

How to Start a Business in the Town of Queen Creek

A Complete Guide



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CHAPTER 1

DEVELOPING A BUSINESS PLAN

Many small business owners never write a business plan, thinking that they know what they want to do, and therefore don't need it. However, the process alone will force you to consider questions you may not have asked yourself. Please consider this a *crucial* first step when going into business. You are probably aware of this, but more than 95% of all small businesses fail in the first year, and failing to plan is the leading cause of this.

A business plan is a description of your business, including your product or service, your market(s), your people, and your financing needs. You should consider that a well-written business plan plays two important roles. First, it is a useful management tool that can help you plot a course for your company's startup and initial growth. Second, it is a vital sales tool you will use to impress potential investors with your planning ability and your general competence as a manager and a businessperson.

Your business plan will help you answer questions crucial to your success: What business am I really in? What will I sell? Where is my market? Who will buy from me? Who are my competitors? How will I get the work done? How will I control the operation? Probably the most important question of all is, what will I get out of being successful in this venture?

No one can answer these questions for you. As the owner-manager of your own business, you will have to answer them yourself, and draw up your own business plan. An effective plan should emphasize the strengths of the proposed venture, but it should also anticipate and deal with any potential problems or challenges to be faced down the road. Your consideration of each point in the outline that follows will provide the basis for answering the questions above, and others that will arise in your effort to launch your business.

The following offers a generalized but fairly complete approach for writing a comprehensive business plan for your new or existing business venture. In some situations, only parts of this outline will be appropriate for you. In others, the full outline should be used. In either case, however, you should always tailor the plan to your specific situation and objectives.

Business Plan Outline:

EXECUTIVE SUMMARY

This section should not be a mere listing of topics. It should emphasize the high points of your proposal including the following:

- The purpose of your plan.
- A brief description of the market potential.
- Significant distinctive product/service features.
- A brief description of the financial results you expect in the first year or two of operation.
- Marketing and Sales activities.
- Organization and Personnel.
- Key reasons why you feel the project or venture are workable at this time.

Often, the executive summary is the basis used by an investor to decide whether or not to read the rest of the plan. After it is written, revise it with an eye for marketing. A good executive summary should be only about two pages long.

TABLE OF CONTENTS

This section of your plan should be designed to help readers locate specific sections or point of interest in the plan. Use plenty of detail -- enough to help the unfamiliar reader find his or her way around your document.

COMPANY DESCRIPTION

What business are you in? (e.g. selling cars or financing sold cars.)

Describe the new business in elaborate detail for the uninformed. (Be crisp and concise in your writing-- get right to the point!)

Justify the new business.

If the new business will be similar to established companies, check available statistical data to document and substantiate the probability for success. If the new business is based on an entirely new idea, what contract or commitment from potential customers do you have? What will be needed to ensure reasonable probability of success? Show comments from competent advisors who have no direct stake in the outcome. (NOTE: Be sure to seek guidance from those who may have viewpoints different from yours.)

What are your principal...

Products or Services? (In clear, descriptive detail here -- write for the uninformed or novice reader.)

Markets? Who will buy what you hope to sell?

Applications? Why will your intended market want to buy what you sell?

What is your distinctive competence? What are the chief factors that you will do especially well which will account for your success?

Quality customer service

Production/Service delivery efficiencies

Personnel

Location

Price/Value

Upgraded Features

Unique Product/Service

What are the key success factors, which you need to concentrate on to make your business successful?

MANAGEMENT AND OWNERSHIP

Planning:

What is your basic strategy? Prepare a policy statement for your company that clearly articulates what you intend to be and where you intend to be and where you intend to go. (e.g. price leader, customer service turnaround.)

Define your key operational goals. (Sales in dollars or units, profits expected, and any other meaningful measurements, which will later serve as, control points.)

Organization:

What will be the legal form of your business? Why?

- C Corp.
- S Corp.
- Partnership
- Proprietorship
- Limited Liability Company

- How will the duties and responsibilities of managers, the functions, and the operative employees be organized?
- How many people will you need -- by type of skill? (*Not just now, but 5 years out as well.*)

Staffing:

- Who are (*or will be*) your key managers?
- What are their skills? Their relevant experience? How do they relate to the key success factors for your business?
- What is their track record? How do you feel this will help your business succeed?
- How do you intend to attract and compensate key people?
- Will you have a Board of Directors (*or Board of Advisors*)? List the people who will sit with you, and their area of expertise.
- Where will you find and how will you attract operative personnel?
- How will you compensate them? What incentive plans will you use?
- Have working conditions been designed to be desirable and practical?
- Do you have an established procedure for the following:
 - Selecting and hiring new employees?
 - Inducting and orienting new employees?
 - Training and follow-up of new employees?
- Do you have an established procedure for discipline and /or termination of unsatisfactory employees?
- What outside services will you use?
 - Banker
 - Accountant, CPA, or Tax Advisor
 - Attorney
 - Insurance Advisor
 - Other consultants as appropriate

Directing:

- What management and leadership style will be appropriate for your business?
- What plans do you have to assure complete and accurate communications within your company?
- How will you handle employee problems, complaints, and grievances?
- How will you handle emergencies?

Control:

- Do you have budgets set for the following:
 - Revenue expectations?
 - Expense items?
 - Profits projections?
- How will you monitor accounts receivable? (*If you sell on credit or terms*)
- What is your basic timetable?
- What are your control milestones and deadlines?

- Do you have a back-up plan? (*What if things don't go as you hope?*)
- What triggers your back-up plan? (*Know in advance what you will do in a crisis; don't wait until you become emotionally involved -- you won't think objectively.*)

MARKETING PLAN

Marketing Analysis

(Industry, description and outlook)

- What industry are you in?
- How big is it now? How big will it be in five years?
- What are its chief characteristics? (*How do you describe it in a few words and where is it in the life cycle?*)
- Who are (*or will be*) the major customers(s)?
- What are (*or will be*) the major applications(s) of your product or service? (*How will it be used?*)
- What are the major trends in the industry that might affect your business?

Target Market (*Market Segmentation and Target Market Identification*)

- Who are your potential customers?
- How will you identify them?
- What needs or wants do they have that your product or service will fill?
- What is the extent those needs or wants are currently being met?
- How will you communicate with them? (*How will they know about your product or service?*)

Your Competition

- Who are (*or will be*) your major competitors?
- Why are they successful? What are they doing right?
- What is the approximate market share commanded by each major competitor in your field?
- What are the trends shown by the competition in your field?
- What are the available substitutes for your products or service?
- How important are they in the total market you intend to serve?
- Why do you expect your target market to leave your competitors and available substitutes to buy from you?
- What is (*or will be*) your distinctive difference -- the one thing that will separate you from all competitors and substitutes?

The Marketing Mix

PRODUCT:

-  Describe in detail your product or service.
-  Describe its history, its position in the industry, and any future trends.
-  For what purposes are your products or services used?
-  What are the important features of your product or service?
-  Are any of these propriety features?
-  Are your proprietary features legally protected?
-  What are the benefits to the customer of your product or service?
-  What stage of the product life cycle will your product or service be in?
-  What is the product classification of your product or service?
-  What are your plans for future development of your product or service?

- ✎ What are your plans for a follow-up product or service to replace this one?
- ✎ What are policies regarding service and warranties?

PRICE:

- ✎ What is the pricing history of your product or service?
 - by distribution method, or
 - by geographic area or territory, or
 - by any other relevant classification?
- ✎ What is the current pricing trends?
- ✎ What do you expect for the future?
- ✎ What is your pricing strategy? Why did you select it?
 - Introduction; to gain acceptance in the marketplace
 - To maintain or to increase market share
 - Profit impact
- ✎ How do your nearest competitors set their price?
- ✎ What will you do in response to price changes by your competitors?

Distribution (*Place*) (*Channels and Methods*)

- ✎ Through what channels are your products and services currently sold?
- ✎ What functions do these channels perform?
- ✎ How effectively do these channels cover the potential market?
- ✎ What geographical area do you plan to serve?
- ✎ How will you physically move products from one location to another?
- ✎ How will you monitor and control your inventory?
- ✎ How will you know when to reorder stock?

PROMOTION:

- ✎ What exactly are your advertising plans? (*How do you intend to make your target market aware of your firm and its offerings?*)
- ✎ What is your advertising budget?
- ✎ What are your plans for generating publicity about your business or its products or services?
- ✎ How will you sell your product or service? Describe your sales force in detail. List who will sell, what is their background and training, and so on.
- ✎ Will you use any sales promotion techniques? Describe them, why you selected them, and what you expect them to do for your sales.

The Marketing Environment:

(Describe in detail how any of these might affect your business or its sales potential):

- The economy and economic forces at work
- Regulatory agencies or governmental controls over your industry or firm
- Technology and high-tech changes

Test Marketing

- Have you conducted any preliminary or test market studies?
- If so, what were the results? What were the reactions of prospective customers?
- Did they see a prototype or did you just describe the idea and ask for their response?

Lead times (*Amount of time between customer order placement and product/service delivery*)

- Initial orders
- Reorders

- Volume purchases

OPERATIONS

How will you accomplish production or conduct service operations?

- How much will you do internally, and by what methods?
- How much will you subcontract?
 -  At start-up and for the first year?
 -  In future years?

What is your present capacity for production or for operations? (How much can you produce now?)

- Is this adequate for near-term needs?
- How can this be expanded when growth demands more capacity?
- Is your facility designed with operations and workflow efficiency in mind?

What production or operating advantages do you have? How can you capitalize on them?

What are the critical parts or components you need to use to produce your product or service?

- Are any of these parts single-source parts or sole-source parts? Do you have back-up vendors to assure continuity of supply and quality?
- What are the lead times involved between the time you order the part and the time you actually have it?

What are the standard costs for production at different levels of production?

Location:

- Why did you (*or will you*) locate in the location you have selected? Are there significant strategic or logistic reasons?
- Does your location offer flexibility or opportunity for growth?
- Is your location well suited for the following:
 -  Transportation needs and requirements (*access, delivery load/unload, etc.*)?
 -  Customer needs (*Can they find you and get to you easily*)?
 -  Local zoning and laws which may affect your right or ability to do business there?
- What are any significant recent developments or trends (*such as population growth*) which might have an impact in the future on your choice of location?

Regulations and laws which apply to your business:

- Which regulations must be complied with in your business (*federal, state, and/or local*)? Examples: Licenses, permits registrations, etc.
- What police, health department, fire, OSHA, or other safety regulations apply to your business? What have you done (*or will you do*) to assure compliance?
- Which regulations govern the use of a business or trade name? Your brand name? Trade marks? Patent protection? Non-competition agreements? Other significant legal protection?

Do you plan to offer trade or consumer credit to your customers?

- How will you evaluate and approve credit applications?
- Will you use the services of a credit checking service or bureau?

- What information will you need or want to collect before evaluating credit applications?
- How will you monitor and control collections of accounts receivable?
- What will you do if someone does not pay you? Which credit collection policies and procedures will you use?
- What will you do if you must write off the accounts as bad debts?

FINANCIAL PLAN

Present Financial Statements:

- Balance Sheet (*three years plus current*)
- Profit and Loss Statement (*Income Statement*) (*Past three years, if possible plus current*)
- Include these statements for any relevant past operating periods as appropriate.

Future (*Pro Forma*) Financial Statements:

- Year-end balance sheets for the first full year of operations.
- One-year profit and loss statements by month or by quarter at least until break-even, then yearly to cover a five-year period into the future with detailed assumptions.
- NOTE: It is common to present monthly statements for the first two years.
- Your break-even point should be clearly identified, including the timing of reaching break-even and the important assumptions you used in reaching your conclusion.
- Also provide other relevant financial planning tools, such as the following:
 -  Cash budgets
 -  Cash flow projections (*monthly*)
 -  Capital budgets (*large, important purchases for equipment or buildings, other major acquisitions planned in the future, etc.*)
 -  Manufacturing and/or shipping plan or sales budget
 -  Clearly identify all key assumptions which have been made in your pro formas, why you used them instead of reasonable alternatives, and give your assessment of how reliable or how valid they are likely to be. (*Do a reality check.*)

Sources and Uses of Funds:

- How much money do you or will you need to begin operations?
- How much money will you need over the next five years if the business succeeds as you are projecting?
- When, exactly, will extra money be needed, and what will it be used for?
- What will be the source of these funds?
 -  Equity sources: Specify how much ownership you/or others will have in the business.
 -  Debt sources: Specify how much money you will borrow.
 - Which terms will you need for repaying the loan (*how many years will you need the payback period to be*)?
 - Where will the money come from to meet the repayment schedule for all borrowed money?
 - What collateral (*if any*) will you pledge as security?
 - What is your .back-up plan. to repay debts if the business does not work out as you hoped?
 -  If you have any plans to .go public. with a stock offering, discuss them here. Include the size of the offering, how much capital you hope to raise, and the timing of the offering.

START-UP SCHEDULE AND TIMETABLE

- Provide a list of activities, in sequence, which must be accomplished to prepare for the start up of the business. (*This should be in a fair amount of detail, listing all the major milestones and requirements, which must be met before you can launch the business.*)

Provide a timetable, showing when each step is to be completed and the relationships, which are interdependent. Also list important commitments which must be met.

