



WELCOME TO THE

# MAIN STREET SMALL BUSINESS SEMINAR

## STARTING A BUSINESS

NOVEMBER 10, 2021 | 8AM-9:15AM

Florida Chautauqua Theatre  
DeFuniak Springs, Florida

**SPEAKERS & SPONSORS:**





# AGENDA

## 8:00AM WELCOME

Chelsea Blaich, Executive Director, Main Street DeFuniak Springs

## 8:15AM INTRODUCTION TO THE SBDC

Terry Mauer, Business Consultant, Florida SBDC at UWF

## 8:30AM STARTING A BUSINESS

Taye Larry, Business Consultant, Florida SBDC at UWF

## 8:45AM TALKING WITH YOUR BANKER ABOUT FINANCING

Jeff DiBenedictis, Community Bank President, BancorpSouth

## 9:00AM Q&A



A stylized illustration of a row of colorful townhouses in shades of red, blue, orange, and pink, with white windows and doors. A dark blue street runs diagonally across the foreground, with a black lamppost visible. The background is white.

# MAIN STREET SMALL BUSINESS SEMINAR



**Chelsea Blaich**  
Executive Director  
Main Street Defuniak Springs



# THE DIFFERENCE PLACE MAKES

A truly robust local entrepreneurial ecosystem recognizes a location's physical environment as a critical factor for ensuring small business success.





# MAIN STREETS ARE THE LIFEBLOOD OF LOCAL COMMUNITIES

Small businesses fuel our communities, downtowns, and neighborhood business districts with jobs, products, and services, and as important places for social engagement.



# **WE CHAMPION SMALL BUSINESSES AND ENTREPRENEURS**

We support downtown small businesses through outreach, connection to resources, one-on-one consultations, specialty promotions, educational programming, and advocacy.





# NOSTALGIC + NEW

In the age of big-box stores and multi-national conglomerates, Main Street is working to reinvigorate nostalgic memories downtown while introducing opportunities for new generational memories to be made.



# ATTRACTING AFFECTION

“People stay longer and spend more money in places that attract our affection ... but no place in America will stay special by accident.”

- Edward McMahon, Senior Fellow for Sustainable Development, Urban Land Institute







# INTRODUCTION TO THE FLORIDA SBDC



**Terry Mauer**  
Business Consultant  
Florida SBDC at UWF



# STARTING A BUSINESS



**Taye Larry**  
Business Consultant  
Florida SBDC at UWF



# A little about Me

## Specialties

- Sales
- Marketing
- Financial Analysis
- Business Strategy

## Work Experience

- Started my career in inside sales with UPS in San Antonio
- Promoted to Account Executive and moved back to the Panhandle
- Financial analysis and accounting as a government contractor

## Education

- BA Business Administration from West Florida
- Currently completing MBA with an emphasis in Data Analytics from West Florida



# FIRST 3 STEPS TO BEGIN YOUR BUSINESS

- FEASIBILITY
  - IS YOUR IDEA FEASIBLE FOR A BUSINESS?
- Legal Structure
  - HOW WILL YOU ESTABLISH YOUR BUSINESS?
- LEGITIMACY
  - Are you properly licensed?





STEP 1

# Determine Feasibility



# Industry Expert Tools

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**referenceUSA<sup>®</sup>**  
from **infogroup<sup>®</sup>**

**profitcents<sup>®</sup>**  
By Sageworks

**AVENTION**

**IBISWorld**  
WHERE KNOWLEDGE IS POWER

**PROFIT  
MASTERY** 

**Bizminer**

 **BidMatch**





STEP 2

# Legal Structure

One of the most important business decisions you will make:

- Liability
- Taxes
- Control
- Privacy & Paperwork

## Four basic types of entities:

- **Sole proprietorship**
- **Partnership**
- **Limited Liability Company (LLC)**
- **Corporation**



# Sole Proprietorship

- A sole proprietorship is an unincorporated business owned and run by one individual with no distinction between the business and the owner. One person is responsible for all of a company's financial & legal obligations.

