



# Entrepreneur Start-up Basics

Are you considering starting a business, but aren't sure where to begin? Do you have questions like: *Where do I get funding? How do I write a business plan? And Are any licenses or permits needed?* If so, the SBTDC and other sources are available to help. Here are some valuable resources to help you get started:

- **Readiness Assessment Tool:** Michigan's Small Business and Technology Development Center (SBTDC) offers an interactive program that details the nuts and bolts of launching a business, while helping you define what specific assistance you may need at <http://www.gvsu.edu/misbt/dc/index.cfm?id=7C149A09-B09E-A416-CBEAED58E81BA12C>.

## Business Start-up Guides

- **2008 Start-up Guide:** The SBTDC, in cooperation with the Michigan Economic Development Corporation, publishes this downloadable guidebook that provides comprehensive information, both general and specific to Michigan including tips for writing a business plan; legal structure; licensing and permits; tax filings; financing; doing business with government; and much more. (<http://www.gvsu.edu/misbt/dc/index.cfm?id=7C177616-C9D0-1112-7B05C94BE6AB0F0E>)
- **Entrepreneur Guide:** The Michigan Department of Labor and Economic Growth produces another great resource designed to assist entrepreneurs with specific information about each of the different types of business entities that exist under Michigan Law. (<http://www.dleg.state.mi.us/bcsc/forms/corp/pub/8011.pdf>)
- **Michigan Business One Stop**

## Business Counseling Services

- Local Economic Development Corporations are there to provide you assistance.

### Alcona County:

Alcona County EDC-Rich Gillies, Chair, 989-335-1682

### Alpena County:

TARGET ALPENA-Jim Klarich, Executive Director, 989-354-2666

### Cheboygan County:

Cheboygan County Community Development Director-Steve Schnell, 231-627-8485

### Montmorency County:

Montmorency County Economic Development Corporation -Vanessa Coy, 989-785-3358

### Otsego County:

Otsego County Economic Development Alliance-Jeff Ratcliffe, Executive Director, 989-731-0288

### Presque Isle County:

Presque Isle Co. Development Commission—Joe Cercone, Director, 989-734-8446

- Regional Assistance

**SBTDC**—Carl Bourdelais, Director, 989-358-7252

**NEMCOG**—Lisa Fought, Economic Development, 231-526-9245

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: [lfought1@charter.net](mailto:lfought1@charter.net)

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*



# Entrepreneur The Business Plan

A business plan is a written roadmap detailing how you plan to manage the growth of your business, allocate resources, and prepare for challenges and opportunities. A well structured plan will become one of your greatest marketing tools to potential lenders and/or partners.

Business Plans can be time consuming and overwhelming at first. But in the end, you'll come to regard the time you spent preparing your plan as an invaluable opportunity to thoroughly research and objectively evaluate your business concept.

## About the Business Plan

- **Build your Plan:** The Small Business and Technology Development Center (SBTDC) offers an excellent building tool to assist in Business Plan drafting. The step-by-step process offers sample text, recommendations for key components, and the opportunity to request review and feedback from an SBTDC Consultant. ([www.gvsu.edu/misbtdc/index.cfm?fuseaction=home.login&CFID=231799&CFTOKEN=30970382](http://www.gvsu.edu/misbtdc/index.cfm?fuseaction=home.login&CFID=231799&CFTOKEN=30970382)).

Another great business planning tool, **INventure**, allows you to start writing your plan through a web-based question and answer format.

- **Business Plan Templates:** SCORE, the Service Corps of Retired Executives offers numerous templates for business planning (<http://www.gvsu.edu/misbtdc/index.cfm?fuseaction=home.login&CFID=231799&CFTOKEN=30970382>).

## Business Plan Examples

- **Examples:** The SBTDC provides example business plans that also offer insight into effective ways to approach potential customers (<http://www.gvsu.edu/misbtdc/index.cfm?fuseaction=home.login&CFID=231799&CFTOKEN=30970382>).