CRITICAL RISKS AND POTENTIAL PROBLEMS

List and discuss the critical risks or other important factors which might have a negative bearing on the outcome of the start-up plan, or of the business venture in the foreseeable future. Discuss your actions and defenses to eliminate or mitigate the impact of controllable negative factors.

List any potential problems which might arise. Discuss the probability that they will occur, and discuss the severity of the impact if they should occur. Present your plan to reduce or eliminate potential problems. (*What will you do to see that they do not happen, or if they do happen, that the negative consequences are minimized?*)

APPENDICES OR EXHIBITS (*As required or as helpful*)

Resumes of your key managers.

Pictures of the product or of the service to be offered.

Detailed descriptions of the product or of the prototype.

Professional references or testimonials. Show your successful relevant track record.

Market Studies: Relevant articles from trade journals, contacts or commitments from prospective customers, etc.

Copies of relevant patents, copyrights, or other legal protection, documents, or certifications, which you are required to obtain.

Anything else, which you feel is relevant, and which would help make your business plan comprehensive and complete.

In summary, your business plan should describe the following:

-  **Your company and its industry**
-  **Your product(s) and/or service(s)**
-  **The market and your marketing approach**
-  **How you will make the product or deliver the service**
-  **Who is involved in the company**
-  **How much money the company needs and what it will do with the funds**
-  **How successful (*financially*) you predict the company will be**

By following these guidelines, you should be able to think your prospective business through thoroughly and construct a business plan that will guide you through initial start-up. The business plan will help impress and persuade investors in your ability to manage and in the potential of your company. Will your business unfold exactly like the plan you draw up? This is very unlikely. Nevertheless, it is the process of planning that is important. Things may not work out exactly as you expected or hoped. But if you have a good plan, you will be much better prepared to make mid-course corrections as needed or take advantage of unexpected opportunities as they arise. Take your time, and be as comprehensive and thorough as you can be-- a lot is riding on the outcome.

CHAPTER 2

DECIDING WHICH LEGAL FORM OF BUSINESS IS BEST FOR YOU

Establishing a business in the Town of Queen Creek is a simple process. The first step is to determine which form of business structure is most appropriate for your operations. To do this, an analysis of the various legal and tax-related implications associated with the forms of business structure must be conducted. In Arizona, as in all states, several business structures exist. The four most common are the sole proprietorship, general and limited partnerships, limited liability company, and corporation. The state also recognizes a limited liability partnership among others.

The following information provides a brief description of each business structure, including general advantages and disadvantages. In addition, the information provided herein is as of 2003. It is recommended that an attorney and/or certified public accountant should be consulted for further information and advice on selecting the appropriate structure for your business (Please check our membership roster at www.queencreekchamber.org for help) Once you have determined the legal structure of your business, the next step is to complete the necessary registration requirements including those set forth by the Town of Queen Creek. For further information on Corporations and LLCs please contact Scott Schoeller at Capital Corporate & Trust Services, Inc. at (480) 922-1022.

SOLE PROPRIETORSHIP

The sole proprietorship is the simplest and most common form of business organizations. A sole proprietorship is defined as a business that is owned by one individual. The owner is personally responsible for all debts of the firm. Profits are considered as personal income and taxed accordingly.

Advantages:

- Minimum legal restrictions
- Ease of formation/disposition
- Low start-up costs
- Sole ownership of profits
- Maximum freedom in decision-making

Disadvantages:

- ✂ Unlimited liability
- ✂ Less available capital than in other types of business organizations
- ✂ Relative difficulty in obtaining long-term financing
- ✂ Income tax cannot be deferred by retaining profits. All profits subject to self employment tax.

If the business is going to be a sole proprietorship operating under a name other than your own, you should register the business name (*commonly known as “doing business as” or “DBA”*) with the Arizona Secretary of State’s Trademark and Trade Name registration office

Secretary of State’s Office

1700 W. Washington Street
7th Floor, Phoenix, AZ 85007
(602) 542-6187
www.sosaz.com/business_services/

GENERAL PARTNERSHIP

A general partnership is an association of two or more persons joined together to carry on trade or business for profit. As in the sole proprietorship, partners are personally responsible for all debts of the firm. The partnership's existence is usually formalized through preparation of a partnership agreement. Formal partnership agreements should be prepared by, or at least reviewed by, an attorney (please check our membership roster at www.queencreekchamber.org for help). In general, partnership agreements outline each partner's share of income, gain, loss, deductions, credits, and methods to dissolve the partnership under various situations including death of one or more partners.

Advantages:

- Ease of formation
- Direct rewards
- Broader management base

Disadvantages:

- ✘ Unlimited liability of general partners
- ✘ Divided authority in decision-making
- ✘ Difficulty in disposing of partnership interest
- ✘ General partners are liable for actions of other partners
- ✘ Fringe benefits to partners not tax free

General partnerships transacting business in Arizona under a fictitious name, or a designation not showing the names of the partners, should register the business name .doing business as. or DBA. with the Arizona Secretary of State's Trademark and Trade Name registration office.

Secretary of State's Office

1700 W. Washington Street
7th Floor, Phoenix, AZ 85007
(602) 542-6187
www.sosaz.com/business_services/

LIMITED PARTNERSHIP

This is similar to the general partnership with several major differences.

Some of these differences include:

- At least one person must be identified as a general partner and be responsible for the operation and liability of the organization
- Limited partners are not active managers of the business and are not liable for the organization's debts, etc.

If the business is a limited partnership, domestic or foreign, you are required to register with the Arizona Secretary of State's Trademark and Trade Name registration office

Secretary of State's Office

1700 W. Washington Street
7th Floor, Phoenix, AZ 85007
(602) 542-6187
www.sosaz.com/business_services/

LIMITED LIABILITY PARTNERSHIP

Limited Liability Partnership (*LLP*) permits investors to become partners without assuming unlimited liability. There must be at least one general partner, who retains unlimited liability. A general partner may be a corporation. If it is a corporation, there are certain federal tax law requirements to be considered, but a corporate general partner limits liability. Limited partners usually risk only their investment in the business.

Limited partners may not participate in active management of the business, or they run the risk of forfeiting their limited partner status and thus their limited liability.

LLP is a recent form of business entity in Arizona. For additional information regarding an LLP, contact an attorney or Maricopa County Bar Association at (602) 257-4200.

Advantages:

Limited liability for investors

Relative ease in raising capital

For the principal, it provides freedom of decision-making since limited partners have little or no say in operational decisions

Limited Partnership is not taxed separately from limited or general partners

Disadvantages:

✘ Unlimited liability for general partner

✘ Lack of clear legal precedent

✘ Limited partners have less input in management than shareholders in a corporation

To register a LLP, domestic or foreign contact the:

Secretary of State's office

1700 W. Washington Street

7th Floor, Phoenix, AZ 85007

(602) 542-6187

www.sosaz.com/business_services/

CORPORATION

A Corporation, sometimes referred to as a "C" Corporation, is the most complex type of business organization. It is formed by law as a separate entity, completely distinct from those who own it, and has its own rights and responsibilities. In forming a corporation, potential shareholders offer money and/or property in exchange for capital stock. The stockholders are the owners of the corporation and the managers of the firm may or may not be stockholders. Businesses that incorporate in this state must file Articles of Incorporation with the Arizona Corporation

Commission. Out-of-state corporations wishing to do business in the state must file an Application for Authority to Transact Business.

Advantages:

Separate legal entity

Limited liability for stockholders

Unlimited life for the business

Relative ease in raising capital

Transfer of ownership through sale of stock

Ability to draw on the skills and expertise of more than one individual

Fringe benefits to owner/employees are tax free

Disadvantages:

- ✂ Complex and relatively expensive to organize
- ✂ Activities limited by the corporate charter
- ✂ Extensive regulation and record-keeping requirements
- ✂ Double taxation, once on corporate profits and again on dividends

FOREIGN CORPORATION

If the business is a foreign corporation (*an entity organized under the laws of another state or country*), it must be registered with the Arizona Corporation Commission.

Additional information on incorporating may be obtained from the:

Arizona Corporation Commission

Corporations Division
1300 W. Washington Street, Phoenix, AZ 85507
(602) 542-3135
www.cc.state.az.us

Capital Corporate & Trust Services, Inc.

7110 E. McDonald Drive Suite B-2
Scottsdale, AZ 85253
(480) 922-1022
www.capitalcorpandtrust.com

S CORPORATION

Subchapter S Corporations also referred to as “S” Corporations, elect not to be subject to federal corporate income tax. The shareholders, however, include their shares of the corporation’s items of income, deduction, loss, and credit, or their shares of non-separately computed income or loss, as part of their personal income.

To qualify for S Corporation status, a corporation must meet the following requirements:

- Must be a domestic corporation, shareholders must be citizens or residents of the United States
- It must have only one class of stock
- It must have no more than 75 shareholders
- Only individuals, estates, certain trusts, and certain charities may be shareholders
- All shareholders consent to the corporations’ election of S Corporation status
- The corporation has a permitted tax year (generally the calendar year)
- IRS Form 2553, Election by a Small Business Corporation, is filed to indicate the choice of S

Corporation status. The corporation must qualify as an S Corporation at the time it files Form 2553. Due to the complexities involved with meeting and maintaining S Corporation status, please consult an attorney or your Certified Public Accountant (please check our membership roster at www.queencreekchamber.org for help).

Advantages:

- Limited liability
- Avoids double taxation of profits

Profits passed through are not subject to SE tax as in a partnership

Disadvantages:

- ✂ Less flexibility in choosing a tax year
- ✂ Less flexibility in who can be shareholder
- ✂ Contribution limits to a qualified retirement plan are based on employee/shareholder wages, not overall profits such as a sole proprietor
- ✂ Fringe benefits not tax free to employee shareholders who own more than 2% of the corporation

For more information on S Corporations, obtain IRS Publication 589 Tax Information on S Corporations from the:

IRS Forms Distribution Center

Rancho Cordova, CA 95743-0001
(800) 829-3676
www.irs.gov

To incorporate your business, contact the:
Arizona Corporation Commission,
1300 W. Washington Street
Phoenix, AZ 85007
(602) 542-3230
www.cc.state.az.us

Capital Corporate & Trust Services, Inc.

7110 E. McDonald Drive Suite B-2
Scottsdale, AZ 85253
(480) 922-1022
www.capitalcorpandtrust.com

LIMITED LIABILITY COMPANY (LLC)

LLCs are created and regulated under laws of each individual state. An LLC is allowed to possess the limited liability characteristics of a corporation, but is treated as a partnership for federal tax purposes.

Advantages:

- Same pass through features of an S Corporation which avoids double taxation of profits.
- Flexibility of a Partnership without the restrictions of an S Corporation
 - Can have more than one class of stock
 - Number of members not limited
 - Any entity can be a member
 - Flexibility in profit/loss allocation
- Limited liability protection for all members.
- Any LLC member can participate in management without being exposed to personal liability.
- Contribution of property to an LLC is tax free regardless of how much control the contributing partner has.
- Liquidation of an LLC as a partnership is generally a tax free event.
- Not required to file annual reports with Corporation Commission.

Disadvantages:

- ✂ LLC must have 2 members to file as a partnership for federal tax purposes. A single-member LLC files a Schedule C as a sole proprietor.
- ✂ Earnings are generally subject to self employment tax.
- ✂ State law may limit the life of an LLC.
- ✂ Lack of uniformity in LLC statutes. Businesses that operate in more than one state may not receive consistent treatment.
- ✂ Conversion of an existing business to LLC status could result in tax recognition on appreciated assets.
- ✂ Fringe benefits to partners not tax free.

To register a Limited Liability Company, domestic or foreign contact the:

Arizona Corporation Commission

1300 W. Washington Street, Phoenix, AZ 85007
(602) 542-3230
www.cc.state.az.us

Capital Corporate & Trust Services, Inc.

7110 E. McDonald Drive Suite B-2
Scottsdale, AZ 85253
(480) 922-1022
www.capitalcorpandtrust.com

TAX-EXEMPT ORGANIZATIONS

(Non-Profit Corporations)

There are over a dozen different types of corporations approved by the Internal Revenue Service (*IRS*) as Non-Profits. These organizations are usually developed and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition (*under certain restrictions*), or the prevention of cruelty to children or animals. The organization must be a corporation, community chest fund or foundation. A sole proprietorship or partnership will not qualify. Other organizations that may qualify include: civic leagues, social welfare organizations, labor, agriculture and horticultural organizations, business leagues, social and recreation clubs, fraternal beneficiary societies, etc.

For a free IRS booklet on this subject call (800) 829-3676 and request publication 557, or download it at www.irs.gov.

To register a Non-Profit Corporation, contact the:

Arizona Corporation Commission

1300 W. Washington Street, Phoenix, AZ 85007
(602) 542-3230
www.cc.state.az.us

CHAPTER 3

WHAT ARE YOUR FINANCING OPTIONS?

The owner of a new business must plan carefully to capitalize his or her business according to its needs. One of the major causes of small business failure (second to planning failures) is inadequate start-up capital. An entrepreneur needs to identify the actual start-up capital needed to launch the business and the cash flow needed through the break-even point. The total of these two plus a just in case reserve add to the total capital needed to open the doors of a new firm.

