



FOR THE LIFE OF YOUR BUSINESS



U.S. Small Business
Administration

What is SCORE ?



is America's small business
resource providing **Free:**

- Confidential Business Advice
- One-on-one Mentoring in Person & Online
- Workshops, Seminars & Events in Your Community
- Business Tools & Templates at www.score.org

SCORE: Who We Are

Formed in 1964 as a resource partner of the Small Business Administration (SBA) whose mission is to help aspiring and existing businesses succeed. Since then, we've helped over 11 million people in pursuit of their business goals

- 10,000+ volunteers across 250+ chapters
- 1 million hours of service donated by volunteers
- Since 2009
 - 204,680 For Profit and Nonprofit Businesses Started
 - 251,356 Jobs Created

SCORE's Huge Impact

Of SCORE's 2019 Clients:



**61% were
women**



**46% were
minorities**



**10% were
veterans**

Our Services

- **Mentoring:** SCORE provides FREE face-to-face mentoring in each of its more than 250 chapters and also provide online mentoring through www.score.org
- **Workshops:** SCORE provide training sessions on a variety of topics for entrepreneurs, from business planning to marketing and financing. SCORE also offers customized seminars for community partners
- **Advisory:** SCORE volunteers can sit on a business Board of Advisors (at no cost)
- **SCORE Library:** You can find an extensive array of resources at: <https://www.score.org/browse-library>

Our Clients

Building Entrepreneurship

- Early stage Entrepreneurs, who are considering starting a business but need help defining their ideas, building their plan and obtaining financing
- Start-up businesses, who are on well on their way to start a business and need set up help
- Established businesses, who are seeking to grow their business and increase their clients

**SCORE is here to help you
find success as an Entrepreneur**

SCORE Cleveland Offices

79 local Mentors ready to meet with you in-person (when it is safe) or virtually:

- Cuyahoga County – Downtown and City
- Lorain County – GLIDE at LCCC
- Lake County – Painesville
- Ashtabula County - Kent State
- Geauga County - Kent State
- Huron and Erie Counties - Norwalk



Our Ethics

Our Code of Ethics - Protecting Our Clients

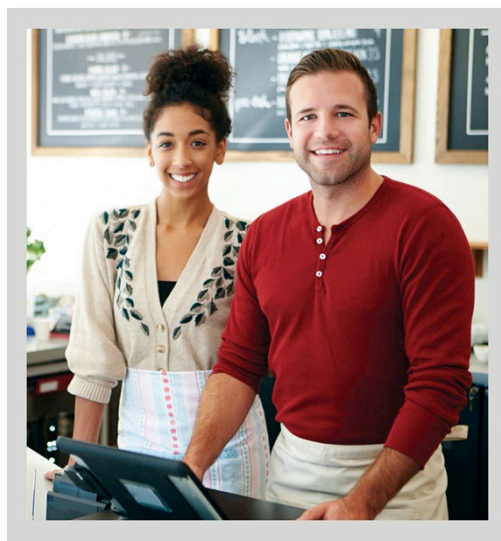
In order to protect our clients, SCORE has a code of ethics that we need to agree to and sign annually. Our code of ethics, includes:

- SCORE members are not permitted to make money in any way from SCORE clients
- Volunteer may not use our client or member database for commercial reasons
- All Client information is confidential and protected by the U.S. Government

Our Invitation

IF YOU WOULD LIKE TO TAKE ADVANTAGE
OF OUR FREE MENTORING PROCESS MAKE
AN APPOINTMENT TODAY AT:

