



SAINT VINCENT COLLEGE

Alex G. McKenna School of Business, Economics, and Government

The First Step to Small Business Success



Small Business Development Center
Saint Vincent College

Helping businesses start, grow, and prosper.

Our Mission Statement

The Saint Vincent College Small Business Development Center (SBDC) is part of a statewide system of university-based economic development organizations.

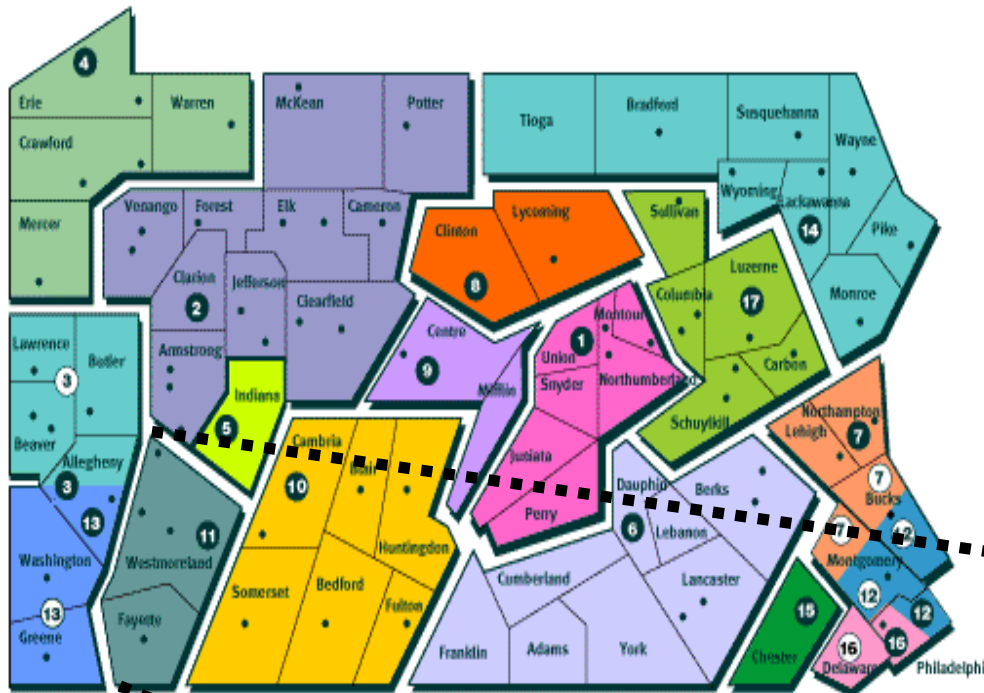
Our mission is to provide high quality education, information, and consulting assistance to entrepreneurs and established companies to help them start and grow their businesses in the competitive global economy.

Pennsylvania SBDC Network

Outreach Offices

Alle-Kiski

Uniontown



Westmoreland

Fayette

Saint Vincent College SBDC

- Executive Director
- 2 Full-Time & 1 Part-Time Business Consultant
- Office Manager
- Student Interns



Areas of Assistance

Core Start-up Services Include:

- New Venture Creation
- Strategic Business Planning
- Financial Analysis
- Capital Acquisition Assistance

Established Businesses:

- Financial Statement Analysis
- Human Resource Assistance
- Marketing and Sales Promotion
- Research-Industry, Competitor, Target Market and more!

Educational Seminars & Events

Specialized Assistance:

- International Trade Assistance
- Environmental Management Assistance

2015 Overview

Clients Consulted	210
Consulting Hours	2,641
Completed Business Plans	58
Capital Formation	\$10,443,660
Jobs Created	123
Jobs Saved	36
Educational Programs	26
Educational Program Attendees	375

SBDC Impact

- 80% of SBDC-assisted clients are still in business 8 years after receiving assistance.
- SBDC clients survive at a rate approximately 35% higher than the general population of new businesses in the United States.

Percentage of Business Failures by Cause

(SBA Figures)

Note: None of the above has ANYTHING
to do with lack of business!!!