## Liability

Unlimited liability. Owner and business are considered one entity for tax and revenue purposes.

## Taxes

Business is not taxed separately. Owner files business profit/loss as part of personal income tax return. Must pay Self-Employment Tax (Medicare/Social Security)

## Control

Owner has complete legal and operational control over business.





# Sole Proprietorship

## Advantages



- Easy and inexpensive to form
- Easy tax preparation
- Lower tax rates
- Able to claim losses on tax return
- Complete control
- Allows for comingling of funds

## Disadvantages



- Unlimited personal liability
- Difficult to raise money
- Heavy burden
- Continuity/Biz dies with you
- Must register a DBA if legal name of owner is not being used

### **TIP:** Florida Fictitious Name Publishing Requirements

Per Florida Statute 865.09, Effective July 1, 2009, prior to registering a fictitious name for your business (also known as a dba) you must publish a notice of intention in one newspaper in the county where your business's principal office is located. This must be completed before filing the fictitious name with the Florida Division of Corporations (Sunbiz).

**\*If this legal notice is NOT published then you are NOT in compliance with the State of Florida Statute.\***



# Partnership

An agreement between two or more people to finance AND/OR operate a business.

Famous Example: Apple was founded as a partnership between Stephen Wozniak, Steve Jobs and Ronald Wayne. In 1977, Apple Computer Co was incorporated, listing Wozniak & Jobs as founders. Wayne sold his share of Apple back for \$800.

## Three types

- General Partner: Contributes to running of business. Complete liability.
- Limited Partner: Only provides funding. Limited liability.
- Limited Liability Partner: only be created by certain types of professional service businesses, such as accountants, attorneys, architects, dentists, doctors, and other fields treated as professionals under each state's law.



*Stephen H. Wozniak*  
Mr. Stephen H. Wozniak (WOZNIAK)  
*Steven P. Jobs*  
Mr. Steven P. Jobs (JOBS)  
*Ronald G. Wayne*  
Mr. Ronald G. Wayne (WAYNE)





# Partnership

## Advantages



- Diversification of risk
- More capital for business
- Less formalities in paperwork
- Structure partnership based on risk preferences of partners

## Disadvantages



- General partner has all liability
- Loss of autonomy
- Personality conflicts/issues
- Each partner is an agent of the business and liable for actions of other partners.
- High Risk



# Limited Liability Company (LLC)

- Hybrid structure for **SINGLE MEMBERS** that allows owners to limit personal liabilities while enjoying the tax and flexibility of a Sole Proprietorship OR Corporation.
- Can choose to be treated as an S-Corp OR partnership for tax purposes, if you are a **MULTI-OWNER** LLC.





# Limited Liability Company (LLC)

## Advantages



- Limited liability
- Flexible taxation
- Less paperwork requirements than corporation
- No limit to number of members

## Disadvantages



- Higher initial and ongoing fees to file
- Taxes can be complicated depending on how you wish to be taxed
- Additional paperwork, must create an operating agreement
- Ownership may be difficult to transfer

**TIP:** \*\*Set aside 15% for self-employment tax (Medicare & SS)



# Corporation (C-Corp)

**Corporation:** A form of **business** operation that declares the **business** as a separate, legal entity guided by a group of officers known as the board of directors. Any business that is taxed separately from its owners. All for-profit corporations are classified as c-corp unless they elect to be treated as an S-corp.



Helping Businesses Grow & Succeed



# Corporation (C-Corp)

## Liability

- Shareholder's have limited liability.

## Taxes

- Subject to corporate tax rate
- Shareholder's are taxed capital gains (double taxation)

## Control

- Shareholder's elect Board of Directors.
- Board of Directors enact major business decisions.
- Collective decision making, no autonomy.
- Must file annual report and make it public.