<https://www.score.org/find-mentor> TO MEET
WITH ONE OF OUR VOLUNTEERS

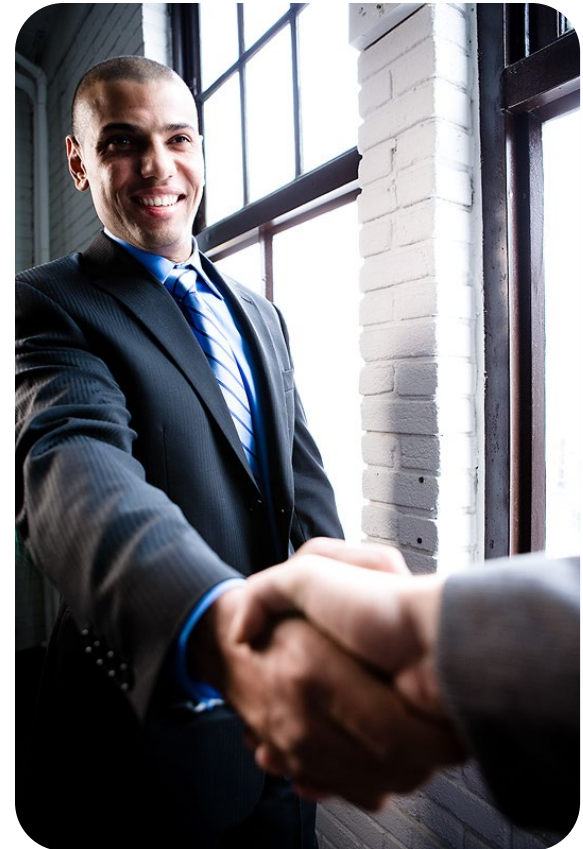


Simple Steps for Starting Your Business

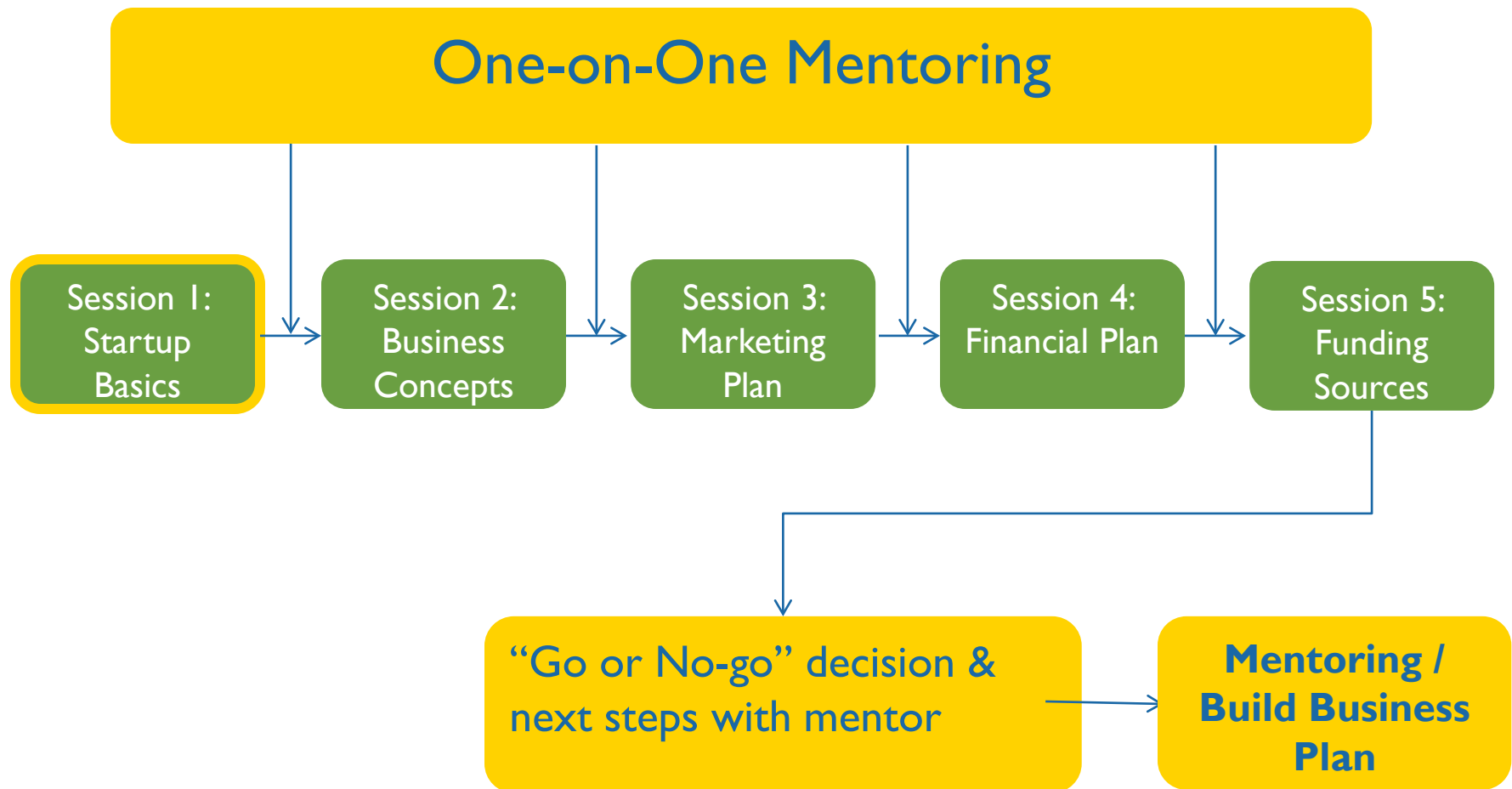
Session I – Startup Basics

What This Workshop Is About

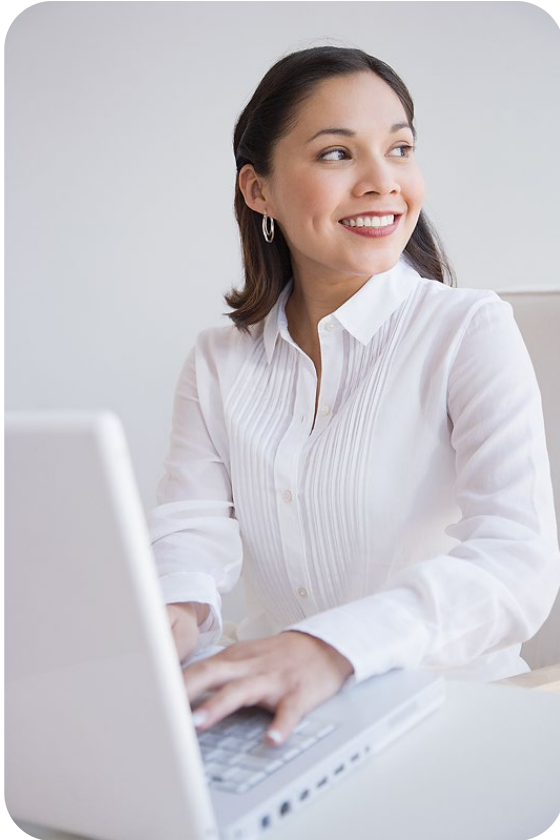
- It is a 5 weeks class for a total of 10 hours of class time.
- It is “hands on”: in order to take full advantage you should plan to do the assigned homework between classes.
- If you have a business idea you will be able to understand if it is viable and decide if you should pursue it.
- Even if this first idea won't fly, you will learn everything you need to know about starting and running a business.
- You will learn about **SCORE** and meet and develop a relationship with several **SCORE** mentors.



Workshop Roadmap



What You Will Learn Today



- Myths and realities of entrepreneurship
- Critical success factors
- Know your options
- Components of business ownership