Entrepreneurship

Pros & Cons

- Owning a small business may allow you to...
 - Gain control over your own destiny
 - Reach your full potential
 - Reap unlimited profits
 - Contribute to society and be recognized for your efforts
- But it may also mean...
 - Uncertainty of income
 - Risk losing your entire invested capital
 - Lower quality of life until the business gets established
 - Complete responsibility no matter what

Concept

Your Product or Service Idea

- “If you build it they will come” may be a true statement for Ball Parks but is NOT always true for Businesses!
 - Case in point: dot.bombs
- All ideas are not necessarily sound business ideas
- Identify an underserved niche for your product or service
 - New product or service
 - Geographic
 - Better quality
 - Lower cost

Market Research

Validate your Idea!

- Is there sufficient demand for your product or service?
- Can you make a profit offering this product or service?
 - How will you price your product or service?
 - What will be your costs for your product or service?
 - Will you make sufficient profit selling this product or service?
- How will you differentiate yourself from your competitors?
 - Who are your potential competitors?
 - What is your competitive advantage?

Three Important Aspects of Operating a Successful Business

Administration

Marketing

Operations

Turning your Idea into a Business

It is your story



- Document your ideas
- Allows you to be objective, critical, and less emotional
- A business plan includes:
 - How you will market and sell your product or service
 - How the business will be managed
 - The business' expected revenues, costs, and profits

Three Reasons to Write a Business Plan



1. Create a model of your business

- Set goals
- Provide direction – a map to refer to when things do not go as planned
- If you fail to plan you are planning to fail!

2. Convey your ideas to a third party

- Required by anyone investing in your business or loaning you money

3. Educational Tool

- Allows you to discover problems and pitfalls before they arise
- It will increase your chance to be successful

Business Plan Format

Executive Summary

- Statements of purpose
- Descriptions of business
- Summary of all to follow

Marketing Plan

- Customers
- Product or Service
- Promotion

Management Plan

- How will the business operate?

Financial Plan

- What are the financial needs?
- Will you make a profit? When? How?

Executive Summary

- **Description of the business**
 - Name of the business, status, legal structure, industry (NAICS), product/service
- **Statement of purpose**
 - Why the plan is being written and sources of funding
- **Brief description of the market**
 - Niche, size, market share, promotional plans
- **Brief description of the management**
- **Why you will be successful**
 - competitive edge, value proposition

Marketing Plan

- **Customers**
 - Who are they and how many?
 - Why, what, when, and how do they buy?
- **Competition**
- **Suppliers**
- **Location**
- **Pricing**
- **Distribution**

Management Plan

- **Background, strengths, and weaknesses of the principals**
 - Who is responsible for what?
- **Employees**
- **Professional Assistance**
- **Licenses and Regulations**

Financial Plan

- **Start-up costs**
- **Projected Income Statements**
 - Budgets, estimated expenses
 - A “moving picture” of the company
- **Cash Flow Statements**
 - For a start-up, the most important
- **Balance Sheet**
 - A “snap shot” of the company
- **Break-Even Point**

The Four P's of Marketing

- **Product**
- **Promotion**
- **Price**
- **Place**

Product

- **What product or service you are selling?**

- **Product Positioning**

Differentiating between your product or service and your competitors

- Why will people buy your product or service?
- Is your product or service the best?
- If your product is the same as the “big box retailer” what can you do to compete? SERVICE!!!
- Carry products that the big box retailers or who ever your competition is, does not...Higher taste level products

Sales Promotion

The American Marketing Association defines sales promotion as

“those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, show and expositions, demonstrations and various non-recurrent selling efforts not in the ordinary routine.”

Features and Benefits

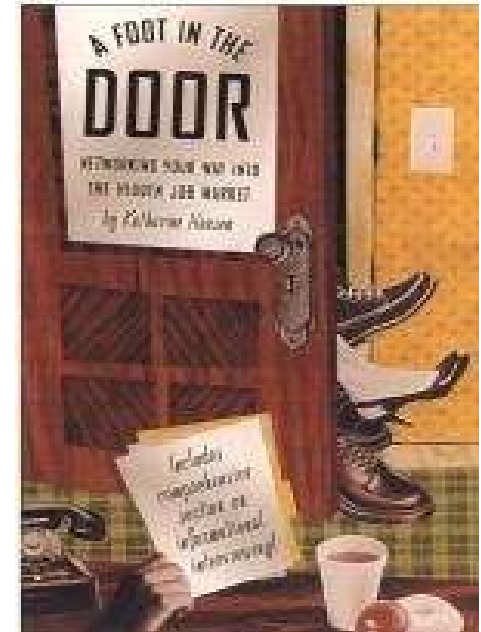
- Features “Tell”
 - **Benefits “Sell”**
-
- Features are unimportant if they do not have a single benefit for your customer

Common Advertising Media

- Newspapers
- Direct Mail
- Magazines
- Radio
- Television
- Videos
- Brochures
- Telephone
- Advertising Specialists
- Trade Shows
- Internet
- Email & Newsletters
- Social Media

Networking

- Community Involvement
- Trade Shows
- Professional Associations
- Chamber of Commerce



Place

LOCATION!