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: [lfought1@charter.net](mailto:lfought1@charter.net)

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*



# Entrepreneur Financial Planning

Because financial circumstances vary for all new business start-ups, there is no generic approach to funding a venture. What is consistent however, is the need to invest time in properly estimating start-up costs and exploring available funding options; efforts that can only add value to your business in the future.

## Exploring Your Options

The Michigan Small Business and Technology Development Center offers several useful tools to assist in your determination of financial need and borrower qualification, as well as general information required by most lenders:

- Options: Types of financing sources available.

Funding Source	Funding Source Description
<p><b>Yourself</b></p>	<p>Personal assets may be used to capitalize your business. Savings, retirement funds or the sale of assets (e.g. garage sales, pawn shops) and investments may be sources of financing. Borrowing against the equity in your home or using consumer credit cards are possibilities too. There are risks involved with borrowing against home equity, which should be carefully weighed with the assistance of a qualified professional.</p>
<p><b>Family &amp; Friends</b></p>	<p>Friends and/or family members may loan you money to start your business OR they may invest their personal savings or other assets in your business. Terms of the loan or the investment agreement should be decided in advance and should be documented.</p>
<p><b>Suppliers</b></p>	<p>Businesses that supply your with inventory and supplies may be willing to extend you credit. Generally, inventory or supplies are delivered to you under the agreement that you will pay the supplier in 30 to 60 days. As a new venture business without a track record, however, this will be an extremely difficult source to secure unless you have had a good prior working relationship with the supplier.</p>
<p><b>Regulated Financial Institutions</b></p>	<p>Regulated Financial Institutions (banks and credit unions) provide a variety of financial services to individuals and small business including lines of credit, term loans and mortgages. New venture financing is primarily based on the borrower's ability to repay the loan.</p> <p>Your loan proposal will be evaluated on your:</p> <ul style="list-style-type: none"> <li>• Relationship with the bank</li> <li>• Management Ability</li> <li>• Collateral</li> <li>• Owner's equity</li> <li>• Cash Flow</li> <li>• Credit History</li> </ul>

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: lfought1@charter.net

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*



# Entrepreneur Local Funding Sources

## Alcona County

TARGET ALPENA-Jim Klarich, Executive Director, 989-354-2666

## Alpena County:

TARGET ALPENA-Jim Klarich, Executive Director, 989-354-2666

## Cheboygan County:

Cheboygan County Planner-Steve Schnell, 231-627-8489

TARGET ALPENA

## Montmorency County:

Montmorency County Economic Development Corporation—  
Vanessa Coy, 989-785-3358

Village of Hillman—Dave Post, Manager, 989-742-4571

TARGET ALPENA

## Otsego County:

Otsego County Economic Development Alliance—Jeff Ratcliffe,  
Executive Director, 989-731-0288

## Presque Isle County:

Presque Isle Co. Development Commission—Joe Cercone, Director,  
989-734-8446

TARGET ALPENA

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: lfought1@charter.net

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*

- **County Economic Development Corporations**
- **Regional Funding Sources**

Northern Initiatives—Pete Cambrier, 231-743-9599

NI gives assistance to businesses it is working with i.e.—financial, legal, management, marketing.

Great Lakes Energy—Northern Lakes Economic Alliance, 213-582-6482  
Offers low interest or 0% loans up to \$600,000.00 in counties it services.

30% of project           GLE

50% of project           Financial Institution

20% of project           Equity

Processing takes up to six months

504 Loan Program - Darlene Merritt, 231-878-1302

Equipment Loans- 10 year Term and Amortization

10%                       Equity

40%                       CDC

50%                       Local Financial Institution

\*One new job must be created for every \$50,000 debenture or \$100,000 manufacturing.