- Making it legal
- Funding and cash management
- Business plan basics

Myths and Realities of Entrepreneurship

Myth 1: All I need is a good idea to be a successful entrepreneur.

Myth 2: If you go out on your own, you won't have to work so hard or such long hours.

Myth 3: You'll be able to deduct everything, so you don't have to pay taxes.

Myths and Realities of Entrepreneurship

Myth 4: If you work independently, you won't have to report to a boss.

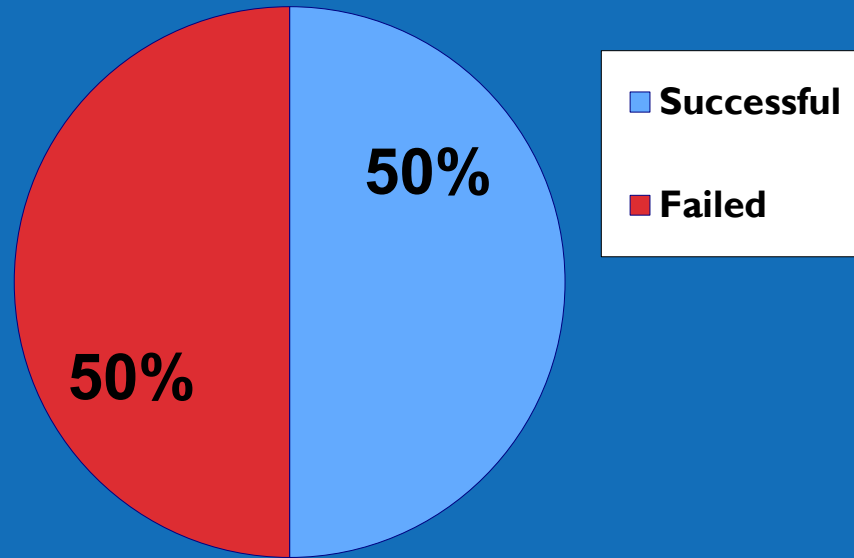
Myth 5: Business owners get to do the work they want to do and only what they find interesting.

Myth 6: If you choose to be self-employed, you'll be limited in what you can achieve, since you'll be working alone.

Proper Planning is Key to Success

After 5 Years

*Percent of
New Businesses
(2+ employees)*



Source: SBA Office of Advocacy, Frequently Asked Questions about Small Business, March 2014

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Do you have what it takes?