# Corporation (C-Corp)

## Advantages



- Limited liability
- Vast funding opportunities
- Continuity
- Greater access to expertise

## Disadvantages



- Double taxation
- Greater burden of paperwork
- Loss of autonomy
- Loss of privacy
- Can not write off losses

\*\*Florida corporations & LLCs filed as Corps are subject to 4.458% (2021) corporate income tax.



# “S-Corp” – Status for filing taxes

**S-Corp:** A “closely held” corporation that makes an election to be taxed under Subchapter S of Chapter 1 of the IRS Internal Revenue Code.

Limited # of shareholders. Can be private, not public.

- Not charged corporate income tax rate (thus avoiding double taxation).
- Profits and losses of company are passed through to shareholders. \*\*

Eligibility:

- Has no more than 100 shareholders
- All shareholders are US Citizens or permanent residents.
- Only one class of stock



# “S-Corp” – Status for filing taxes

## Advantages



- Avoid double taxation
- Limited liability
- Perpetual existence
- File taxes once a year instead of **quarterly** like C-Corp
- Can write off business losses on individual tax return

## Disadvantages



- Tax filings can be tedious
- Greater scrutiny by IRS.
- More paperwork
- Distributions must be classified as dividends or salary (even if company makes a loss).





# EMPLOYEES

- ❖ Decide what you can't, won't or don't want to do on your own
- ❖ Create job descriptions
- ❖ Organize employee paperwork:
  - ❖ **Application, I-9 Employment Verification, W-4 Tax Withholding, Handbook**
- ❖ Report new hires to Florida within 20 days of hire date (<https://newhire.floridarevenue.com>)
- ❖ Payroll in-house or outsourced? (**min wage \$8.56 and \$5.63**) (**\$10.00** on 9/30/21)
  - ❖ **Work eligibility, tax filing, worker's compensation, unemployment issues, Labor Laws (& posters), Background checks**
- ❖ Scheduling and overtime
- ❖ Training (manual)
- ❖ Benefits / Comp Plan / Employee files



**\*The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.**



“Clients do not  
come first.  
Employees come  
first.  
If you take care of  
your employees ,  
they will take care  
of the clients.”

**Richard Branson**



### STEP 3

# Licensing, Permits & Registrations

Starting a Business Checklist ~ [Openmyfloridabusiness.gov](https://openmyfloridabusiness.gov)

**SBDC CAN HELP!**

1. Register with State of Florida ([www.sunbiz.org](https://www.sunbiz.org))
  - You can be your own registered agent
  - You do not need to purchase HR posters
2. Apply for an EIN (IRS) (Free!)
  - Sole proprietors can use SSN as EIN (not recommended).
3. Open a business bank account using EIN.
4. Register with Department of Revenue (if needed)
5. Obtain necessary licenses/permits

Filing Frequency Limits

Annual Sales Tax Collections	Return and Payment Filing Requirement
More than \$1,000	Monthly
\$501 - \$1,000	Quarterly
\$101 - \$500	Semiannual
\$100 or less	Annual





# Licensing, Permits & Registrations

- ❑ Business related licenses and permits are issued at the federal, state and local levels of government, WHEN NECESSARY
- ❑ Range from general (basic license to operate a business) to specific (alcohol/firearms).

## Examples:

Property use permits (home business)

Building permits (construction)

Health department permits (food)

Professional/Occupational Licenses

Santa Rosa & Escambia~ **County BTR**

Milton, Gulf Breeze, Jay, Pensacola~ **City BTR**

City of Pensacola~ **Vehicle Permit**



# Licensing, Permits & Registrations





# Licensing, Permits & Registrations

 [openmyfloridabusiness.gov](https://openmyfloridabusiness.gov)

 BROWSE CATEGORIES

OPEN MY FLORIDA  
BUSINESS

The State of Florida's Official Business Information Portal

ABOUT

RESOURCES

FAQ

FEEDBACK



What kind of business will you start?



