



FOR THE LIFE OF YOUR BUSINESS



# 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](http://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](http://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

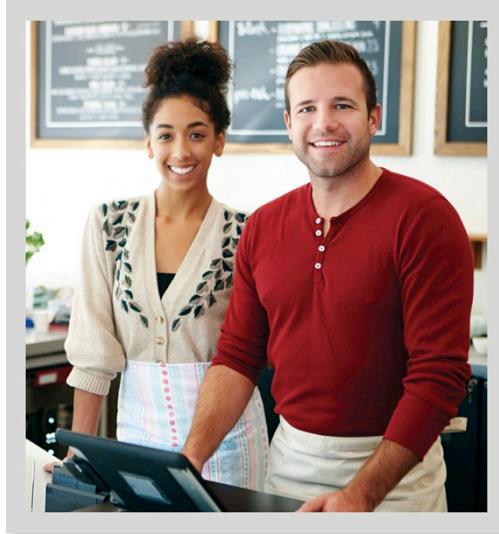
## Our Code of Ethics - Protecting Our Clients

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

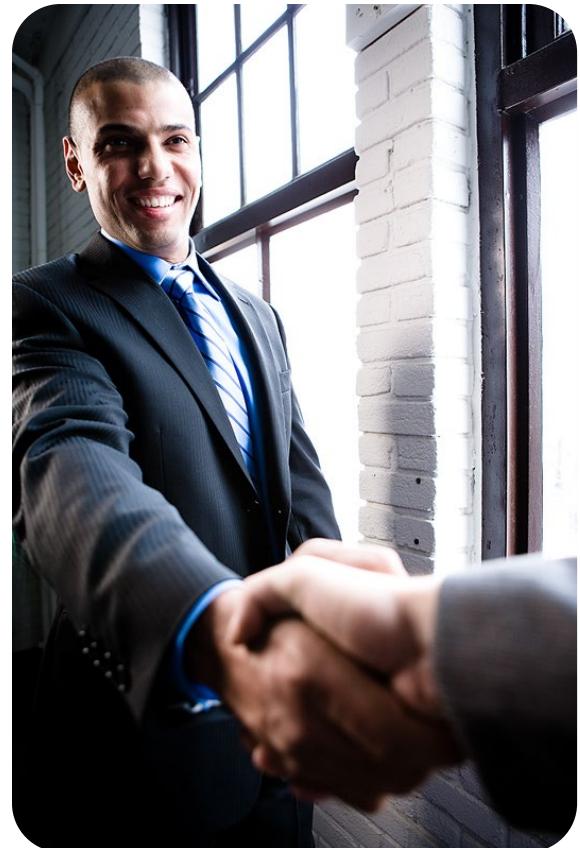


# Simple Steps for Starting Your Business

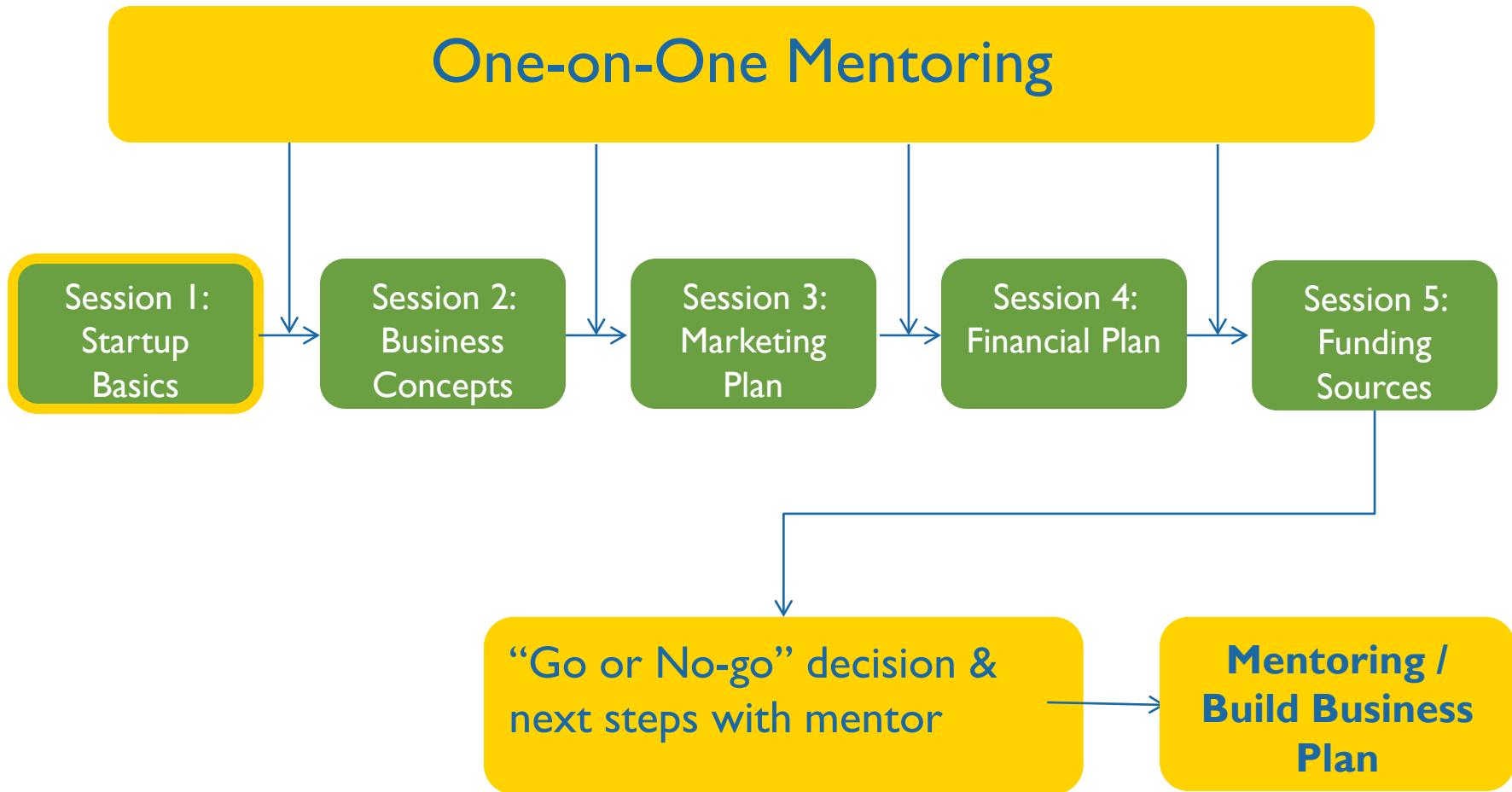
## Session I – Startup Basics

# 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.

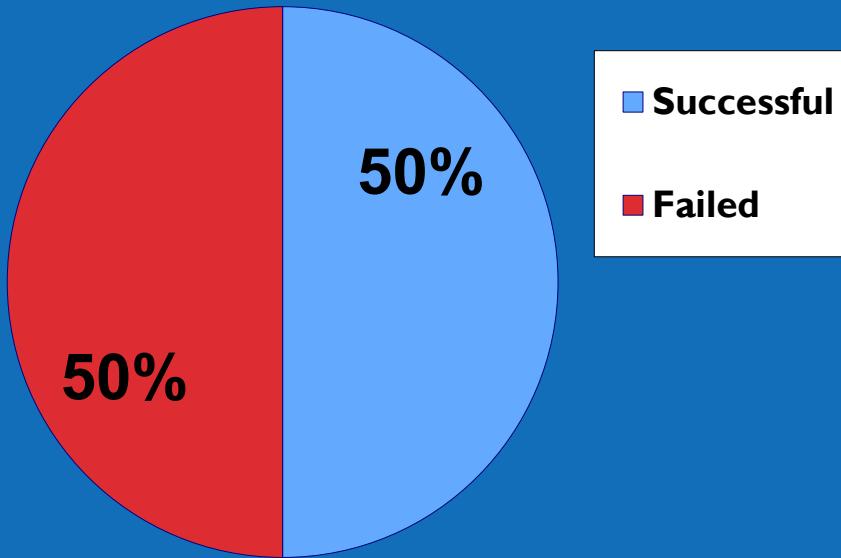
**Myth 5:** Business owners get to do the work they want to do and only what they find interesting.