CRITICAL SUCCESS FACTORS

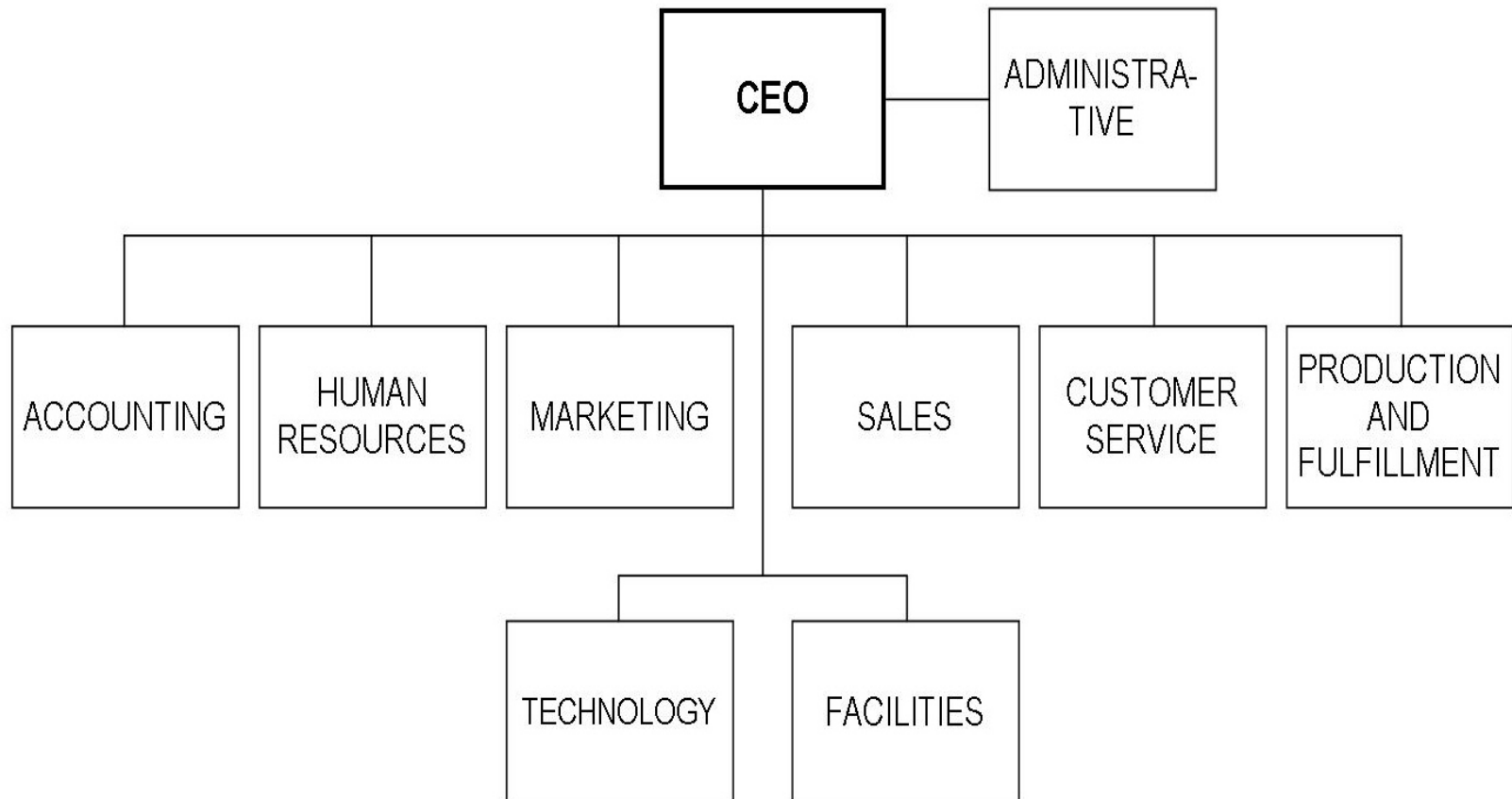
- Tenacity and Strong Work Ethic
- Ability to manage and multi-task
- Education / experience in the chosen field
- Effective time management
- Willingness to ask for input from others
- Adequate capital

A Successful Entrepreneur...



- Is a Self-starter
- Is Resourceful
- Is Responsible
- Is Organized
- Is a Hard worker
- Is Persistent
- Is Decisive
- Is Healthy
- Has a Supportive family

How many hats will you wear?