**RESTAURANT**



Need Help?



# Business Plan

## Classical Approach

- 30-40 page document
- Required before starting a business
- Must complete all sections
- Set in stone



## Contemporary Approach

- Not a requirement for every business
- Intended audience vs standard content
- Organic document, evolves with business- fluid
- Less content more concept



# What does a business plan do?

Business plan helps you channel your limited resources into activities that provide the most value for your business.

- Helps organize your thoughts
- Identify important information / things to do
- Helps with decision making
- Assist with obtaining bank loan
- Assist with raising capital through an investor



# Do I need a business plan?

## YES!!

- A way to organize your thoughts
- Keep track of research
- Build long-term strategy
- Need it for funding (banks or investors)

## NO!!

- You are struggling with “analysis paralysis”
- You’re already in business
- You have worked in the industry



Mini-Plan





## The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

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 **Strategyzer**  
strategyzer.com





# Business Plan ~ Your road map

*A document that summarizes the operational and financial objectives of a business and contains the detailed plans for how those objectives will be realized.*

## Sections

1. Executive Summary ~ Your key strengths
2. Company Description ~ Extended “elevator pitch”
3. Products and Services ~ Features and benefits
4. Marketing Plan ~ Plan for promoting
5. Strategy and Implementation ~ Organization & Team
6. Financial Projections ~ Funding plan or request
7. Financial Statements ~ Credit history, Exp/Rev & allocation of \$ (#s)
8. Exit Strategy ~ Plan for the future
9. Appendix ~ Resume, supporting docs, patents, permits



# Sources of Funding

- Banks.
- Alternative Lenders.
- Private Investors.
- Seller Financing (buy/sell a business).
- SBIR/STTR.



# Banks – what do they look for?

- Ability to make payments. Cash Flow.
- Time in business – 2 years for commercial loan.
- Financial Performance – Tax Returns.
- Credit Score (business & personal).
- Existing collateral.
- Your professional network – employees, realtor, lawyer, accountant, SBDC.
- You! How prepared are you?



# Pre-ventures and Banks

- Difficult (not impossible) to obtain funding from a bank.  
No history of cash flow.
- Greater chance of getting a loan if collateral (such as land) is involved and/or if start-up costs are high.
- Eligibility impacted by sector. Franchises, medical practices are preferred to restaurants/cafes and salons.
- History of managing a similar business.
- Majority of start-ups are self-financed or funded through personal loan instruments (HELOC, credit card etc.).





# Commercial Loans

- SBA 7(a) – working capital, business buy/sell.
- SBA 504 – acquisition of fixed assets.
- SBA Microloan – startup and small business options up to \$50k
- Conventional (non-SBA).
- SBA loans are offered through banks. Less risk for banks.

\*Banks decide what you qualify for\*



# SBA Microloan

- Up to \$50,000.
- Start-ups are eligible.
- Almost entirely based on collateral (2:1).
- Less stringent credit score requirements (above 600).
- Fixed interest rate 5-8%. No prepayment penalty.
- 2-7 year term.



# Alternative Lending

- **Alternative Lenders:** Non-bank companies that provide funding to consumers and small businesses.
- Higher approval rate for start-up loans, small loans (under \$50,000) and people with mid to low-range credit scores.



- Had a poor reputation prior to financial crisis.
- Have now become an important part of the business financing industry.