You should ask yourself exactly why you need the money. Know exactly how you plan to spend the money and what you plan to buy to start your business. Keep this fact in mind while you are making your plans: most businesses do not generate profit for several months, or years. You need to have enough in reserve to pay all the business expenses plus your personal living expenses while raising your business to a profitable level. This should be planned in advance so short-run cash shortages do not pull you under.

Never underestimate the importance of starting with enough money. It is certain to take more than you expect, and yes, it is much more difficult for the small business owner to raise financing for his or her new ventures.

The owner who borrows too little up-front money may quickly see the business close because of lack of capital to keep the operation running. According to SCORE (*Service Corps of Retired Executives*), the most hazardous period for a new business is the first two years. Early failure is often due to insufficient working capital.

SOURCES OF CAPITAL

When you plan the capital requirements of your new firm, you can consider two different forms of money: equity and debt.

EQUITY

Equity is ownership in the business. Equity can come from you or from someone else. Since it is ownership, it implies a degree of risk and a degree of control over the conduct of the business. If you sell an equity share to someone else, the buyer could lose his or her money if the business does not work out. On the other hand, if the business is successful, all owners will share the profits. And it is likely that an investor will want to have some say in the way the business is run.

If you are not willing to give up some control, then a silent partner may be right for you. If you do this, however, be sure to get your agreement in writing.

Sources of Equity Capital

Yourself- you are the most likely source of start-up capital for your business. Use your savings, cash value of life insurance, or the proceeds from selling other personal assets to open your business. Perhaps a mortgage on the equity in your home may be an option.

Other individuals - Once you have exhausted your own resources, consider relatives, friends, or other local investors. The investor wants a high return for low risk. If your risk is high, you will likely have to show a very high return to attract an investor.

Be sure about what you are getting. Is it a loan, which must be repaid, or an equity share, which gives the investor an ownership stake (and a claim on profits) in the company?

If you form a corporation, you can sell stock. A stock offering is an area you should discuss with a competent attorney since it involves federal and state securities laws that can include criminal penalties.

Stock is not the only product considered to be a security. Any time you accept money in return for an equity or debt interest in an enterprise, you may be selling a security subject to federal and state securities laws. A security can include a limited partnership interest and even a promissory note.

As a prospective new business owner, you will find that banks generally will not lend the full amount needed to start a business. They want the owner to have a serious financial stake in the outcome. Most banks today want you to come up with a third to one half of the start-up funds. This will mean that you have a strong commitment to making the business work.

Banks and other lenders are not usually risk takers; they like security and certainty. Realize this fact and present your loan request professionally. Be businesslike in your dealings with potential lenders.

DEBT

Debt is a loan that you obtain, usually in the business name. As such, it must be repaid with interest. While there can be many sources of debt capital, remember that in every case you must pay the loan back according to the terms you agreed on before you took out the loan.

Remember that loans usually involve an extra charge or cost known as interest, which is the price you pay for the use of someone else's money.

Sources of Debt Capital

Trade Credit: Some suppliers will put inventory into your business and bill you 30 days later. Suppliers can be a real help in starting your business, but be certain to pay on time or you may lose the credit privilege.

Leasing: Leasing can offer advantages to the new business. Low down payments and fixed monthly costs can add to predictability and help the businessperson conserve cash in the beginning. Check with your tax advisor about possible tax consequences.

Bank Loans: Banks lend for either short or long term. Be sure you know what you want. Normally, banks tie the terms of a loan to the assets bought by the funds; short-term needs receive short-term funding.

A **Term Loan** is a conventional bank loan with a lump sum paid to the borrower and the monthly payments, plus interest, repaid until the loan is paid off.

A **Revolving Line of Credit** is a fund, which can be borrowed against and paid again and again; the debt goes up and down periodically. A line of credit is useful if your business is seasonal or if you have long lags between making a sale and collecting the payment.

Short-Term financing is usually through notes and paid on a revolving or nonrevolving basis within one year. These notes are repaid through inventory turnover or by converting receivables to cash within the time frame of the note provided.

Intermediate-Term financing ranges from one to ten years, and is usually repaid in fixed monthly payments or fixed principal payments plus interest. These loans are repaid from operating cash flow. This type of financing is generally used to purchase capital assets such as equipment.

Long Term financing is provided for periods of longer than ten years. The most common example is real estate financing, where repayment is made on a prearranged schedule over a long period of years.

SBA Guarantee Program: The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, in

addition to a venture capital portfolio of \$13 billion, SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. It provides short- and long-term loans to eligible, creditworthy, start-up and existing small businesses that cannot obtain financing on reasonable terms through normal lending channels. The SBA provides financial assistance through its participating lenders in the form of loan guaranties, not direct loans. Loans are available for most business purposes, including the purchase of real estate, machinery, equipment, and inventory, or for working capital. The loans cannot be used for speculative purposes. The SBA generally can guarantee a maximum of \$1,000,000 under this loan program. Generally the interest rate cannot exceed 2.75 percent over the prime rate in effect on the day the SBA receives the application. This rate is printed in The Wall Street Journal on the next business day. For loans under \$50,000, the rates may be slightly higher. Loan maturity is up to 10 years for working capital and up to 25 years for fixed assets.

Franchising: If you are buying a franchise, the business can sometimes be a source of funds if the franchiser has a working relationship with a lender. If the lender has confidence in the franchiser and the system, it may be willing to fund a new franchise operation.

Government sources: These sources are sometimes available. Contact the Arizona Department of Commerce (www.azcommerce.com) to see if your idea is one which qualifies for Industrial Revenue Bonds, Urban Development Action Grants, Arizona Enterprise Development Corporation programs, or other Revolving Loan Programs.

Commercial Finance Companies: These companies can make short or long-term loans to buy inventory and provide funds for accounts receivable or purchase equipment.

START-UP FINANCIAL PLANNING - HOW MUCH MONEY WILL YOU NEED?

Business start-up expenses often catch small-business people by surprise. Often this is a result of not fully thinking through and planning all the expenses and purchases a new business must make, and determining the sources of all the funds necessary to start the firm. Here is a list of expenditures you will probably need to make. This list may not include all the investments and purchases you will be required to make. Be conservative in your forecasts (*expect income to be low and expenses high.*)

Calculate your expenses for initial start up and for a reasonable survival period thereafter. For some businesses this will be a matter of a few months. For others, it could be as many as four or five years. Be sure you know where your daily living expenses will come from, or you could find your small business experience disappointing or worse.

The following is a partial list of expense items you should consider.

Administrative Expenses

- Legal fees
- Accounting expenses
- Other consultants
- Start-up administrative costs:
 -  Business documents and filing fees
 -  Insurance premiums
 -  Bank account fees
 -  Credit Bureau fees
 -  Licenses
 -  Special permits needed
 -  Charge card fees
 -  Post office fees (*direct mail*)
 -  Printing expense

Advertising and Promotion Expenses

Identify your needs and forecast costs as necessary. Needs may include promotional pamphlets; direct mail; and newspaper, radio, and television advertisements.

Allowance for Error and Your Major Mistake(s).

Allow a comfortable margin of safety for mistakes in your planning, for slower-than-planned sales, and to cover that inevitable major mistake or two you are bound to make in the first year of operation.

Equipment (*Production or Process*) (*Long-Term Capital Needs*)

- Manufacturing-related equipment (Lease or purchase?)
- Administrative equipment (*Typewriter, copier, computer, fax*)
- Marketing tools or aids
- Other needs specific to your business

Facilities

Deposits, prepaid rent, remodeling, upgrades, redecoration, design fees, permits. Know **precisely** what you will have for your location. Do not forget to consider the construction time needed to complete the work.

Furniture and Furnishing

Desks, chairs, floor protectors, wall décor, dividers, shelves, bookcases, desk accessories, and so on.

Inventory and Working Material

- For each item, list the quality needed, the cost for each, and the payment terms (*for cash flow projections*).
- Forecast volume and cost for initial start up and for the relevant planning period.

Marketing Expenses

Samples, sales commissions, credit policy (*accounts receivable*), brochures, handouts, and so on.

Office and Management Expenses

Office supplies: paper, pencils, staplers, clocks, invoice pads, cash register, letterhead stationary, envelopes, business cards, and so on.

Personnel (*Employees and yourself*)

Recruitment, training, wages, insurance, payroll taxes, and all the facilities your employees need to use.

Utilities

- Telephone: deposits, installation fees, hardware, and equipment
- Gas and electric service: deposits and hookup fees
- Garbage collection: deposits
- Exterior maintenance services: deposits (*janitors, street and parking lot cleaning, landscape maintenance, and so on*)

Most new-business consultants suggest that, after adding up everything above, you double your reserve of available funds. Do not take this advice too lightly. New businesses often start with an expectation of low cash needs. But you will be surprised at how much money your new business start-up will need. Do not get yourself into the position where you are forced to close your doors because you came up a thousand dollars short of having enough money to make a go of your business. Have a cash reserve on hand to use during start-up. Also plan for a “best-case” or most optimistic scenario, and a “worst-case” or most pessimistic scenario. Be prepared to survive your worst-case possibility. For this kind of need, a line of credit is often appropriate and helpful.

THE FIVE C.s OF CREDIT

To evaluate the type and extent of potential risk involved in the loan request, the lender has several basic areas of concern often referred to as the Five “C’s” of Credit, which must be addressed in considerable detail prior to approving the loan.

- 1) **Character:** The borrower’s honesty and integrity. Trust and confidence in the borrower is absolutely essential.
- 2) **Capacity:** Repayment ability generated by the business
- 3) **Capital:** The dollar value of the assets (net of debt) invested in the business, which will be at risk to ensure the success of the venture.
- 4) **Collateral:** Security which is pledged to ensure the repayment of the loan. Collateral will not make a poor loan desirable but it will make a good loan workable.
- 5) **Conditions:** Does the structure of the debt match well with business cash flow timing?

Does your loan plan presentation address the Five C.s of Credit in sufficient detail to answer the lender’s questions? If not, keep working. Your efforts will pay off in a timely and positive answer to your loan request.

TOP TEN REASONS FOR DECLINE

- 1) Borrowers that have no formal business plan.
- 2) Borrowers that are not prepared.
- 3) Borrowers with inadequate financial data.
- 4) Borrowers that are too optimistic.
- 5) Borrowers that wait for a crisis to react.
- 6) Borrowers that demand an answer immediately.
- 7) Borrowers that frequently overdraw their checking account.
- 8) Borrowers that are not sensitive to economic conditions.

9) Borrowers that want to grow too quickly.

10) Borrowers that surprise their banker.

ALTERNATIVE METHODS OF CREDIT

One of the first concerns any business faces is the obtaining of capital - for salaries, inventory, rent, office expenses, manufacturing, etc. Oftentimes, capital is unavailable because the borrower lacks one or more of the three major criteria for credit lending **character, capacity, or collateral**. In those situations, it is often mandatory to turn to alternative, creative ways of raising capital to perform these objectives. This section will deal with those ways, which are tried and true common sense based ideas.

PERSONAL SOURCES - SELF, FAMILY, FRIENDS

Credit cards, personal lines of credit:

Personal Assets:

All of us have personal assets, even if we think we don't. Some of these are: life insurance policies, IRA.s, cars, boats, motor homes, family heirlooms, jewelry, furniture and furnishings, camera and electronic equipment, telecommunications equipment such as telephones, faxes and the like, computers, equity in a home, and the list goes on.

The fact is when you force yourself to sit down and list what you own and realistically what its worth, you find that you have assets you never recognized. Use these assets to your advantage. Even if you have to go to your family, think of what you can own to offer as security for the loan to enhance the business nature of the loan.

PENSION/PROFIT SHARING PLANS

There are professional managers of pension and profit sharing plans called Administrators. These administrators are charged with the responsibility of providing a secure and calculated risk for the plans investments. Administrators have a trustee-ship accountability to the beneficiaries of the plans. Nevertheless, in many privately held companies there are plans that invest in other companies or new ideas. If your company fits their criteria, it could be a candidate for loan from one of these plans.

In order to investigate this marketplace, you need information on how pension and profit sharing plans work and what types of plans are more likely to invest in your business. Your accountant, attorney, insurance agent or financial planner will know of the availability of resources for this alternative form of financing. If you don't have a professional who is knowledgeable, check library resources, phone book listings and actuaries. They will want debt financing only -- they are lenders, not typically owners. They do not want the business if you default so you need to prove to them that the business is solid and has an exit plan for their financing. Expect to pay interest in excess of the marketplace for normal commercial loans; sometimes as high as 6 or more points over prime. Expect that these loans will be short term and make sure that any loan documentation is prepared and reviewed by attorneys on both sides of the deal.

The good news is that these plan administrators are normally professionals and can make a qualified decision quickly.

PRIVATE INVESTORS /NETWORKING

Do you know someone who has made it in business? Someone, who has come up with an idea, built it into a business venture and sold it to another? How about someone who has retired from their family or privately owned business? How about someone who has retired from a public company? All of the above are candidates for the investing or loaning money to your business. They have been there, done that. Private investors are the largest source for alternative financing because they understand what you are trying to accomplish. Don't be afraid to approach them with your idea, even if you don't know them on a

personal basis. Read the newspaper, trade journals and business publications for information on where to find these people. Then call and make an appointment.

When you need alternative financing, it's not the time to be shy or reticent. It's the time to be outgoing and confident.