KNOW YOUR OPTIONS

Starting a New Business

ADVANTAGES

- Not hampered by previous image or technologies
- Can choose location, name, logo, relationships
- Can explore new markets and directions
- See your dreams come true

DISADVANTAGES

- No base, must build all new
- Greater risk
- No track record = difficulty in financing
- See your dream become a nightmare

Buying a Business

ADVANTAGES

- Established clientele, suppliers, location
- Known quantity, proven formula/name
- Help in starting and running business
- Can review records
- Easier to obtain financing

DISADVANTAGES

- Potential hidden issues: debts, poor reputation, loyalty to owner, out-of-date inventory or transfer issues
- No guarantee that success will continue

Buying a Franchise

ADVANTAGES

- Proven image and product/service
- Marketing/Sales power
- Limited experience
- Training, professional guidance
- Continued consulting relationship
- Access to other franchisees for help

DISADVANTAGES

- Loss of control - not always your own boss
- Franchise = royalty and other fees
- Operational boundaries and limited choices
- Binding contract
- Franchisor problems are your problems

Home Based Business

ADVANTAGES

- Convenient work location
- Less expensive
- Flexible schedule
- Tax Advantages
 - *Sq. Ft of total home*
 - *Percentage of utilities*

DISADVANTAGES

- Zoning or deed restrictions
- Isolation from others
- Difficult financing
- Family distractions
- IRS scrutiny

Non-Profit

ADVANTAGES

- Allows operation in a not-for-profit status – no owners
- May qualify for government or foundation grants
- Protection from liability for directors and employees
- Can pay salaries to employees and consulting fees for contractors

DISADVANTAGES

- Focus on educational or charitable purposes and cannot profit those who created the organization
- All profits remain within the organization
- Must apply and qualify for 501(c)3 status or sales tax exemption

Online Business

ADVANTAGES

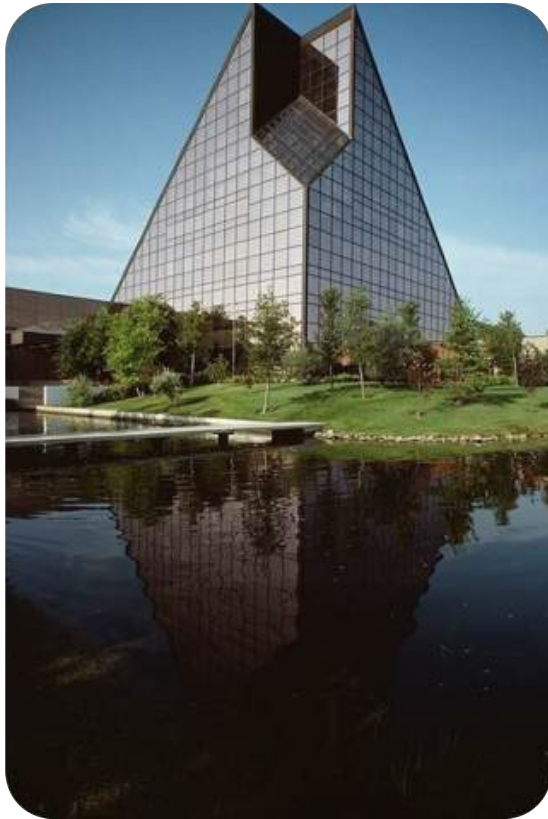
- Lower startup costs
- Expanded geographic reach
- Convenience & accessibility
- Flexibility

DISADVANTAGES

- Low conversion rates
- Low barriers to entry = higher competition
- Visitor expectations
- No personal contact/
limited sensory info

MAKING IT LEGAL

Business Organization Structure



- Sole Proprietorship
- Partnership
- Limited Liability Company (LLC)
- “C” Corporation (Conventional)
- “S” Corporation (Sub-chapter)
- For more information, see:
 - <https://clients.ohiosbdc.ohio.gov/>
 - <https://www.sba.gov/business-guide/launch-your-business/choose-business-structure>

Handout – Legal Forms of Business

Recommendations for startups



Keep It Simple

- Sole proprietorship
- If liability and/or taxation is a concern, an LLC or S-corporation

OTHER KEY CONSIDERATIONS

Insurance Considerations



- Property
- Liability
- Motor Vehicles
- Umbrella Liability
- Worker's Compensation
- Health
- Life
- Business Interruption

Government Regulations



- Business Licenses and Approvals
 - <https://ohio.gov/wps/portal/gov/site/business/resources/business-first-stop>
- Labor Laws: <https://www.dol.gov/>
- Immigration Laws
- IRS and Social Security Withholding & Payments
 - <https://www.irs.gov/businesses/small-businesses-self-employed/employment-taxes>

Every Business Owner Needs...