**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



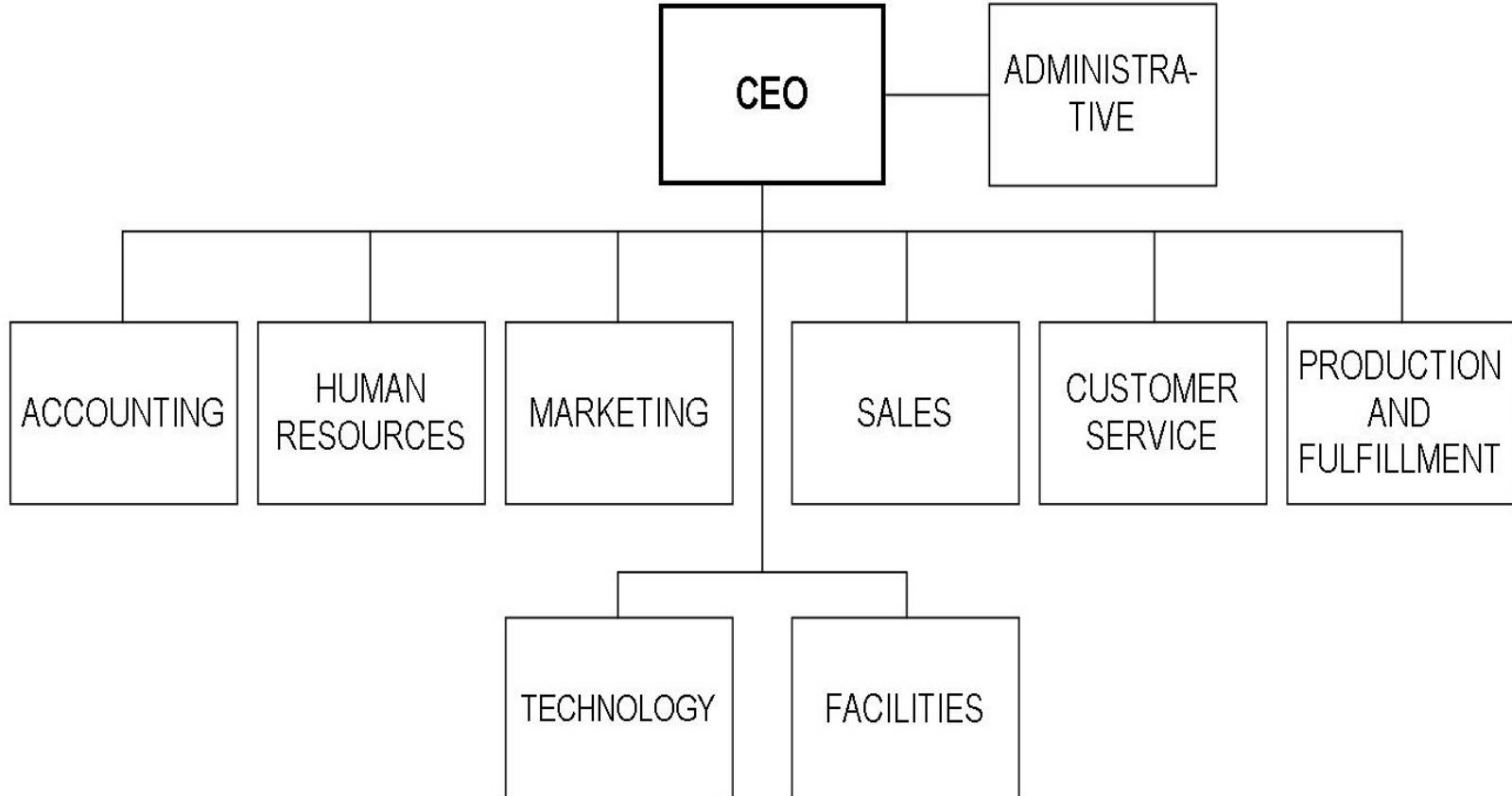
- Tenacity and Strong Work Ethic
- Ability to manage and multi-task
- Education / experience in the chosen field
- Effective time management
- Willingness to ask for input from others
- Adequate capital