Some sources for the above candidates include: insurance agents, accounting firms, law firms, bankers (*yes, even if they turned you down they still know others have succeeded*) and local Chamber of Commerce contacts. Some trade organizations offer assistance to members through group purchase plans and significant discounting. This discounting can be applicable to credit lines or purchasing inventory. Research what trade publications are in your area and contact them. In Arizona, **The Arizona Multibank** is a consortium of banks offering non-traditional financing. Their number is 594-4444. They are not SBA affiliated.

ACCOUNTS RECEIVABLE FINANCING

This financing is also called **factoring**. Factoring is a service offered by private industries to allow loans to be made, secured by account receivables. It is best done on a short-term basis and conforms to a line of credit in that regard. The following are some characteristics of factoring:

- Recourse or non-recourse
- Discounting of face value
- Short Term
- Credit is not an issue
- Acceptable for small businesses
- Based on the credit worthiness of your customer or clients

There are several factoring firms in the area. Interview all of them because they are not standardized the way that banks are regulated. Negotiate and you will be comfortable.

What are the best purposes for factoring?

- A one time cash flow for a special project, to make payroll, to pay taxes, increase advertising or other critical, unexpected expense.
- Risk transfer and outsourcing of credit management functions protects your assets and reduces overhead, allowing limited resource to be utilized more efficiently.
- To accelerate cash flow which can improve supplier terms, delivery schedules, credit ratings, purchasing power and discounting.

In order to qualify for most factoring companies, you should be able to prove the following:

- Your customer must be credit worthy
- The products and services must have been delivered. No advance monies are granted.
- Underlying agreements and documents must be in good, legal order and execution.
- Acknowledgement of the delivery must be in writing.
- Terms of the order and delivery must be in writing and signed.

Cooperation of your customer may or may not be required, since some deal only with you and do not interfere with the customer relationship. Others request two party checks be cut.

The factoring process works like this: The factoring company purchases your invoices, advances a certain percentage of the face value to you (*generally between 60-80% depending on the customer credit*) and collects the money due on the invoice directly from the customer. The balance of the difference between the face value and the advance is then refunded to you, less any costs incurred in collection or processing. It is an easy process and fills an important need in certain industries.

OTHER SMALL BUSINESS FINANCIAL ASSISTANCE RESOURCES

Arizona MultiBank

101 N. 1st Ave., 18th Floor
Phoenix, AZ 85003
(602) 594-6368

Business Development Finance Corporation

2200 E. Camelback Road, Suite 110
Phoenix, AZ 85016
(602) 381-6292 / (800) 264-3377

Chicanos Por La Causa-Phoenix

501 W. Apache Street
Phoenix, AZ 85003
(602) 252-0482

U.S. Export Assistance Center

One World Trade Center Set. 1670
Long Beach, CA 90831
(310) 980-4550

National Association of Credit Management

1500 E. Thomas, Set. 101
Phoenix, AZ 85014
(602) 252-8866 / (800) 326-6226

Revolving Energy Loans for Arizona (RELA), Strategic Finance Division Arizona Department of Commerce

3800 N. Central Ave., Set. 1500
Phoenix, AZ 85012
(602) 280-1352

Self-Employment Loan Fund

201 N. Central Ave., Set. CC10
Phoenix, AZ 85073
(602) 340-8834

Small Business Innovation Research Program High Technology Office Arizona Department of Commerce

3800 N. Central Ave., Set. 1200
Phoenix, AZ 85012
(602) 280-1402 / (800) 352-5499

Southwest Venture Capital Network, Inc.

1 E. Camelback Rd., Set. 1100

P.O. Box 60756
Phoenix, AZ 85082-0756
(602) 263-2390

VENTURE CAPITAL FIRMS

If your company has maxed out its lending capacity with a bank, and if your gross revenues exceed \$10 million or more, then venture capital may be for you. Venture capital firms are generally represented by large brokerage houses such as Merrill Lynch, which put together an initial public offering (*IPO*). The IPO preparation is costly and time consuming and basically requires that all that is known about the company from a management, financial and operational basis be revealed and put into a document for distribution to prospective investors. Once you have achieved these revenue goals, your financial advisor will acquaint you with the next step in venture capital procurement.

CHAPTER 4 TAXES

CITY AND STATE TAX REQUIREMENTS

The State of Arizona's laws maintains a tax environment favorable to business development and expansion. The Arizona Department of Revenue (*DOR*) is the state agency responsible for administering Arizona's laws relating to taxation (www.revenue.state.az.us). The Department of Revenue Coordinates with various local, state, and federal agencies in related tax administration, collection, and distribution issues.

All counties and most cities have their transaction privilege (*sales*) tax collected for them by the state's Department of Revenue. Exceptions are those cities, which prefer to make their own collections. The Arizona Department of Revenue's main office is located at 1600 W. Monroe, 1st Floor, Phoenix, AZ 85007. The telephone numbers are: new businesses and licensing (602) 542-4565 or statewide toll free (800) 634-6494; problems and resolutions (602) 255-2060; and to order forms (602) 542-4260. The East Valley office is located at 3191 N. Washington St., Chandler, AZ 85225, (602) 255-1112.

Arizona's Joint Tax Application Questionnaire

To help determine which taxes your business is liable for (*exclusive of federal requirements*), you must complete Arizona's Joint Tax Application Questionnaire published by the Department of Revenue. This single form application was developed by the departments of Revenue and Economic Security and covers the following license and registration requirements:

Transaction Privilege (*Sales*) Tax:

TPT is a tax imposed on the privilege of doing business in Arizona and is measured by gross proceeds of sales or gross income. Businesses engaged in selling goods at retail must obtain an Arizona Transaction Privilege Tax License. Certain businesses other than retail stores, e.g., restaurants, construction contractors, printers, and businesses engaged in rental of property or equipment are also required to be licensed. Individual businesses with multiple locations should contact the Department of Revenue for compliance procedures.

Use Tax:

The use tax is a companion tax to the Transaction Privilege Tax. A business which uses, stores or consumes any tangible personal property upon which tax has not been collected by a retailer shall pay use tax. If you plan to purchase goods from out-of-state for use in Arizona and those goods would normally be taxed in Arizona, but the vendor is not registered to collect use tax you must obtain a Use Tax Registration Certificate and pay tax on those items. There is no fee for the certificate. If you currently have a TPT License you do not need a separate Use License. Businesses are required to remit tax payments on a monthly basis or as transactions occur.

Withholding and Unemployment Taxes:

Employers paying wages or salaries to employees for services performed in the state must apply for a Withholding Number and Unemployment Number.

Luxury Tax: Tobacco

Applies to businesses wholesaling cigarettes, cigars, or other tobacco products for the first sale in the state. Anyone who manufactures, produces or ships the products into the state must be licensed. The license fee is \$25 and is renewed annually, due July 31.

Luxury Tax: Liquor

Requires wholesalers, microbreweries, and domestic farm wineries to file a return each month and remit luxury tax on spirits, vinous, and malt liquors. Forms may be obtained from the Department of Revenue, Comptroller's Office. Restaurants, bars, and any other businesses planning to sell alcoholic beverages (retail and wholesale) must be licensed by the Arizona Liquor Licenses and Control Department.

Corporate Income Tax

Arizona has adopted a flat corporate income tax rate structure. For tax rates, contact the Arizona Department of Revenue, (602) 255-3381 or statewide toll free (800) 352-4090 (www.revenue.state.az.us). Arizona does not impose a unitary tax on the operations of multinational companies.

The state income tax code conforms to federal net operating loss provisions. Corporations with headquarters in Arizona are exempt from paying taxes on dividends they receive from subsidiaries, provided the parent company owns at least 50 percent of the subsidiary.

Corporate income tax returns and final payments are due on the 15th day of March following the close of the calendar year. If the company's return is filed on the basis of its fiscal year, the return will be due on the 15th day of the third month following the close of the fiscal year. Most firms in Arizona are required to make estimated income tax payments throughout the year.

Property Taxes

In Arizona, both real and personal property (*unless specifically exempt*) are subject to taxation.

☐ **Real Property:** Taxes are classified as either primary or secondary. Primary taxes are used to meet most operating expenses of local jurisdictions. Secondary taxes are used to meet special obligations such as payments of bonds and special district levies, as well as voter-approved over-rides. Class 3 properties (*commercial and industrial*) are locally assessed and the full cash value of these properties is set by the County Assessor. Total property tax liability is calculated by adding primary and secondary taxes for all jurisdictions in which the property is located. More detailed information and required forms are available at the Department of Revenue's web site at www.revenue.state.az.us. Real and personal property tax payments are collected by the county assessor.

☐ **Personal Property:** Taxable personal property includes all assets except land, buildings, or real property improvements used in the operation of a business, farm or ranch. There are exemptions to personal property tax for small businesses. Contact the County Assessor's Office for information.

Unemployment Insurance

For more than 50 years, the unemployment insurance program has provided a measure of economic security to the individual worker and to the community when unemployment occurs beyond workers' control. You, as an employer, have a key role in the success of this program. Unemployment benefits are paid through your state unemployment taxes, while the Federal Unemployment Tax Act (*FUTA*) funds the administrative costs of the program.

Your tax rate is based, in part, on your actual experience with unemployment insurance - a variable over which you can exercise some control. You may save tax dollars by familiarizing yourself with the program and being aware of your rights and responsibilities. For example, you can reduce your federal unemployment taxes by paying your state taxes on time. You can ensure that unemployment benefits are properly paid by providing information about former employees.

Posters, pamphlets and additional information on Arizona's unemployment insurance program may be obtained from the:

Arizona Department of Economic Security

Unemployment Insurance Information Division
2801 N. 33rd Ave., Phoenix, AZ 85009
(602) 248-9396
www.revenue.state.az.us

FEDERAL TAX REQUIREMENTS

If your business has one or more employees, you will be required to withhold federal income tax from their wages. Your business will be liable for social security contributions under the Federal Insurance Contributions Act (*FICA*) and for Federal Unemployment Tax under the Federal Unemployment Tax Act (*FUTA*).

Every employer subject to employment taxes is required to have an Employer Identification Number. If you have not applied for your identification number, you should obtain an application (*Form SS-4*) from any: Internal Revenue Service office, or write the IRS Office in Ogden, Utah 84201, or download it at www.irs.gov.

Once you have completed IRS Form SS-4, you may fax it to (801) 620-7115. Please include your own fax number and your daytime telephone number for a prompt response by the IRS. You may also receive your EIN by telephone. Complete Form SS-4 and call the Tele-Tin # (801) 620-7645. The IRS agent will use the information from the form to establish your account. Record your EIN # on the form and mail or fax the signed form within 24 hours. For a recorded message concerning Form SS-4, call (801) 620-7645.

Federal Income Tax Withholding

Generally, you must withhold income tax payments from wages you pay employees if their wages for any payroll period are more than the amount of their withholding allowances for that period.

The amount to be withheld is figured separately for each payroll period. A payroll period is the period of time for which you usually make a payment of wages to an employee. You should not withhold tax from the wages of employees who claim exemption from withholding.

Federal withholding generally should be figured on gross wages before any deductions for Social Security tax, pension, union dues, insurance, etc., are made. You may figure the withholding by any of several methods, the most common of which are the percentage method of withholding and the wage bracket method. IRS Publication 15-A, Employer's Tax Guide, contains the applicable tables and instructions for using both of these withholding methods. Your accountant is an invaluable source of information for your specific situation.

Social Security Taxes

The Federal Insurance Contributions Act (*FICA*) provides for a federal system of old age, survivors, disability, and hospital insurance. This system is financed through social security taxes, also known as FICA taxes. FICA taxes are levied on both you and your employees. You, as an employer, must collect and pay the employee's part of the tax. You are liable for your own (*employer's*) share of FICA taxes.

Federal Unemployment Tax

The Federal Unemployment Tax System, with the state system, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a state and federal unemployment tax.

This is important because even if you are exempt from state tax, you may still be required to pay the federal tax. You should contact an IRS representative to determine whether you must pay Federal Unemployment Tax (FUTA).

Specific questions concerning federal tax rules and regulations should be directed to the Internal Revenue Service at 210 E. Earll Dr., Phoenix, AZ 85012. The toll free telephone number is (800) 829-1040. The IRS also makes the following publications available through the IRS Forms Distribution Center, Rancho Cordova, CA 95743-0001. The toll free number is (800) 829-3676. Publication #334 - Tax Guide for Small Business; Publication #15A - Employer's Tax Guide (*Circular E*); Publication #509 - Tax Calendar & Checklist. Forms and publications are available at the IRS website: www.IRS.gov.

CHAPTER 5 MAKE SURE YOU APPLY FOR ALL APPROPRIATE LICENSES & PERMITS

BUSINESS REGISTRATION

All businesses operating within the town limits of Queen Creek are required to register with the town of Queen Creek, even if they are located outside of the town limits; this includes home based businesses also. Applications may be obtained and submitted at Town Hall, 22350 S. Ellsworth Road, 8 a.m.-5 p.m. weekdays. For information contact the Town Clerk at (480) 987-9887. A business registration fee is required to file.

The requirements and fees for licenses vary by type and are listed on license forms. Once your application has been reviewed, you will receive an official Business License, which must be prominently displayed in your business.