- Banker
- Lawyer
- Accountant
- Insurance Agent
- Business Mentors

FUNDING AND CASH MANAGEMENT

Key Considerations



- Total monthly cost of living
- Areas where you can cut back
- Outstanding personal debt
- Amount in savings
- Total amount needed to cover 6 to 12 months of expenses

Startup Cash Needs

Essentials:

- Tools and equipment
- Leasehold improvements
- Licenses and permits
- Professional fees
- Initial inventory
- Working capital reserve fund



Operating Cash Needs



- Salaries
- Rent
- Insurance
- Taxes and fees
- Advertising
- Loan interest/principal
- Utilities
- Maintenance

Possible Sources of Capital

Equity

- Personal savings
- Family and friends
- Partners' contributions
- Profits retained in the business

** May be guaranteed by SBA*

Debt

- Banks and credit unions*
- Community Express Micro Loans*
- Revolving loan funds
- Supplier financing
- Factoring
- Crowdfunding

What a Lender Looks For



- Your personal credit score
- Your personal financial history
- Your ability to generate income
- Your investment in the business
- Industry knowledge
- A business plan and financial projections
- Business management skills
- Character, Commitment

Cash: Your Most Important Asset

- Open a separate bank account for your business
- Have adequate cash and a reserve fund at the start of the business
- Use a petty cash fund
- Prepare and maintain a weekly cash forecast
- Hang on to cash as long as possible
- Reconcile bank account monthly
- Keep all receipts



BUSINESS PLAN BASICS

Business Plan Importance



- A powerful tool
- Encourages thinking objectively about the business
- Forces to answer all relevant questions
- Becomes foundation for planning and tracking
- Communicates owner's ideas to investors and lenders

*Handout- Business Plan
Template for a Startup Business*

Business Plan Approaches

- Everyone processes information differently
- There is no single “best approach” to building a business plan, but there is some recommended content
- Available formats include traditional and “lean”
- Here are some ways to approach the task:
 - SCORE Startup Business Plan template
 - Business Model Canvas (<https://www.score.org/event/startup-roadmap-chapter-4-business-plan-or-business-model-canvas>)
 - Other questionnaires, checklists, and templates

Business Plan Contents

- I. Executive Summary
- II. Company Description
- III. Product/Services
- IV. Marketing Plan
- V. Operational Plan
- VI. Management and Organization



Business Plan Contents-Continued

VII. Expenses and
Capitalization

VIII. Financial Plan

IX. Appendices

X. Refining the Plan



Products and / or Services



- Definition of offering
- Functionality and packaging
- Quality
- Differentiation

- *Who needs it?*
- *Why do they need it?*
- *How is it different or better than the competition?*

Marketing



- Strategies used to:
 - *Acquire customers*
 - *Generate the desired to purchase*
 - *Create and manage your business image*
- Anything you do to get and keep a customer
- Your product or service will *not* sell itself

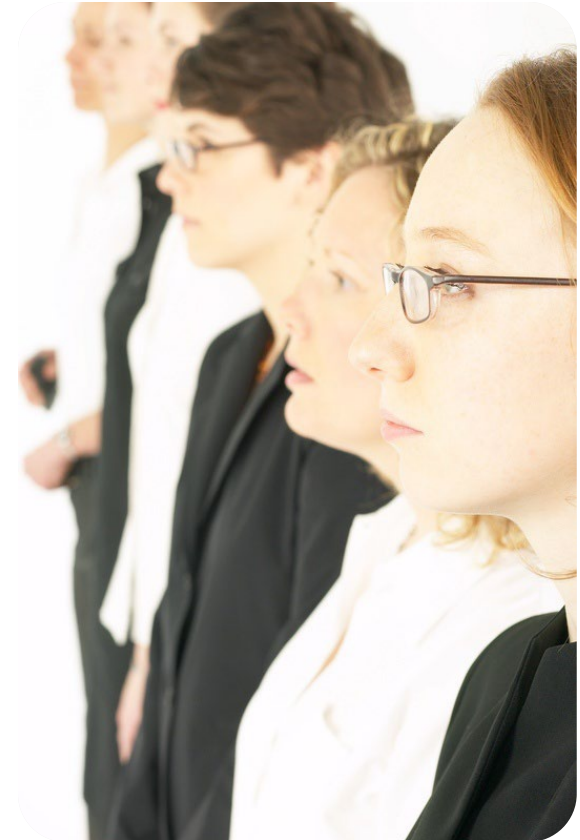
Positioning and Location

- Niche / target market
- Competition
- Merchandising
- Distribution channels
- Physical location vs. online