# 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

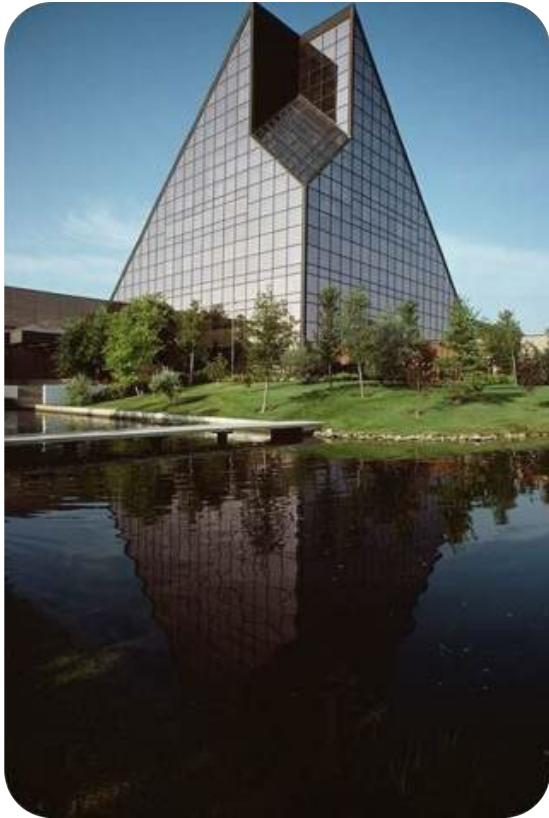
- Lower startup costs
- Expanded geographic reach
- Convenience & accessibility
- Flexibility