BUILDING PERMITS

A Building Permit and building inspection are required if new construction is intended, or if structural, plumbing, or electrical changes will be made to an existing business location. Contact Development Services at (480) 987-9887 for additional information. If you are locating your business in a shopping center, you will most likely need to make tenant improvements prior to moving in. We offer you the following points to help you through the process of receiving a permit, inspection, and certificate of occupancy:

- Before signing a lease with the property management company, make sure you have a clear understanding about any zoning requirements, agreements with the neighbors, or restrictions that may affect your business. You may confirm these requirements/restrictions by contacting the town's planning and zoning division at 987-9887.
- An experienced architect and contractor will ease you through this process.
- Make sure you have complied with all ADA regulations when planning your site and building.
- Request a meeting with your architect, contractor(s), and appropriate town staff from the planning, building, and fire departments early in your process to make sure everyone has a clear understanding about your project and address any .red flags. at this time. You, as the owner, should also be present to eliminate any surprises at a later date.
- Communication is the key to opening your doors on your projected date.

SIGNAGE FOR YOUR BUSINESS

Good signing is very important to the success of your business. Here are some points that may help you:

- If you are locating your business in a shopping center, check with your property management company, as well as the Town of Queen Creek, about their particular signage agreement. In most cases, this agreement was made during the zoning process prior to the shopping center being built. We caution you to check this out prior to signing your lease as the type of signage required may not work for your business.
- A professional sign company must pull your permit for a new sign. We suggest you select a sign company that is familiar with the town's sign code ordinance.

LIQUOR LICENSES

Liquor licenses are regulated by the State of Arizona. Applications must be obtained from the Arizona Department of Liquor Licenses and Control at the following locations:

Department of Liquor Licenses

& Control

800 W. Washington, 5th Floor
Phoenix, AZ 85007
(602) 542-5141

ZONING:

Zoning is the legal means used by the Town to regulate and or designate the use of land in the community. All businesses in Queen Creek must obtain zoning or ensure that the selected non-residential location is zoned appropriately prior to operation. Even if a business was previously located in your chosen location new zoning regulations may apply. Further zoning information may be obtained at the following location:

**Town of Queen Creek
Planning and Zoning Division**

22350 S. Ellsworth Drive
Queen Creek, AZ 85242
(480) 987-9887

SPECIAL LICENSES

Alcohol sales and bingo games are regulated by the State of Arizona. Applicants for alcohol sales must also seek approval through the Town Council. Alcohol license applications are first submitted through the Arizona Department of Liquor. The bingo applications may be obtained for the:

Arizona Department of Revenue

Bingo Licensing Authority Division
1600 W. Monroe St., Phoenix, AZ 85007
(602) 542-3227

Bingo applications are then forwarded to the local governing body for the Town Council approval.

CHAPTER 6

THE IMPORTANCE OF BUSINESS INSURANCE

Protecting your business is a key consideration during the start-up and development phase, as well as throughout the life of the business. The purpose of insurance, by definition, is to protect against loss or harm. Before you rush out to buy insurance to protect your business, carefully consider your insurance needs and how to select the right products to meet those needs. Where you buy insurance depends on what kind of insurance is needed. Although insurance companies sell insurance products that fit almost any need, not all companies offer all products. Another way to protect is by self-insurance, where your business absorbs all of the risk. Be careful.

Risk management and insurance issues can get extremely complex. We recommend you seek professional advice if you are unsure of your business needs (please check www.queencreekchamber.org for help in finding an insurance agent).

Today's business environment makes it extremely important to thoroughly evaluate the insurance company or companies you plan to use. If you have a claim, will the company be able to pay? Will their service live up to your expectations? How will you be treated? These are all good questions that should be answered before you select a company.

You should consider the following factors when deciding on an insurance company:

- The company's length of time licensed in the state
- How the company treats its customers
- The company's financial stability
- The insurance agent
- The policy rates.

You can inquire about an insurance company's state license status through the **Arizona Department of Insurance, (602) 912-8400.**

Buy insurance only from those companies licensed in the state. To inquire about customer satisfaction, contact:

Arizona Department of Insurance, (602) 912-8400 or the **Better Business Bureau, (602) 264-1721.**

They will be able to give you information about the company's business relationship in the community. Reviewing the financial stability of insurance companies is relatively simple. Call one or all of the five services that rate insurance companies and inquire as to their specific rating.

The five organizations are:

A.M. Best Company/ (900) 555-2378
Duff and Phelps/ (312) 368-3131
Moody's Investor Service/ (212) 553-1653
Standard and Poor's Corp. / (212) 208-1527
Weiss Research/ (800) 289-9222

You may need identification numbers of the companies for your inquiry of financial stability. These identification numbers are typically available at your public library. You can also ask your agent for their company's financial rating information.

When interviewing insurance agents a very important quality you should look for is trust. Insurance, after all, is supposed to provide you with peace of mind. You must have confidence in your agent and his/her abilities. Insurance concepts are complex and can have a significant impact on the success of your endeavors. As your company grows, you will need assurance that the advice given is best for you, and the service provided is acceptable for your business situation.

Insurance rates vary. When comparing rates, make sure they are for comparable coverage, amounts and features. As with other consumer products, you get what you pay for.

Finally **READ** the insurance contract you purchase. Know what you have, and how it will work for your circumstances. Your insurance agent should be happy to answer any questions you have.

Insurance is individualized to specific needs. A good agent will be able to tailor a plan to fit those needs. The following are types of insurance coverage you will want to consider protecting your business dream.

BUSINESS OWNER'S POLICY (BOP)

A business owner's policy is a package policy that insures the policy owner against both property and liability losses. These losses include damage to your building and/or contents, business liability and dishonest employees. Building and contents coverage is usually written to cover the actual replacement cost of the damaged or stolen article, and may include (*if specified*) such things as glass, signs, inventory, office equipment, and furnishings. Liability coverage protects the owner against financial loss, which might result from the injuries of others. The BOP policy also normally includes Products and Completed Operations coverage, to protect you in case your product or service causes injury or property damage to others. Depending on the type of business, you can also protect yourself against employee theft, dishonest acts, and the loss of money or securities.

PROFESSIONAL ERRORS AND OMISSIONS AND MALPRACTICE LIABILITY

Professional errors and omissions and malpractice liability is not usually included in a business owner's liability policy; it is purchased separately. This type of insurance protects your business from a liability claim arising from someone being injured or harmed because of your error, or something you should have done as a professional but didn't. This coverage is key for a business where the profession's services have a significant impact on the welfare, health, or success of the client. Professions that must consider purchasing errors and omissions or malpractice insurance include: doctors, nurses, counselors, consultants, realtors, lawyers, engineers, architects, financial advisors, insurance agents, and teachers, to name a few.

COMMERCIAL VEHICLE

Just as with any automobile insurance, a commercial vehicle policy covers liability (*to someone else and their property*) and physical damage (*to your vehicle*). This coverage may extend to employees while driving your vehicles for work-related purposes, although those employees must usually be listed and have their driving records checked. Rates are based on the territory covered, use of the vehicle, and its value and gross weight.

UTILITY AND FIDELITY BONDS

A utility bond can provide a new business some added cash during the start-up phase. With a utility bond, the insurance company agrees to pay your utility deposit for a non-refundable premium. Often the premium is as low as one-tenth of the original required deposit.

A fidelity bond is designed to protect you and your customers from the dishonest or fraudulent acts of your employees. This coverage is highly recommended when your employees provide services at a customer's residence or business, or where they are responsible for money or inventories. Each employee is required to provide personal history data to qualify them individually for issuance of the bond. Some insurers include this coverage in your business liability policy. If not, you may purchase this coverage separately.

WORKER'S COMPENSATION

Worker's compensation insurance is required by the State of Arizona for any business that provides employment. As an employer, you are required to carry this insurance even if your employees are working on a part-time basis. You must provide it at the time of hiring your first employee. The premium is based on payroll and the type of work performed. This insurance pays medical, hospital and surgical expenses incurred by an employee injured on the job.

Temporary disability benefits are also provided at two-thirds of the employee's average monthly rate, with a dollar limit each month. There is also a provision for temporary partial compensation if the employee can work light duty. Permanent compensation benefits may be awarded to an employee depending on the type and existence of a permanent disability.

INDIVIDUAL LIFE AND DISABILITY INSURANCE

During the start-up phase of your business, you are key to the company's performance. The business is extremely dependent, perhaps totally dependent, on your talents and availability. In turn, your family is generally dependent on the success of your business. In most instances, the business owner has invested the bulk of his or her resources in the business. Thus the business probably represents the largest single asset in your estate. If you, as the owner of your business, should die or become permanently disabled, your business would likely fail. Your family could also be financially devastated. Without the owner's day-to-day involvement, there could be a significant decline in the value of the business.

At this stage the incomes that can be provided by either disability or life insurance are of critical importance to the financial stability of your family and/or your business. Disability benefits are paid when you are unable to earn an income due to accident or illness. Life insurance dollars are paid to your beneficiaries upon your death.

BUY-SELL AGREEMENTS AND KEY PERSON INSURANCE

A generally accepted practice for a business is to insure itself against losses due to fire, theft, etc. Many businesses overlook the need to insure their greatest assets: Its owners and key employees. A great way to accomplish this is through insurance-funded Buy-Sell agreements and key person insurance. When involved in a partnership or corporation, a properly arranged buy-sell agreement can protect you and your family's interest in your company. This agreement also assures your partner(s) or other shareholders that they will retain control of the company. In a Buy-Sell agreement, at the time of death or disability of an owner, that owner's interest is sold to the remaining business partners. Funding that settlement is most often accomplished by using life insurance or disability income insurance. By using insurance, the funds are available precisely when they are needed, namely at the time of death or in the early stages of long-term disability, and at highly discounted dollars.

A key person is any employee or owner who contributes substantially to the financial well being of a business. Key person insurance coverage may be life and/or disability insurance provided for significant contributors to your business. This coverage is intended to offset some or all of the estimated loss, which

could result from the individual's death or disability. In a key person policy, the business applies for, pays for, and is the beneficiary of the coverage. Proceeds may be used in a variety of ways. Generally, they go toward the hiring and training of a replacement for the deceased or disabled individual.

GROUP HEALTH INSURANCE

In order to attract high-caliber employees, it has become almost a necessity for employers to provide some form of health insurance. Health Maintenance Organizations (*HMOs*) have become very popular because of the low out-of-pocket cost to the employees when using a doctor or hospital. However, these are usually available only for groups of ten or more employees and the premiums are generally the highest of any type of health insurance. Slightly less costly and more widely available are Preferred Provider Organizations (*PPOs*) which act like an HMO when a preferred provider (*a doctor or hospital specially contracted by the insurance company*) is used. Generally lowest in premium is medical indemnity or hospital-surgical plans, where the insured shares in the front-end costs of medical care with a deductible and co-payment.

DISABILITY INCOME

Disability income policies replace the income of you and employees who are unable to work due to illness or accident. This type of coverage is available through either group policies or individual policies. Normally, the contracts of individual policies provide greater protection to the insured persons. Group policies, however, have the advantage of pooling risk and therefore are more affordable. Many group disability income policies also have provisions for group life insurance coverage.

ESTATE PLANNING

A business often constitutes a major portion of a person's estate. Therefore, it is important to integrate business insurance planning with your personal estate planning. Estate planning deals with the creation, administration and disposition of an estate, with the primary purpose being to help you achieve your goals for distribution of assets after death. Elimination or reduction of estate taxes is a key consideration. Life insurance is a means to reduce the financial impact of these taxes and other expenses.

CHAPTER 7

TECHNOLOGY FOR SMALL BUSINESS

OVERVIEW

When considering technology for your new business, consider your goals, your daily activities and set up your processes, then see if they can be automated or computerized. Not all solutions need be technical ones. Before you run out shopping, make sure you take the time to evaluate and integrate.

First, examine your current workflow. Be sure you understand how current processes work. Take into consideration Advertising/Marketing, Selling, Order Taking, Product Delivery, Customer Communication, Follow Up, Research, Growth, Estimates, Billing/Invoicing, Tracking Payments and Expenses and Project Management.

Once you have an idea of your workflow and needs, look at your current process and how you think it could be improved, your user knowledge level, cost/benefit, hardware and operating system requirements, software's ability to integrate with other software packages, upgrades and suites (such as Office).

Networks

If you have multiple computers, there is really no question that you should network them at some point, so be sure to include network cards when you purchase new computers for future networking as well as high speed internet access. Then you will need a networking hub and cables. You can get books and network things yourself or hire someone to set it up for you.

Backup System

This is THE MOST IMPORTANT THING you can do for your business. Once you start using computers in your business, if they ever go down, you will lose money in operating time. It's easy to go to the nearest computer superstore and buy new hardware and software, but your data, client information, email, and especially financial data is ONLY in your computer.

You can use simple floppy disks at first, just copying your information, but as your data grows larger, you will need to consider CD-R (writable CDRW), tape drive or off-site remote backup. CD-R and tape are nice in that you have total control of your data, but it requires your interaction in at least changing the tape or CD. Offsite backup allows you to automate the process to the point of hands off as your computer will connect with another company's computer (backup company) and send your data to them during the time your business is closed. If you ever have need of a file, you can retrieve it at any time through your software from your current location or in the event of a disaster, from anywhere in the world with just your account number and password (after downloading their software to your new computer). Rates may run from \$6.95/month for under 100MB of data to up to unlimited for total replacement and rebuilding of your systems in the event of a total emergency.