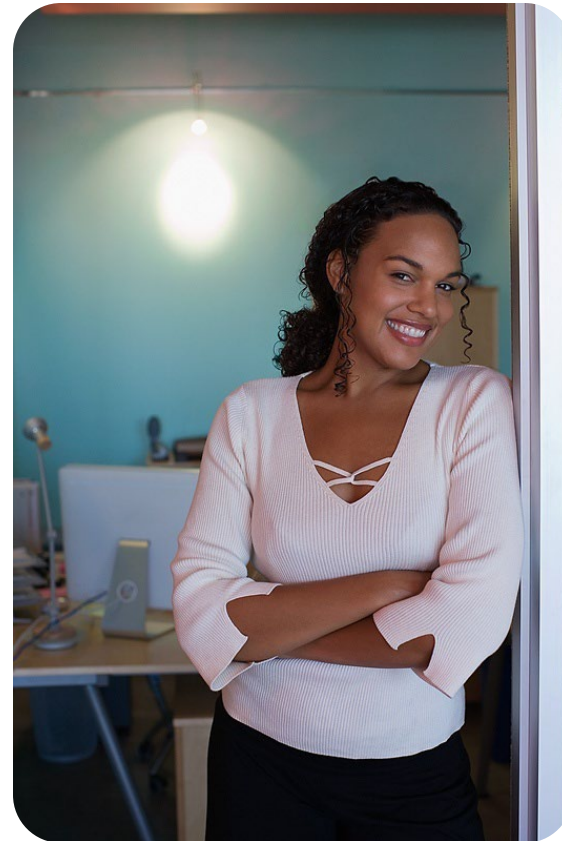
Competition

- Size of operation and number of employees
- Price and quality
- Services provided
- Reputation: strengths and weaknesses
- Personal visits and observations
- Suppliers & contractors
- Other businesses in area



Branding

- Value proposition
- Elevator speech
- Name recognition
- Market identity
- Qualification of products or services
- Advertising your brand



Price



- Product cost and Margin
- Consumer acceptance
- Competition
- The “right” price: profitable and competitive
- Credit terms and discount

Sales

- Customer contact work
- Finding prospects
- Making presentations
- Preparing bids
- Closing deals
- Processing orders