# Alternative Lending

## Advantages



- Higher approval rate
- Less paperwork
- Faster processing time
- Flexibility
- More accessible (tech savvy)
- Diversity of loans
- Less stringent requirements

## Disadvantages



- Higher interest rates
- Smaller loan amounts
- Shorter repayment period
- More frequent payments





# Alternative Lenders

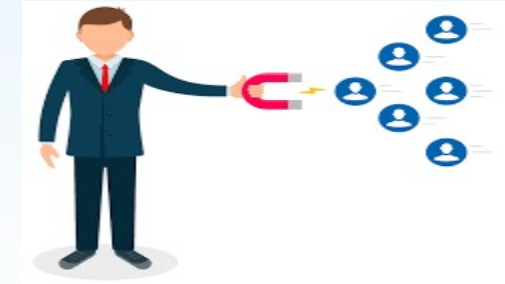
- Lift Fund: <https://www.liftfund.com/>
- Square Capital: <https://squareup.com/us/en/capital>
- Fundera (broker): <https://www.fundera.com/>
- Kabbage: <https://www.kabbage.com/>
- On Deck: <https://www.ondeck.com/>
- Rapid Finance: <https://www.rapidfinance.com/>
- There are many, many more!



# Funding Resources

## COVID 19 EIDL

- 3.75% interest rate (2.75% for nonprofit)
- 30-year term
- Minimum credit score of 570
- Must be used for operating expenses (working capital, debt repayment, rent, etc)
- Deferment up to 24 months



## Employee Retention Credit

- Payroll tax credit of 50% for 2020 and 70% for 2021 up to \$10,000 in qualified wages
- Partially or fully shut down due to COVID-19
- Decline of 50% or more in gross receipts comparing 2019 quarter to 2020 (example Q1 2019 vs Q1 2020)



# Key Takeaways

- Plan!
- Do your research
- Money is available if you're prepared
- Be responsive to a changing environment
- Use your resources wisely~ ASK FOR HELP~ SBDC is available



# Additional Resources

Business License: <http://dos.myflorida.com/sunbiz/>

Department of Revenue: <http://floridarevenue.com/pages/default.aspx>

Florida SBDC: <http://www.sbdc.uwf.edu>

General : <http://openmyfloridabusiness.gov/>

SBA: <https://www.sba.gov/>

Tax Info: <https://www.irs.gov/businesses/small-business-and-self-employed-tax-center>





# Specific consulting requests

- I need help getting a loan
  - ✓ I need a loan of \$170,000 for the following start-up costs...
- I need help with marketing
  - ✓ I need help building my online presence. The customer segment I'm trying to target is women between the ages of 24 and 49.
- I want to make \$50,000 revenue per year
  - ✓ Here are my start-up costs and operating costs, can you help determine when I can expect to start making a profit?



# Next Steps

- Conduct research on feasibility
- Identify key areas where you need assistance (be specific).
- Fill out an Electronic Request for Consulting at [www.sbdc.uwf.edu](http://www.sbdc.uwf.edu)



# Contact Info

Taye Larry

Business Consultant  
SBDC at UWF

Phone: 850.684.4227  
Email: [jlarry@uwf.edu](mailto:jlarry@uwf.edu)



**Thank You!**  
**WISHING YOU SUCCESS**  
**IN BUSINESS!**



Helping Businesses Grow & Succeed







# TALKING WITH YOUR BANKER ABOUT FINANCING



**Jeff DiBenedictis**  
Community Bank President  
BancorpSouth

# **APPLYING FOR A LOAN FOR A START UP BUSINESS**

## **1.The Four "CCCC" of Lending**

# 2. Business Plan

- Primary Purpose or Activity
  - How are you going to grow your business/revenue (market share)
  - Identify your competition
  - What separates you from the competition
    - What are you going to do that's different
- Organizational Structure
  - Partnership, LLC, LC, Corporation...
    - Corporation
    - Sub-S
    - C Corporation
- Principals of the business
  - Resume
    - Past Work Experiences
    - Qualifications

### **3. Application**

### **4. Proforma**

- 2,3, or 5 year projections

### **5. Financials $\geq$ 25% ownership (varies among banks)**

- Personal Financials
  - Liquidity
  - Contingent Liabilities
- 3 year personal tax returns

### **6. Collateral**

### **7. Structure, Rate, Terms, Fees**