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LOCATION!

Is your physical location helpful or harmful to your product or service positioning?

- Retail businesses are more location dependent
- Manufacturers or businesses that do not have customers coming to them directly are less dependent on location
- The better the location, the higher the rent
- A less desirable location, the lower the rent...then you must spend a higher % of your budget on advertising.

Legal Business Structures

- **Sole Proprietor**

- Simple and inexpensive to organize
- Owner entitled to all profits, but business seldom lives longer than the owner
- Single taxation and easy to discontinue
- Affects credit report, it not a separate legal status
- Unlimited liability and no unemployment benefits

- **Partnership**

- Easy to organize with more sources of expertise
- Shared responsibility means divided decision-making
- Single taxation, all parties responsible for repayment of financing
- Inability to transfer owner, partnership ends upon death of one of the partners
- Unlimited liability to general partners

Information: <http://www.irs.gov/businesses>

Legal Business Structures

- **C-Corporation**

- Ability to raise large amounts of money, but considerable start up costs
- Transferable ownership, therefore extensive record keeping
- Limited liability, double taxation
- Heavily regulated. SEC regulated

- **S-Corporation**

- Ability to raise money, high organizational costs
- Transferable ownership, limited shareholders numbers
- Limited liability, single taxation
- Legal protection, heavily regulated
- Complicated requirements

Legal Business Structures

- **Limited Liability Company (LLC)**
 - Offers advantages of a corporation
 - Unlimited number of owners
 - May have more than one stock type
 - Profits pass directly to owner
 - Simpler to operate than a corporation
 - Legal assistance required for start-up
 - Must have the approval of all members before management duties can be transferred

Financing Your Business

DEBT
or
EQUITY

Few Grants are Available

4 C's of Credit & Financing

1. Cash



2. Collateral



3. Character



4. Credit



Improve Your Credit Report

- Free credit reports:
 - **Annual Credit Report**
1-877-322-8228 or www.annualcreditreport.com
- Agencies who provide you with a credit report:
 - Experian (888) 397-3742 or www.experian.com
 - Equifax (800) 685-1111 or www.equifax.com
 - Trans Union (800) 888-4213 or www.transunion.com
- Review your credit report
 - Check for mistakes
 - Write an explanation for mistakes shown
- Ways to make your credit rating clean
 - Pay late bills ASAP
 - Cancel credit cards you do not use
 - Get a secured loan

Government Regulations

- **Local**
 - Zoning laws (districts, uses, and variances)
 - Permits and licenses
- **State**
 - Licenses and certifications
- **Federal**
 - Americans with Disability Act
 - Occupational Safety and Health Administration (OSHA)
 - Department of Labor – minimum wage
 - Equal Employment Opportunity Commission (EEOC)

Required Forms



- **Fictitious Name Form**

- Needed if business name is NOT your LAST name
(ex) Smith's Radio Repair Business
- Needed if business name suggests other owners
(ex) Smith and Sons
- Filing fee of \$70
- PA Department of State – Corporation Bureau
(717) 787-1057

<http://www.dos.state.pa.us/corps>

Required Forms

- **Employer Identification Number (EIN) Form**

- Also called Form SS4]

- Must get an EIN if:

1. You have employees

2. Have a Keogh

3. Operate as a partnership

4. File employment, excise, or alcohol/tobacco/firearms returns

- Filed with the IRS if you intend to hire employees

- Filing fee is FREE

- Can contact the IRS with questions 800-829-1040

<http://www.irs.gov/businesses>



Required Forms



- **PA Registration PA-100 Form**
 - Sections 1-10 **MUST** be completed by **EVERY** business in Pennsylvania
 - Section 18 is completed for sales tax
 - For general questions contact the PA Department of Revenue at:

(717) 787-6229 or (724) 832-5386

<http://www.revenue.state.pa.us/revenue>

Professional Assistance

Don't forget about the following people...

- Accountant
- Banker
- Lawyer
- Insurance Agent





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