# Entrepreneur Financial Planning

## Funding Options Continued

Funding Source	Funding Source Description
Government	The US Small Business Administration (SBA) provides loan guarantees under its 504, 7(a) . These programs are administered through regulated financial institutions or the Michigan Community Development Corporation (MCDC). Also, call your <a href="#">County and City office</a> to find out if local financing programs are available.
Investors (a.k.a. Angel Investors)	Investors or Angels contribute capital to your business in return for partial ownership or debt repayment. They may or may not participate in the management of the business. Financing can take many forms from a simple partnership or debt financing to a public or private stock offering. Usually the investor/shareholder shares in the distribution of earnings. Seek advice from a CPA or other financial professional when considering this type of financing assistance.
Venture Capitalists	Venture Capitalists provide equity investments to businesses experiencing rapid growth — 50% per year or more and revenue of \$20-50 million in 5 to 7 years. In addition to firm ownership, venture capitalists also want management input in the form of board seats or executive positions.

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: [lfought1@charter.net](mailto:lfought1@charter.net)

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*

### The Truth About Grants

Generally speaking, grants are not available from federal, state or local units of government to start a business. Infomercials and other forms of media attention have led to a widespread misunderstanding about the availability of capital to fund for-profit businesses.

But that is not to say that grants don't exist. They are specific, difficult to receive, and come with very stringent guidelines for results, bookkeeping and reporting. Most importantly, grant requests must clearly demonstrate some type of long-term benefit to the overall population or community, generally measured in number of jobs created or retained, or in the amount of private investment the grant will leverage.

If you choose to explore grant or alternative funding options, visit the [SBTDC](#) at <http://www.gvsu.edu/misbt/dc/index.cfm?id=7C1B032C-9156-0F72-66D750F49A3D5A09>

# Entrepreneur What to Take to Lender

Documentation requirements may vary; contact your lender for the information you must supply. Common requirements include the following:

- Purpose of Loan
- History of the business
- Financial statements for three years (existing businesses)
- Schedule for term debts (existing businesses)
- Aging of accounts receivable and payable (existing businesses)
- Projected opening-day balance sheet (new businesses)
- Lease details
- Amount of investment in the business by the owner (s)
- Projections of income, expenses, and cash flow
- Signed personal financial statements
- Personal resume (s)
- Business plan
- Copies of last two years personal tax returns (new venture)
- Copies of last two years business tax returns (existing businesses)

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: lfought1@charter.net

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*

*( Checklist courtesy of SBA Michigan District Office with modifications by MI-SBTDC )*



# Entrepreneur Financing Options Compared

Funding Source	Type of investment	Stage of business development	Cost of the money to borrower (interest and fees)	Collateral requirements	Need for guaranty	Lenders/ investors willingness to bear risk	Allowable use of the funds
Yourself	loan or ownership	new venture, emerging, OR existing	low	none	none	low to high	assets, inventory, working capital
Family & Friends	loan or ownership	new venture, emerging, OR existing	low	maybe	none	low to high	assets, inventory, working capital
Suppliers	loan accounts receivable	new venture, emerging, OR existing	low	maybe	maybe	low	assets, inventory, working capital
Regulated Financial Institutions	loan	new venture, emerging, OR existing	medium	high	high	low	assets, inventory, working capital
Government Programs	loan	new venture, emerging, OR existing	medium	medium to high	high	medium	assets, inventory, working capital
Community Development Financial Institutions	loan, ownership management control	new venture, emerging, OR existing	low	maybe	maybe	medium to high	assets, inventory, working capital
Investors (a.k.a. Angel Investors)	loan, ownership, OR management control	new venture, emerging, OR existing	medium to high	maybe	none to medium	high	assets, inventory, working capital
BIDCOs	loan, ownership, OR management control	new venture, emerging, OR existing	medium to high	maybe	none	high	assets, inventory, working capital
Venture Capitalists	loan, ownership, OR management control	new venture, emerging, OR existing	medium to high	none	none	high	assets, inventory, working capital

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: lfought1@charter.net

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*



# Entrepreneur Zoning

## Being in the Right Place at the Right Time

Choosing the right location for your business will be a major factor in its success for most retail and many service-based businesses. Manufacturing business will want to know about Industrial Parks. Even home-based businesses need to be aware of the limitations and regulations regarding proper zoning and signage. A good locations may permit a struggling business to survive, but a weak location can mean trouble for even the most promising of new business start-ups. Similarly, the business model should be compatible with the needs of the community.