Next consider your options. Talk to similar businesses, especially through professional organizations and use the Internet to research software available for specific business types or functions. Consultants can help you evaluate your needs and give you options you may not have thought of as well as Bookstores, Libraries and Computer Stores for books or software. Look for Demo Disks and Evaluation Copies and don't be afraid to ask for these from a representative, especially on a larger software package. Remember that a computer does not create a workflow, it simplifies the record keeping, but humans are still responsible for setting it up and making sure the software meets the needs of the business.

SOFTWARE

Contact Management Software and Databases

ACT, Goldmine, Outlook are all contact management software packages that help you manage your client information for mailing lists, creating faxes, letters and email with contact information. It can also keep your calendar and office schedule and stores all notes and records of your communications. You can customize it with templates and put contacts in groups to ease your total management.

Word Processing Software

Word provides Letter Writing and links to contact management software. You can create Newsletters with Word, although for more formal publications, you may want to use Publisher or PageMaker.

Communications Software

☐ WinFax can send faxes directly from your computer in conjunction with contact management software or directly from your word processor. It can answer your phone and take a message or a fax, thus saving you a phone line.

☐ www.efax.com allows you to receive emails and voice mails through your email at no cost for a non-local number or for a small charge at a local number.

Web and Internet Related

☐ Internet Explorer is web browser software, which allows you to surf the web.

☐ FrontPage is for creating and maintaining a Web Site.

☐ Outlook Express is Email Software for use with most Internet providers, but AOL and some other types of email have their own software.

☐ Net meeting allows you to communicate live with other people through video, audio and computer interfaces.

☐ High Speed Access is very useful. The cost benefit depends on your business.

☐ PC Anywhere and Laplink allow you to access one computer from another.

☐ FTP (File Transfer Protocol). Most commonly used for uploading web pages, but can also be used to transfer files too large for email attachments (5 Megs) to other people.

☐ www.webbox.com allows you to retrieve email from anywhere through a web browser.

Accounting Software

☐ QuickBooks/Quicken. Excellent for small business to maintain all their financial records, create invoices, cash receipts and get good reporting. Look into online banking as well.

☐ Excel. Spreadsheet Software for Budgets and Projections. You can export reports from QuickBooks to Excel and use them to create .what-if?. scenarios.

Creating Non-Editable Documents

☐ Hotsend creates a proprietary file that can only be read by other people with Hotsend, but both the creation and reading software are free at www.hotsend.com.

☐ Adobe Acrobat creates PDF files that can be read by Adobe Acrobat Reader, available free to anyone. This is great for putting documents on your website that you don't want people to edit and you don't want to worry about whether they have the correct software to read the file, but the full Acrobat software is expensive.

HARDWARE

When it comes to Computer Hardware, you need to let the Software lead the Hardware. Software will list what minimum hardware is needed to run the program. Make sure you look at the **Recommended not Required** list. Then you need to buy a system that minimally meets the largest Required hardware list of all of your software. In evaluating **Leasing vs. Buying** your computer hardware, leasing typically doesn't make sense unless you are extremely cash poor. Even in that case, you may choose to make monthly payments, but make sure there is no

penalty for early payment and work to pay that off. Small businesses can often use credit cards to finance their business where the bank will not look at them.

When considering **where to buy your computer**, check out smaller companies (look to www.queencreekchamber.org for help). You will normally get more computer for your money and a place that can service what they sell. While large companies often look good on price, their equipment is often overpriced for what it is.

If you are extremely price conscious, you could consider mail order, but then you would definitely want to go with a big name company for dependability and long-term. If you buy a computer from a small reseller, follow your instinct as to how comfortable you feel with that store. The person you buy from will most likely be the owner of the store, so it's important that you feel comfortable with them and their product. When you buy in a small store, you will most likely be getting generic name brand parts. And yes, that may sound like an oxymoron, what that means is that a brand name computer is actually made up of parts made by other manufacturers and those other manufacturers have levels of quality to them like anything else. In other words, even if you buy from IBM, you can be 100% sure that IBM didn't actually make everything in that computer and you can be 90% sure that most name brand computer makers didn't make anything in that box. So, the little guy might not have a fancy sticker on the outside, but they normally use higher quality parts on the inside.

Also, they put the money where it makes the difference. In many name brand computers you will see FAST processors, but the hard drive (Speed, not size) actually makes more of a difference in how fast the computer is.

The Processor is important, but when you give a budget to a small shop, they can stay within that budget and still give you the most bang for your buck. If you are buying a computer, you want to list first what the requirements of your software packages are, then go out and compare apples to apples. Often the name brand computers will come with software, but not the software you need, so don't value it in your comparison and make sure all the parts are the same.

Monitors, Keyboards & Mice are up to you. Whatever you like is what you should buy. Specs are fine, but if you use your instincts as to what feels and looks like quality that you can live with, that is what you will be most happy with.

Laptop

This is never more true than in a laptop. It is important to go into stores and try out as many as you can find. Type a letter into each one you think you like. Carry it around if it's not bolted down. Turn it over. Think about what it would be like to use it. Then, keep your receipt. If it doesn't work out in a week, take it back and get another. Not all laptops are created equal and here it is recommended to consider a brand name. It's not possible to build one on demand unless you are a huge computer company. You are paying for size. The same computer in a laptop will cost more than a full size machine.

Extra Stuff

Most computers come with speakers and CDROMs. Speakers and sound cards are nice, and although they aren't absolutely necessary in most cases, they cost so little in the overall cost that there's not much reason to leave them out.

Do get a **CD-R** instead of a **CDROM**. CD-R is the type that can create a CD for others to read. Files are getting larger and larger all the time, so it's really handy to have something you can write large files to and also use for backups of your data.

Dual monitors are useful if you are going to be on the computer a lot or running two programs at the same time.

Scanners are necessary if you want to use your computer as an exclusive fax, or if you want to put images on your website, unless you use the fax or scanner at another company.

TRAINING

There are many forms of training, including On-line help, tutorials, Manuals, Books, Videos, Classes, and one on one training. All have benefits and drawbacks. Allow you and your employees to choose what works best for you. Don't assume that people will be able to figure things out. A minimal amount of training can cause productivity to soar! Some people learn best in a class, which is a good place to get the basics, but for busy people, one on one can be best to focus in on task specific training. If you are self sufficient, then you can use books, videos, CDROMs or online training, otherwise, use self paced training in partnership with someone else or use instructor-led training.

CONCLUSION

Start with your business plan. Understand your processes and the people who will be using the systems. Ask all personnel affected to provide needs and opinions. Read all software boxes as to requirements, recommendations and features. Be sure to try the software out before implementing it. Allow time for learning curve and get feedback from all employees.

CHAPTER 8

A SUCCESSFUL HOMEBASED BUSINESS

IS YOUR HOME BUSINESS IDEA A GOOD ONE?

Customer-Driven

Responds to a market need

Enjoyment-Driven

Provides enjoyment to you and your team members

Perfection-Driven

Exceeds the expected in satisfying the customer

Results-Driven

Meets the need; is value-oriented

Talent-Driven

Capitalizes on your special abilities

Value-Driven

Provides value to the customer

A FEW KEY THINGS TO KEEP IN MIND

No one can tell you what type of home business will be satisfying and profitable for you. Ultimately, it's a decision only you can make. Consider your experience, knowledge, skills, contacts, location, time, products, interests, equipment and potential customer base. Pursue one of your hobbies, talents and/or passions! When you do something you really enjoy, you will stay motivated. Consider a business that services other businesses, or one that caters to the fastest growing segment of the population, aged 35-54. They have rising incomes and higher rates of consumption.

Don't quit your "day job" to go into business for yourself. Start your home business part-time. Take on several small projects to accumulate experience and references.

Be able to identify who needs you and would pay for your services. You want to match up what you enjoy doing and do well with what people will pay for. Don't sell yourself short. The very same companies that are laying people off are hiring freelancers and independent contractors.

Stay away from come-on ads or "seminars" luring you with the prospect of making big money from home. As they say, if it sounds too good to be true, it usually is. When checking out one of these companies, remember, the Better Business Bureau is not a government agency; they preach "investigate before you invest". They only issue "reliability" reports on businesses and attempt to warn about scams and how to avoid them. Be cautious of references provided to you by the company in question, as they might not be actual consumers of their product or services. Before attending any seminar, trade shows, conference or exhibit touting any home business opportunities; ask around as to whether it is worth the time and financial investment. Some are. Some are not.

Check out businesses providing products or services similar to the one you are considering. How many competitors will you have? How are their businesses run? What do you think of their services or product? Who are their customers? What could you do better ... or differently? Can it be done at home?

Conduct preliminary marketing research to help you nail down your target market. Start by asking you friends, relatives, neighbors, business associates, who they feel your target market might be.

If you find that your market is limited, switch to or add another product or service that will attract a broader base of customers. Or, conversely, find out what it is that appeals to a narrow market and offer a service or product that is highly specialized and compensated, and in demand because of its scarcity.

- As soon as you've decided you want to start a home business, change your lifestyle. In other words, gear down financially. You'll find that you'll need to begin investing money into your new business venture and the sooner the better.
- Once you make the transition to full-time home based business, you should either have enough income saved to sustain for at least 18 months, ideally for 2 years or have a part-time job. It normally takes that long for a business to establish a steady client base.
- Network and make lots of connections. Let everyone know what you do. You can't start this process too soon.
- Find a mentor or business coach - even if it's a friend with an optimistic attitude and some common sense advice. Connect with others who work at home.
- You will work just as hard (*probably harder*) for yourself than you ever did working for someone else. Most home business owners are workaholics and burn-out is not uncommon.
- People won't take you seriously. They can't believe you can actually work at home and get any "real" work done, or wonder why you don't have a "real" job. "Can you really make a living at that?"
- Isolation can be tough. You should enjoy your own company and like to work alone. Those who have enjoyed an atmosphere of corporate peer support may have more difficulty making the transition to home based.
- A home business may give you more time with your children, but you'll need to line up day care alternatives for the times when you need a break.

LEGALITIES

Determine appropriate legal structure for your type of business. A sole proprietorship is the simplest way to run a business from home, particularly if you work alone. You simply declare yourself a business owner. However, consult your accountant and attorney to determine which business structure is best for you

BUSINESS PLANNING

Visualize every step toward the success of your business. Then write a business plan, no matter how preliminary or rough. This will become your roadmap to success. Ideally, where would you like to be in 10 or 15 years? Work backward from that point and then establish dates for the goals you want to achieve to get there.

LICENSES AND NAME REGISTRATION, ETC.

- Call the Arizona Business Connection at (602) 280-1480 for all of the paperwork you need.
- When choosing a business name, avoid those beginning with "A" or the one that starts with your first name, or names with cute spellings. Customers won't be able to find you in the phone book. You also need to consider whether you plan to sell the business one-day. Register the name of the business with the State to prevent its use by others. Before completing your Tradename form, check the phone book for similar or same business names, then call the Arizona Secretary of State/Tradenames and Trademarks Office, at 542-6187 and ask them to check your proposed name. Complete the form and return it with the \$10 fee as soon as you can.
- Apply for a town business license.
- Apply for a Sales Tax Number (*if you're selling a product*)
- Check www.queencreekchamber.org and click on "Membership Directory" for the name of an accountant, lawyer, banker, bookkeeper, and insurance agent. You'll need them sooner than you think.

PHONES

- Call Quest Office Consulting Center at 1-800-898-WORK for advice on phone service and request a copy of their Home Office Resource Guide.

- Answer your phone with your business name or "Good Morning/Good Afternoon, this is Pat," not simply "Hello." Always identify yourself by using your name.
- Practice telephone etiquette that projects a professional image. Pay attention to background noise such as children playing, dogs barking or television sets in operation that could leave your client with a negative image of you and your business. Do not let your children or teenagers record your business message.
- Get an answering machine with Call Waiting, or preferably Voice Messaging. Whichever you choose, be sure something or someone answers incoming calls every time. Most customers will call someone else if they get a busy signal.
- Get a separate phone line for your business. If you decide to get a business line, your costs will be nearly double. The deadline for a phone book listing is December. The deadline for the suburb directories is July. If you can't afford a business line because a Yellow Pages listing and a listing in the business section of the White Pages are not important to you, consider an inexpensive alternative such as Customer Ringing, a separate phone number associated with your current residential line but having a different ring. Caller ID is helpful if you need to screen calls during business hours.

HOME OFFICE AND EQUIPMENT

- It is perfectly acceptable to use a PO Box (*unless you're selling a product*) for security or privacy reasons. When you rent mailboxes, you can often use the store's street address, and your box number becomes your suite number.
- Since you'll be spending a lot of time there, your home office should have a pleasant atmosphere and if possible, have a window with a decent view. At the very least, you'll need a desk, a comfortable chair, good lighting, a telephone and basic supplies. A room with a door is recommended to minimize noise and interruptions and to keep little hands and paws away from your paperwork. If customers come to your home for appointments both you and your office should look professional.
- Buy a computer and a fax machine or computer fax modem. Businesses that automate and computerize their tasks are more productive and technologically advanced. Your customers will find this to be an advantage. Use technology to cut down the administrative aspects of your work and give yourself a 100 percent professional image.

