbo
701.777.3700
North Dakota SCORE  
North Dakota Women’s Business Center

Since 1964, SCORE volunteers have donated their expertise in more than 600 areas to aid entrepreneurs. Services are offered at no cost by mentors who share their expertise across 62 industries. SCORE also offers free business tools and templates, along with business workshops and webinars.

North Dakota SCORE is a nonprofit association dedicated to helping existing and “would be” small business owners grow and achieve their goals through education and mentorship.

Contact North Dakota SCORE to schedule a one-to-one business counseling session or gather more information, or browse free business tools, templates and tips at www.score.org.

Bismarck-Mandan SCORE  
www.bismarckmandan.score.org

Fargo SCORE  
www.fargo.score.org

Grand Forks SCORE  
upperredriver.score.org

Minot SCORE  
www.minot.score.org

Women’s Business Centers (WBCs) represent a national network of nearly 100 educational centers throughout the United States and its territories, which are designed to assist women in starting and growing small businesses. WBCs seek to, “level the playing field for women entrepreneurs, who still face obstacles in the business-world.”

Through the management and technical assistance provided by the WBCs, entrepreneurs (especially women who are economically or socially disadvantaged) are offered comprehensive training and counseling on a variety of topics to help them start and grow their own business.

The North Dakota Women’s Business Center provides business counseling for women, plan women-owned business certifications, online training courses, a women’s leadership program and an annual summit.

www.trainingnd.com

ND Network Partner Entities

Funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions, and/or recommendations expressed herein are those of the author(s) and do not necessarily reflect the views of the SBA.