## 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

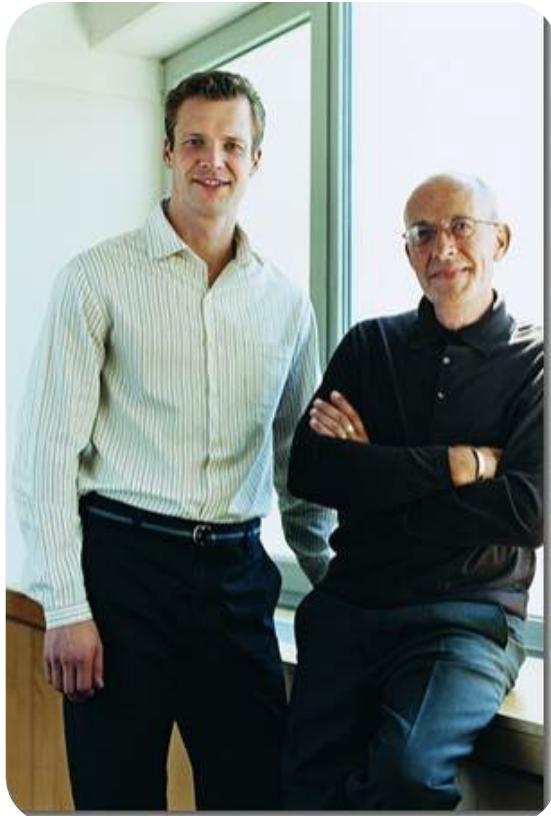
# OTHER KEY CONSIDERATIONS

# 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

## Debt

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

\* May be guaranteed by SBA

# 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 desire 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



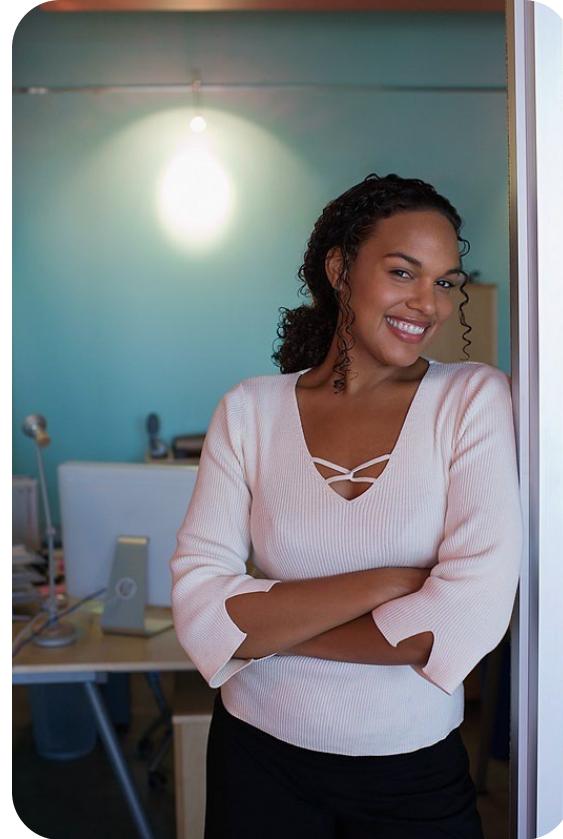