PRINTED MATERIALS

- Pick one business to use on one business card. Don't mix businesses of different types. No one will take you seriously. Others will wonder what you're REALLY good at.
- Have stationery and business cards printed. When you can afford it, develop a custom logo. It can be as simple as the typeface you choose for your company name. Your logo should tastefully appear on everything your company produces. When designing your business cards, the order of importance should be phone numbers, what you do, your name, company name, address, fax number and then E-mail address. Make sure your phone number is large and easy to read.

TIME MANAGEMENT

- At first you'll want to be the "everything to everybody" business owner. Eventually you'll need to establish regular business hours because you'll need to get a life!
- Don't feel guilty about taking time off.
- As soon as you can afford it, pay someone else to do the aspects of your business in which you are weak, or those that are non-revenue producing. Bookkeeping, clerical chores, database or mailing list management, banking or running errands are good examples.

MARKETING YOUR BUSINESS

- Be able to accurately describe your business in 20 words, preferably less. Always include your "specialty" in your description. Write it out if you have to, and then commit it to memory. You'll be glad you did when you introduce yourself at networking events.
- Market your business constantly. It will make you look successful, even when you're not yet.
- You must be committed to networking and advertising for the long run. Know that results don't come overnight. The same is true with advertising. Just because you don't get a response the **first**, second or third time you run your ad doesn't mean no one noticed. It only means that they don't need your product or service right now. They may set it aside for future reference or remember you when someone needs a referral.
- ASK potential customers for their business! ASK your current clients or customers for referrals. Ask your customers what type of services they would like you to provide and to make what you offer more attractive to them. Become highly skilled at listening. Your customers will tell you what direction your business should take. Your customers will also become your best sales force and referrals are the backbone of most successful companies.
- You may have chosen a business because it seemed fun, but you must also make a living.
- Minimize the number of jobs you "discount" for family and friends. Remember that time is money.
- Join a professional association such as Chambers of Commerce, leads groups, or other organizations that will help you promote your business.

BECOMING AN EXPERT, DEVELOP A NICHE

- Be the best at what you can do. Create a "niche" in your industry. Continuously study upcoming trends. Envision the ripple-effect opportunities that will occur as a result of these trends. This is an excellent way to find a target market. It's also where you'll find money.
- Rent, buy or borrow motivational or educational books, videos or audiotapes that will help you in your business.
- Stay educated. Take classes; join associations, read magazines, trade journals and other publications relating to your business. Speak before groups and association or teach classes. Write an article for a newspaper or newsletter. Publish your own newsletter. Make a commitment to publishing a newsletter on a regular basis. It lets your customers know that you're the expert...and that you and your business are still alive and well.

MAKING THE MOST OF YOUR MONEY

- Establish separate bank accounts for personal and business.
- When setting up your annual budget, remember that your overhead includes the direct and indirect costs of running the business, your salary, plus a profit.
- Barter with other home businesses, when you need to conserve your cash flow.
- Never buy anything until you are absolutely sure you cannot live without it.
- Make sure your business has a mix of customers, small and large, who pay upon delivery, pay monthly, etc. Focus most of your energies and time on the portion of the business that generates the most consistent revenues.
- Pay your taxes on time. If you hate doing them, then hire a bookkeeper that doesn't. This is an area where many small businesses get in trouble.
- Know that not all business is good business. Don't be afraid to "lose" customers who are a major headache.

ZONING ORDINANCES

According to the Town of Queen Creek Zoning Ordinance, Appendix A, a **HOME-BASED**

OCCUPATION is “A business activity conducted as an accessory use to a dwelling unit.”

When considering an application for a home based business, the Town of Queen Creek describes a Home based business as a home occupation which:

- Is customarily carried on in a dwelling unit, or in an attached building;
- Is carried on by a member or members of the family residing in the dwelling unit, and
- Is clearly incidental and secondary to the use of the dwelling unit for residential purpose and
- Conforms to the following additional conditions:
 1. The occupations or profession shall be carried on wholly within the principal building or within an attached building.
 2. No one outside of the family shall be employed in a home occupation.
 3. There shall be no exterior display, no exterior storage of materials, and no other exterior indication of the home occupation or variation from the residential character of the principal building.
 4. No offensive noise, vibration, smoke, dust, odors, heat, or glare shall be produced.
 5. The activity shall be limited to the hours between 7:00 a.m. and 10:00 p.m.

Remember to check your neighborhood’s CC&R.s as to restrictions regarding home based businesses.

The exact text of the Queen Creek Ordinance follows:

Town of Queen Creek Zoning Ordinance
Article 6
6.8
HOME BASED OCCUPATIONS

A. PURPOSES.

1. A home occupation is permitted as an accessory use in the districts shown in Figure 6.8-1. The purpose of the home occupation regulations and performance standards are:

- a. to establish criteria for operation of home occupations in dwelling units within residential districts:
- b. to permit and regulate the conduct of home occupations as an accessory use in a dwelling unit, whether owner or renter-occupied:
- c. to ensure that such home occupations are compatible with, and do not have a deleterious effect on adjacent and nearby residential properties and uses;
- d. to ensure that public and private services, such as streets, sewers, water or utility systems are not burdened by the home occupation to the extent that usage exceeds that normally associated with residential use;
- e. to allow residents of the community to use their residences as places to enhance or

fulfill personal economic goals, under certain specified standards, conditions and criteria;

f. to enable the fair and consistent enforcement of these home occupation regulations:
and

g. to promote and protect the public health, safety and general welfare.

h. No home occupation, except as otherwise provided herein, may be initiated, established, or maintained in the Town except in conformance with the regulations and performance standards set forth in this Section.

B. PERFORMANCE STANDARDS. Home occupations are authorized if they comply with the following performance standards in Table 6.8-1. A check mark "Y" indicates that the performance standard applies in the applicable district.

C. HOME OCCUPATIONS PERMITTED. A home occupation shall be operated and maintained to not interfere with the peace, quiet and dignity of the neighborhood. The following are examples of uses which would be acceptable as home occupations: low volume office (insurance, realty), beauty shop, seamstress, instruction (as limited in paragraph 9 of Table 6.8-1) word processing and other computer applications, and door to door sales.

D. HOME OCCUPATIONS NOT PERMITTED. The following types of uses shall not be permitted as home occupations in Residential Zoning Districts: medical / dental office, motor vehicle repair or similar uses, temporary or permanent motor vehicle display for purposes of sale or lease, restoration or conversion, engine repair, furniture refinishing, gymnastic facilities, studios or outdoor recreation activities, medical/cosmetic facilities for animals, including animal care or boarding facilities, machine shop/metal working, retail sales, commercial food preparation and catering, contractors shops, mortuaries, medical procedures, body piercing and/or painting, tattoos, or any type of physical or psycho therapy.

E. EXEMPT HOME OCCUPATIONS. The home occupations listed below shall not be subject to all applicable home occupation regulations and standards of this Section, provided that all persons engaged in such activities reside on the premises and the following conditions are satisfied:

1. artists, sculptors, composers not selling their artistic product to the public on the premises;
2. craft work, such as jewelry-making and pottery with no sales permitted on the premises;
3. home offices with no client visits to the home permitted;
4. telephone answering and message services.

F. UNSAFE HOME OCCUPATIONS. If any home occupation has become dangerous or unsafe-, or presents a safety hazard to the public, pedestrians on public sidewalks, or motorists on public right-of-way, or presents a safety hazard to adjacent or nearby properties, residents or businesses, the Administrator shall issue an order to the dwelling owner and/or tenant on the property on which the home occupation is being undertaken directing that the home occupation be immediately made safe or be terminated. The property owner and/or tenant shall be responsible for making the necessary corrective steps or measures, but in the event of a failure to do so by the Owner and/or tenant, after notice and a reasonable period of time. the Administrator may take any and all available enforcement actions to render the home occupation and dwelling safe. Costs incurred by the Administrator, if forced to take enforcement actions, shall be borne by the property owner and shall be treated as a zoning violation pursuant to § 2.5 of this Ordinance.

G. HOME OCCUPATION PERMIT. No home occupation shall be established unless and until a home occupation permit is issued pursuant 10 § 3.2.0 of this Ordinance. A home occupation permit shall lapse automatically if the property is used for non-residential purposes, if the dwelling is sold or rented, if the home occupation operator dies, if the home occupation permit lapses or is not renewed, or if the home occupation is discontinued for a period of 180 days or more and is not renewed within thirty (30) days of written notice from the Administrator.

CHAPTER 9

STARTING A BUSINESS CHECKLIST

Now that you have reviewed this guide, you should have a clear understanding of what you need to do to start your business in Queen Creek. We have provided the following checklist to assist you in your new venture. The Queen Creek Chamber of Commerce is here to help you and to provide you with valuable resource information. Please feel free to call on us at (480) 720-4040.

CHECKLIST FOR GOING INTO BUSINESS

YES NO

- Have you completed your strategic and business planning?
- Have you determined the type of business structure your organization will assume?
- If so, have you followed the appropriate registration procedures for that organizational structure?
- If applicable, have you registered your business trademark and trade name?
- Have you determined whether your business or profession is subject to any special licensing requirements?
- Have you obtained a federal employer identification number (Form SS-4)?
- Will your business be required to obtain a state sales tax license, submit monthly reports, and pay taxes on business activities?
- Will your business be required to obtain a city sales or business/occupation license?
- Will you be required to withhold state taxes and federal income taxes from the compensation paid your workers and submit quarterly reports?
- Will you be required to pay state and submit quarterly reports for the unemployment coverage of your workers?
- Will your business be required to pay federal unemployment taxes and submit quarterly reports?
- Will you be required to have workers' compensation insurance coverage?
- Have you made a thorough review of your other insurance needs?
- Have you reviewed the state and federal labor laws and determined the personnel-related policies your business will follow?
- Have you checked the environmental regulations to ensure that your business will meet all air, water, and solid waste standards?
- Have you consulted with your accountant concerning tax planning, management controls, and essential accounting systems?
- Have you obtained state, county and city operating permits and licenses associated with your business or profession?
- Have you carefully considered all available information pertaining to your business location decision and made sure your operations are consistent with current zoning regulations?

- If so, have you obtained local certification of occupancy?
- Have you checked with the utility companies to ensure prompt delivery of service and to determine the cost of service extensions, the amount of any required deposits, and written price and supply agreements?

PERSONAL FINANCIAL STATEMENT

As of _____, 20____

Name:
 Residence Phone:
 Residence Address:
 City, State, Zip Code:
 Social Security Number:

1) DESCRIBE NOTES RECEIVABLE:

PERSONAL ASSETS

Cash in Bank	\$ _____
IRA.....	\$ _____
Notes Receivable (1).....	\$ _____
Life Insurance Surrender.....	\$ _____
Stocks & Bonds (3).....	\$ _____
Real Estate (4)	\$ _____
Automobile.....	\$ _____
Personal Property (6)	\$ _____
Other Assets (8).....	\$ _____
TOTAL ASSETS	\$ _____

PERSONAL LIABILITIES

Accounts Payable	\$ _____
Notes Payable (2).....	\$ _____
Auto Installment	\$ _____
Other Installment	\$ _____
Life Insurance Loans	\$ _____
Mortgage (4).....	\$ _____
Unpaid Taxes (5)	\$ _____
Other Liabilities (7)	\$ _____
TOTAL LIABILITIES	\$ _____

SOURCES OF INCOME

Salary	\$ _____
Investments.....	\$ _____

Real Estate..... \$ _____
 Other Income \$ _____

CONTINGENT LIABILITIES

Endorser/CoMaker..... \$ _____
 Claims/Judgements \$ _____
 Income Tax..... \$ _____
 Other Income \$ _____

2) DESCRIBE NOTES PAYABLE:

Name/Address of Holder; Original Balance; Current Balance; Monthly Payment

3) DESCRIBE STOCKS AND BONDS:

Name of Securities; Number of Shares; Cost; Market Value

4) DESCRIBE REAL ESTATE:

Address; Purchase Date; Cost; Present Value; Mortgage Balance; Payment

5) DESCRIBE TAX LIABILITY:

Type; To Whom Payable; When Due; Amount; Lien

6) DESCRIBE PERSONAL PROPERTY:

Exact Description; Liens; Delinquencies

7) DESCRIBE OTHER LIABILITIES:

8) DESCRIBE OTHER ASSETS:

PRO FORMA CASH FLOW ANALYSIS

NOTE: This analysis should be done on a monthly basis for the first year and on a quarterly bases for years 2 and 3.

CASH RECEIPTS

Cash Sales \$ _____
 Cash from Accounts Receivable \$ _____
 Cash from Investments \$ _____
TOTAL CASH RECEIPTS \$ _____

CASH DISBURSEMENTS

Merchandise Inventory..... \$ _____

Salary, Wages	\$ _____
Outside Labor.....	\$ _____
Payroll Taxes	\$ _____
Advertising.....	\$ _____
Car & Delivery.....	\$ _____
General Office Administration	\$ _____
Legal & Accounting	\$ _____
Operating Supplies	\$ _____
Bad Debts.....	\$ _____
Rent	\$ _____
Repairs & Maintenance	\$ _____
Utilities	\$ _____
Insurance.....	\$ _____
Taxes & Licenses	\$ _____
Loan Payments (Principal & Interest)...	\$ _____
TOTAL CASH DISBURSEMENTS.....	\$ _____
NET CASH FLOW (+/-)	\$ _____

BUSINESS START-UP COSTS

LIVING EXPENSES

From last paycheck to opening day..... \$ _____
 For three months after opening day..... \$ _____
 (NOTE: Money for living and business expenses for at least three months should be set aside in a bank savings account and not used for any other purpose. This is your start-up cushion.)