Here are some excellent tips and resources to help you determine the best and most profitable locations for your business.

- Zoning: Every township, village and city defines and restricts how property may be used through zoning regulations. In certain districts, these laws can prohibit certain types of business, and impact building construction, improvements, signage, barrier free, and other business practices. For more information on zoning laws in your district contact your local government office.

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: lfought1@charter.net

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*



# Entrepreneur Additional Resources

Beyond business and financial planning, site selection and other start-up basics, you'll need to consider additional factors about your new venture including legal structure, name for registration purposes, and applicable tax, licenses and permits. Here are some helpful resources:

## Legal Structure

- The [Michigan Economic Development Corporation](http://ref.michigan.org/medc/common/book/main.asp?BookId=5&BookName=Starting+a+Business&ChapName=Ways+To+Legally+Structure+A+Business+And+Registering+A+Business+Name&ChapId=107&m=) offers in-depth information regarding various structures recognized by Michigan Law at <http://ref.michigan.org/medc/common/book/main.asp?BookId=5&BookName=Starting+a+Business&ChapName=Ways+To+Legally+Structure+A+Business+And+Registering+A+Business+Name&ChapId=107&m=>.

## Name Registration

- The Michigan Economic Development Corporation provides easy access to on-line name registration and filing information. You must file your "Doing Business As" (DBA) with your local County Clerk.

## Employer Identification Number

- An [Employer Identification Number](http://www.irs.gov/businesses/small/article/0,,id=98350,00.html) (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN and may now register on-line with the Internal Revenue Service at <http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>.

## Licensing and Permits

- Occupations that require [State of Michigan licensing](http://ref.michigan.org/medc/services/license/index/index.asp?chr=A&index=y) can be viewed at <http://ref.michigan.org/medc/services/license/index/index.asp?chr=A&index=y>.
- Michigan has several hundred occupations and services, so [Michigan Timely Application and Permit Service](http://ref.michigan.org/medc/services/license/index/index.asp?chr=A&index=y) (MiTAPS) was created to streamline the licensing and permitting processes. This link is a single point of entry allowing faster, simpler and more efficient means to apply. Visit MiTAPS at <http://ref.michigan.org/medc/services/license/index/index.asp?chr=A&index=y>.

## Tax Registration

- The Michigan Economic Development Corporation's [guide to tax liability](http://ref.michigan.org/medc/common/book/main.asp?BookId=5&BookName=Starting+a+Business&ChapName=Business+Taxes&ChapId=109&m=) can be viewed at <http://ref.michigan.org/medc/common/book/main.asp?BookId=5&BookName=Starting+a+Business&ChapName=Business+Taxes&ChapId=109&m=>.
- **E-Registration.** Employers may now register for most Michigan Business Taxes including a state sales tax license and/or UIA (Unemployment Insurance Agency) account number using their on-line application. You must have your Federal EIN (Employer Identification Number) to register. This process is easy, secure, convenient and much faster than registering by mail. Expect to receive your new Sales Tax License in as little as 7 business days; and your UIA Account Number in as little as three. File at <http://www.michigan.gov/uia/0,1607,7-118--89978--,00.html>.

Northeast Michigan  
Council of  
Governments

PO Box 457  
Gaylord, MI 49734  
Phone: 989-705-3730  
Fax: 989-705-3729  
E-mail: [lfought1@charter.net](mailto:lfought1@charter.net)

*Serving the eight  
county region of  
Alcona, Alpena,  
Cheboygan, Crawford,  
Montmorency, Oscoda,  
and Presque Isle.*