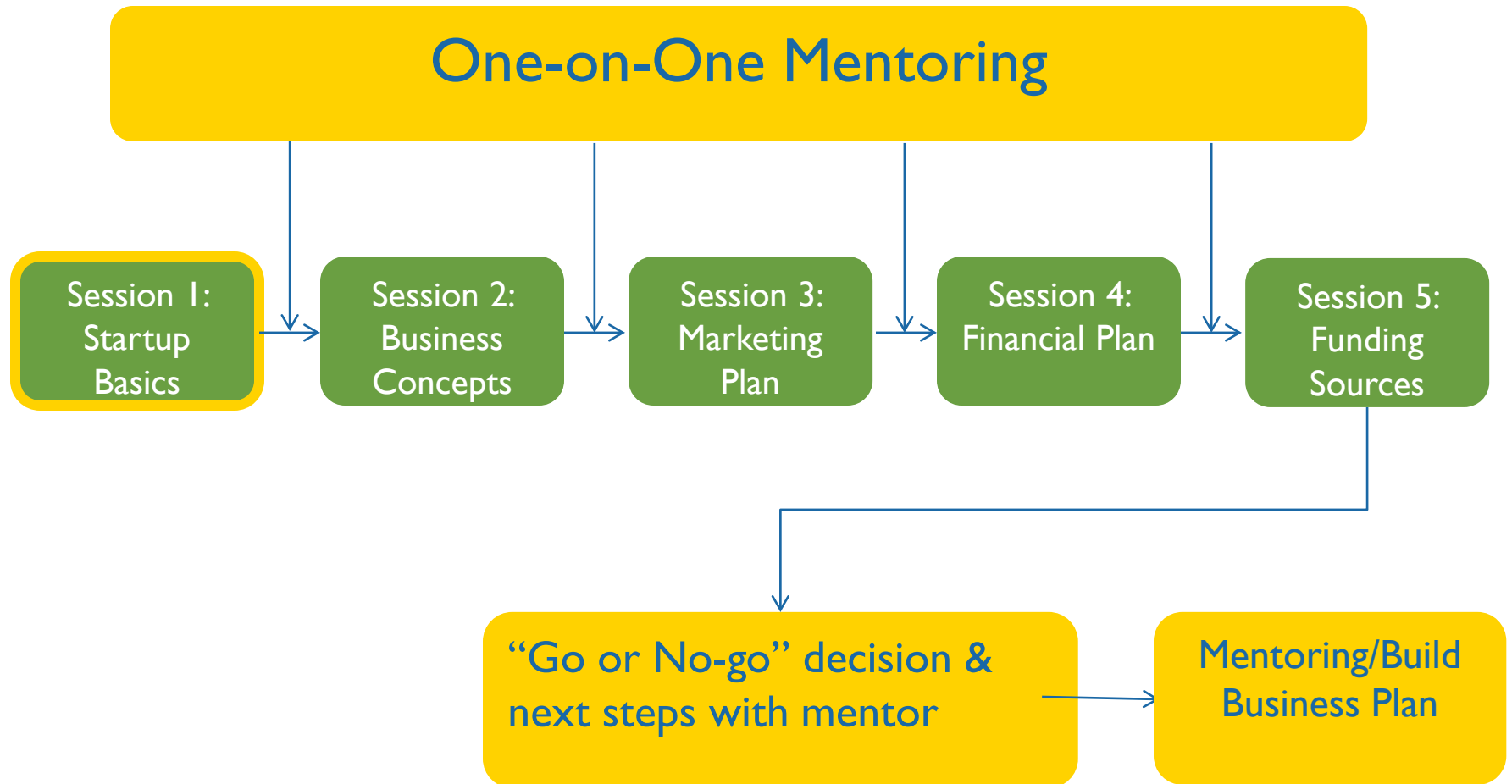
READINESS SELF-ASSESSMENT

Readiness Self-Assessment

- A quick self-assessment will indicate strengths and areas to work on with your mentor and other associates.
- 10 minutes to fill-in and score
- 10 minutes to share some of the areas you need to work on

Handout – Readiness Assessment

Workshop Roadmap



Now What?

1. If you proceed with this Workshop you will:

- Learn more in depth about topics presented in this session
- Practice writing drafts of portions of your business plan
- If you do not have yet a firm idea you will learn all the steps to starting a business and it will help you in the future

2. If you prefer to defer your decision about going into business for now, don't give up on your dream. **Work with a SCORE mentor to better develop your idea.**

3. If you are already in business and would like SCORE to advise your business, speak with the workshop leader about your options.

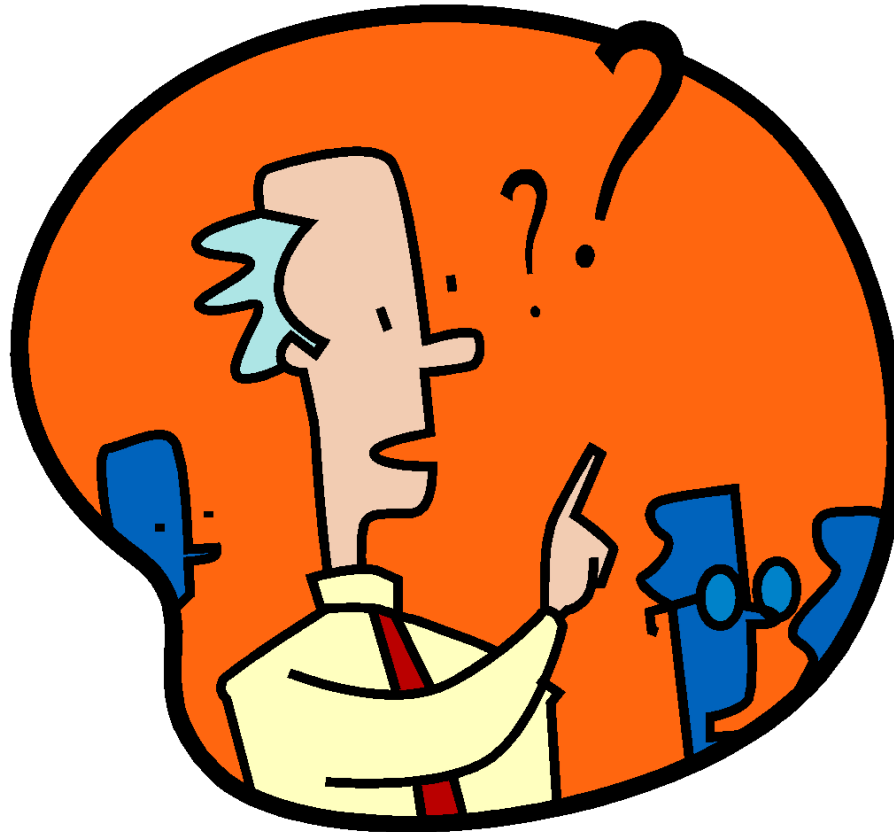
Homework

1. Read and understand Ann's Nursery's Background and Feasibility Plan (*Handout – Ann's Nursery Plan case study*)
2. Write a company description statement based on your business idea(s). It should contain (*Handout- Company Description Worksheet*):
 - a) **Company mission statement:** A brief explanation of your company's reason for being.
 - b) **Company philosophy and vision:** a. What values does your business live by? Vision refers to the long-term outlook for your business.
 - c) **Company goals:** Specify your long- and short-term goals.

See you at the next session on Business Concepts

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Questions?



Thank You!