# Competition

- 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



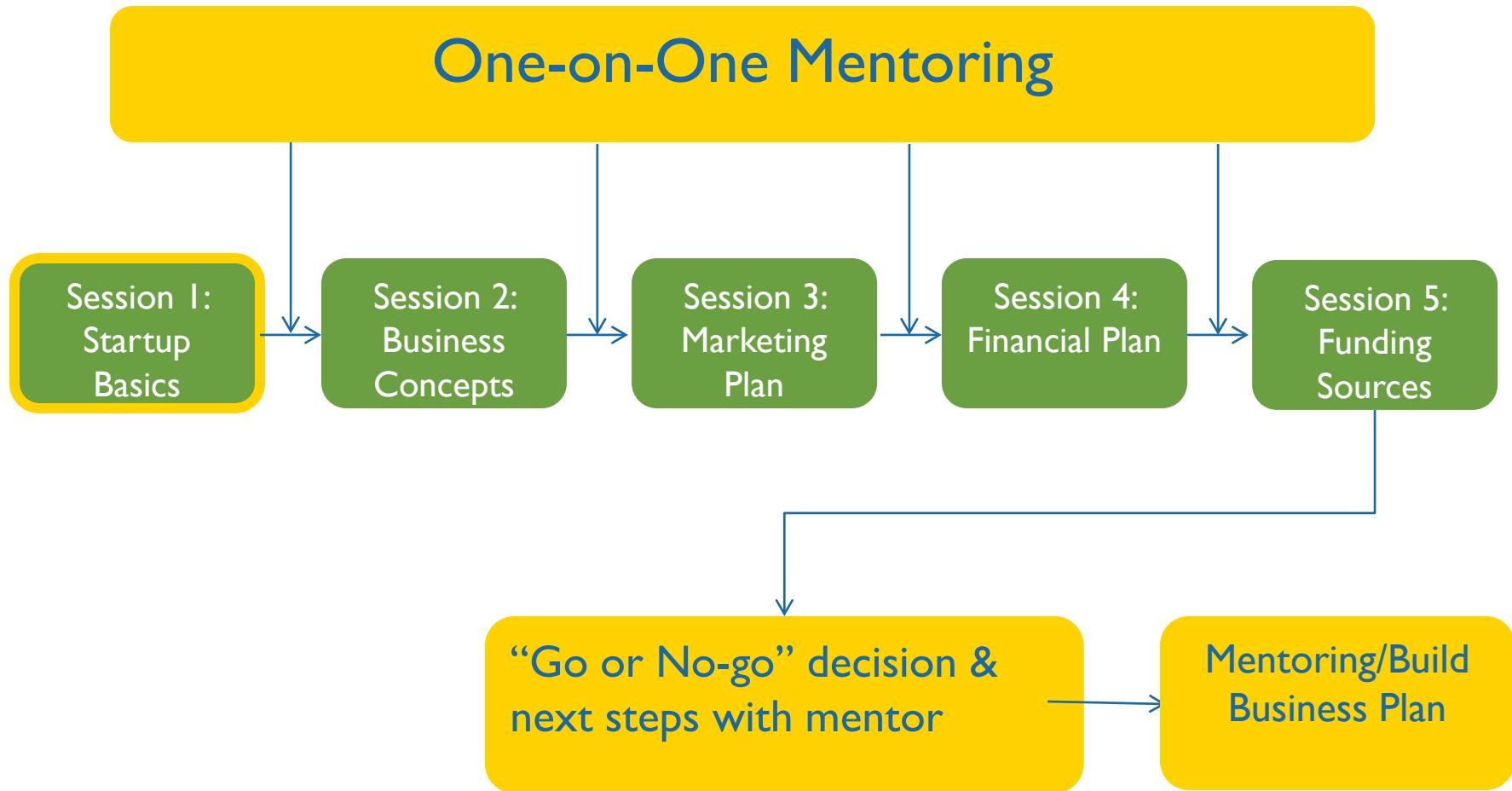
# READINESS SELF-ASSESSMENT

# 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?

## I. 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.

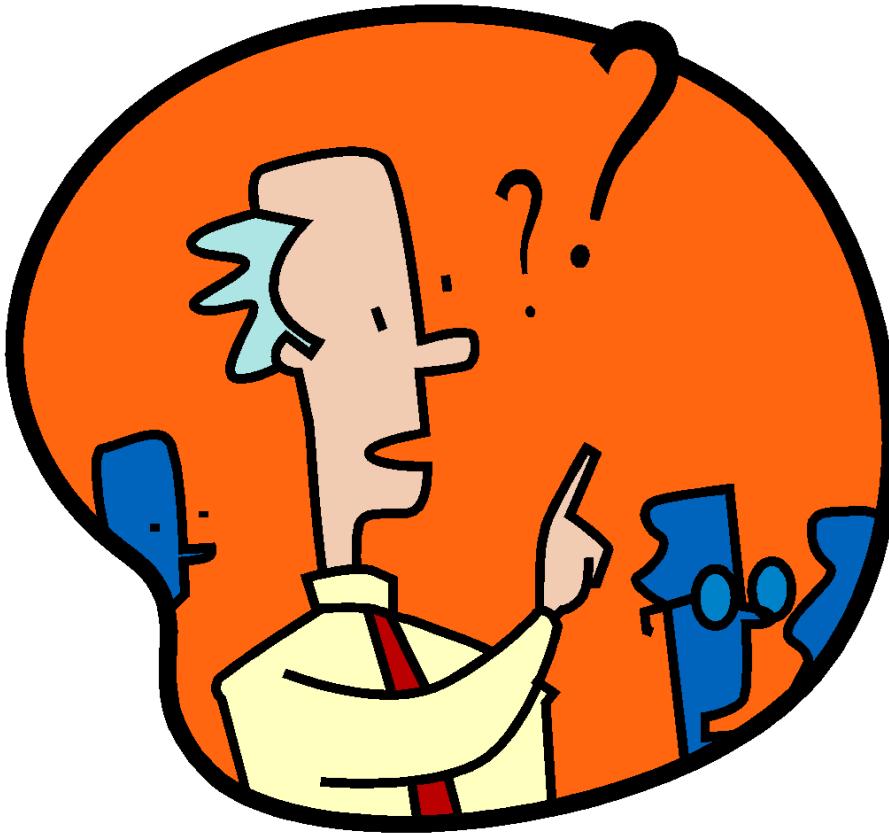
# Homework

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

.

# Questions?



# Thank You!