DEPOSITS, LICENSES, PREPAYMENTS

Deposit for rent

Telephone & utility deposits.....	\$ _____
Business licenses.....	\$ _____
Insurance premiums	\$ _____

LEASEHOLD IMPROVEMENTS

Remodeling & redecorating.....	\$ _____
Fixtures, equipment, displays	\$ _____
Installation labor.....	\$ _____
Signs - outside, inside.....	\$ _____

INVENTORY

Delivery equipment, & supplies	\$ _____
Merchandise (approx. 65% of start-up costs are invested in opening stock)	\$ _____

OPERATING EXPENSES FOR THE FIRST 3 MONTHS

(From Cash Flow Projection)..... \$ _____

RESERVE TO CARRY CUSTOMERS. ACCOUNTS

\$ _____

CASH FOR PETTY CASH, ETC..... \$ _____
TOTAL START-UP CASH NEEDS..... \$ _____

BALANCE SHEET

As of _____, 20____

ASSETS

Current Assets

Cash..... \$ _____
 Accounts Receivable (net)..... \$ _____
 Merchandise Inventory..... \$ _____
 Supplies \$ _____
TOTAL CURRENT ASSETS..... \$ _____

Fixed Assets

Fixtures \$ _____
 Vehicles \$ _____
 Equipment..... \$ _____
 Leasehold Equipment \$ _____
 Building \$ _____
 Land..... \$ _____
TOTAL FIXED ASSETS..... \$ _____

TOTAL ASSETS (A) \$ _____

LIABILITIES

Liabilities

Accounts Payable \$ _____
 Taxes Payable \$ _____
 Notes Payable..... \$ _____
 Other Payables \$ _____

TOTAL LIABILITIES (B) \$ _____

NET WORTH: Owners Equity (A minus B) .. \$ _____

TOTAL LIABILITIES & NET WORTH (equals A) \$ _____

INCOME STATEMENT

(3 previous years for existing businesses)

	YEAR 1	YEAR 2	YEAR 3
SALES	\$ _____	\$ _____	\$ _____
Less Cost of Goods	\$ _____	\$ _____	\$ _____
GROSS PROFIT	\$ _____	\$ _____	\$ _____

OPERATING EXPENSES

Salaries, Wages	\$ _____	\$ _____	\$ _____
Commissions.....	\$ _____	\$ _____	\$ _____
Outside Labor.....	\$ _____	\$ _____	\$ _____
Payroll Taxes	\$ _____	\$ _____	\$ _____
Advertising.....	\$ _____	\$ _____	\$ _____
Car & Delivery.....	\$ _____	\$ _____	\$ _____
General Office Administration	\$ _____	\$ _____	\$ _____
Legal & Accounting	\$ _____	\$ _____	\$ _____
Supplies	\$ _____	\$ _____	\$ _____
Bad Debts.....	\$ _____	\$ _____	\$ _____
Rent	\$ _____	\$ _____	\$ _____
Repairs & Maintenance	\$ _____	\$ _____	\$ _____
Utilities	\$ _____	\$ _____	\$ _____
Insurance.....	\$ _____	\$ _____	\$ _____
Taxes & Licenses	\$ _____	\$ _____	\$ _____
Depreciation.....	\$ _____	\$ _____	\$ _____
Interest	\$ _____	\$ _____	\$ _____
Miscellaneous	\$ _____	\$ _____	\$ _____
TOTAL OPERATING EXPENSES _____	\$ _____	\$ _____	\$ _____
PROFIT/LOSS BEFORE TAXES _____	\$ _____	\$ _____	\$ _____

CAPITAL EQUIPMENT LIST

Major Equipment and Accessories Model Cost

_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

TOTAL \$ _____

Minor Equipment

_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

TOTAL \$ _____

Excerpted, with permission of Maricopa Community College Small Business Development Center, from *Business Plan Guidelines* (Maricopa Community College SBDC).

CHAPTER 10 RESOURCE LIST

Resources

Town Of Queen Creek (480) 987-9887
Chamber of Commerce (480) 720-4040

Maricopa County

Air Pollution Control, Small Bus. Ombudsperson (602) 506-5102
County Assessor/ Property Taxes (602) 506-8511
Gateway Small Business Development Center (602) 392-5223
Maricopa County Board of Supervisors (602) 506-3415
Maricopa County Recorder (602) 506-2859
Service Corps of Retired Executives (SCORE) (480) 833-9020

State

Arizona Business Connection (602) 280-1480
Arizona Dept of Insurance (602) 912-8400
Arizona Dept of Revenue- License and Registration (602) 542-4260
Arizona Dept of Revenue 1-800-634-6494
 .New Business Packet.* (602) 542-4565
 Taxpayer assistance (602) 255-3381
 Tax Forms (602) 542-4260
Arizona Dept of Liquor Licenses & Control (602) 542-5141
Arizona Corporation Commission (602) 542-3076
Arizona Dept of Commerce (602) 280-1300
Arizona Dept of Commerce (fax number) (602) 280-1305
Arizona Dept of Environmental Quality - Customer Service 1-800-234-5677
Arizona Dept of Economic Security (602) 542-4791
Arizona Division of OSHA (602) 542-5795
Arizona Secretary of State (trademark/name registration) (602) 542-6187
Secretary of State Publication ** (602) 542-4086
State Compensation Fund (602) 631-2900

** available by request which includes all forms needed to start a business and includes the Dept. of Revenue Guide to State Licensing Requirements*

*** a semi-annual index is available for all state agencies with addresses and phone numbers for \$5*

U.S.

U.S. Immigration Service (602) 379-3122
Department of Labor (602) 640-2990
EEO Commission (602) 640-5000
General Information 1-800-688-9889
EPAA Small Business Ombudsperson 1-800-368-5888

I.R.S. Information	1-800-829-1040
National Federation of Independent Business	(602) 263-7690
OSHA- General Information	1-800-356-4674
SBA Answer Desk	1-800-827-5722
Small Business Administration	(602) 640-2316
State Compensation Fund	(602) 631-2900

Other Resources for Business

Amerifund: Wade Rasmussen (480) 607-1122
Specializes in start-ups with clean credit. Equipment loans and leasing.

Arizona State University/Career Services: Elaine Stover (480) 965-2355 / Internet:
www.asu.edu/career
The Career Services office encompasses all aspects of career development, planning and placement, and functions as a liaison between the university and employment community. Services for employers include the following:

- * Resume Referrals
- * Student Organizations List
- * On-Campus Recruiting
- * Recruiter Round-Up
- * Career Fiesta
- * AZ Collegiate Job Fair
- * Job Listings
- * Employer Guide
- * S.T.E.P.S. Career Guide
- * Career Coordinated Internship/Co-Op Opportunities

Arizona State University/Office of Economic Development: Gail Howard (480) 965-2301
The Office of Economic Development serves as a .one-stop shop. for businesses and business organizations wishing to access the resources of ASU. Among the services that can be provided by the university.

- *Access to facility expertise in various areas
- *Student interns
- *Marketing plans/feasibility studies
- *Economic information & projections
- *Access to laboratory space and/or equipment
- *Public policy research in business areas
- *Analyses of economic sectors
- *Facilitation for strategic planning

Arizona Department of Commerce/Arizona Business Connection: (602) 280-1480
Information on licenses, applications, permits and other municipal and state requirements. Free customized packets of information relating to specific inquiry including the Small Business Book-Guide to *Establishing and Operating a Business*. Tax information. Import/Export information. Referral to assistance programs. Spanish speaking contact available.

Arizona Department of Commerce/Business Finance Division: (602) 280-1341
Arizona Enterprise Development Corporation SBA 504 finances fixed assets.
Arizona Enterprise Development Corporation SBA 502 finances fixed assets. (less restrictive than 504)
Arizona Enterprise Development Corporation SBA 7A finances fixed assets, working capital and debt refinancing.

Arizona Department of Commerce/International Trade Division: (602) 280-1371
Conducts international counseling sessions with company representatives and individuals, sends export information packets per requests, conducts .Nuts and Bolts of Exporting. workshops, co-sponsors export workshops with other organizations, and publishes the *International Focus* newsletter and *Arizona Export Statistics*.

Arizona Department of Commerce/ Strategic Finance Division: (602) 280-1341

- Arizona Enterprise Zones- offers income tax credits and property tax reclassification for eligible employment and industry requirements.
- Arizona Small Business Innovation Research (SBIR) and Small Business Technology Transfer (SBTT) Loans - support the research and development efforts of Arizona companies by extending the reach of federal SBIR and STTR programs. The state's program offers bridge loans of up to \$50,000 for small business applying for additional federal funding.
- Commerce & Economic Development Commission (CEDC) - assistance includes but is not limited to; grants, loan guarantees, loans and interest rate subsidies.
- Economic Strength Projects - provides grants for highway or road improvements that retain or create jobs, lead to capital investment and contribute to the state's economy.
- Revolving Energy Loans for Arizona (RELA) - are used to promote and assist energy related companies and projects.
- Tax-Exempt Bonds - administered by the Strategic Finance Division. Bonds must meet state and federal guidelines. Allocation occurs on a calendar year cycle.
- Workforce Recruitment and Job-Training - for Arizona for-profit businesses creating net new jobs or retraining employees under specific economic conversion conditions are eligible to apply for grants to offset short-term customized recruitment and training related costs.

Arizona MultiBank, C.D.C.: James Tuvell (602) 643-0030

To provide financial assistance for the advancement of small business, low and moderate income housing, and economic development Lender and intermediary. Direct financing in the form of debt, debt with equity features and credit enhancements. Leveraged financing with private and public funds.

Arizona Small Business Association: (602) 265-4563

Offers a weekly series of one and one-half hour workshops with expert presenters on a variety of small business subjects, plus periodic seminars on high-profile small business subjects with expert panels and active Q & A by attending members and their guests.

Business Development Finance Corporation: Gregory DerHaag (602) 381-6292

Fixed asset financing through the SBA 504 loan program. Eligible projects- purchase of improved real estate, land purchase and building construction, expansion/improvement to existing building and purchase of machinery and equipment.

Queen Creek Chamber of Commerce: (480) 720-4040

Offers networking, educational and resource information for businesses. Serves as the business advocate monitoring public policy that affects a company's ability to do business. Offers business and retention programs to ensure a pro-business climate in Queen Creek.

Queen Creek Economic Development Officer: (480) 987-9887

Confidential assistance is provided to people wishing to establish a business in the Town of Queen Creek. Services include information on site selection, permits and programs provided by the Town of Queen Creek's Economic Development Officer, Kazi Haque.

Low Doc

A program which simplifies the application process and provides for a quick response for loans less than \$100,000.

The SBA guarantees up to 90% of the loan. The following participate in this program:

- Bank of America
- First Capitol Bank
- National Bank of Arizona
- Norwest Banks of Arizona

- Republic National Bank
- Wells Fargo Banks
- Small Business Loan Source
- Union Bank

Maricopa Community College/ Small Business Development Center (SBDC): (602) 784-0590

Free counseling services (import/export, sales, retail construction, marketing, personnel, financial, business plans, insurance, real estate, contracts, seminars, etc.)

Maricopa Community College/ Business & Workforce Development:

Angela Davis - (480) 731-8720 assist in writing grant proposals for Arizona Department of Commerce, designing training program and workforce recruitment.

Maricopa County Small Business Environmental Assistance Program (SBEAP):

(602) 506-5150 Designed to help small business understand and comply with air quality regulations by providing technical and general information on environmental regulations and permits/applications, pollution prevention strategies and on-site evaluations.

(<http://www.sbdc.dist.maricopa.edu/sbeap.html>)

The Money Store: 1-800-950-6056

All lending is SBA guaranteed. Commercial real estate, working capital and equipment financing from \$50,000 to \$1,250,000. Rates are negotiated with lender. (Usually highest interest rates- use this resource last).

SBA 7A

Provides funds to existing or initial businesses for purposes such as; land, construction machinery, equipment, inventory, working capital, etc. Participating lenders provide the funds and the SBA guarantees a portion of the loan which can reach a maximum of 80%. The typical interest rate is 2.75 above prime and is negotiated between the bank and the business owner. There is no maximum amount, but SBA.s exposure is limited to \$750,000. The following are participating lenders:

- Bank of America
- Bank One
- Firststar Metropolitan Bank & Trust
- Imperial Bank
- M & I Thunderbird Bank
- National Bank of Arizona
- Republic National Bank
- Wells Fargo Bank
- Union Bank

Self-Employment Loan Funds, Inc. (SELF): Carlyne Newsom (602) 340-8834

A non-profit organization providing micro-loans for low/moderate income residents of Maricopa County. Loans range from \$200-\$500. Also provides technical assistance and training for small business of five employees or less.

U.S. Small Business Administration: (602) 640-2316 (480) 833-9020

Service Corps of Retired Executives (SCORE) counseling. Assistance in accessing capital. Business plan assistance. Workshops and seminars geared to small businesses. Procurement assistance. Spanish speaking contact available. Various small business loans and credit enhancement programs. Ask for Lu Fox, Queen Creek Representative.