

Retailing in Illinois:

A Practical Guide

- Business
- Marketing
- Management
- Operations
- Financing
- Licenses

And Much,
Much More!



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This guide was developed for the Illinois Department of Commerce and Economic Opportunity by MCIC, a not-for-profit research and consulting firm with expertise in business development issues and other areas. More information on MCIC can be found at www.mcic.org.

SO YOU WANT TO START A RETAIL BUSINESS?


We're not going to lie. Starting a successful retail or service business is difficult. You are making a financial and emotional commitment to invest your time, resources, energy, and passion into a brand new enterprise. This new enterprise could generate great personal satisfaction and monetary rewards. It could enrich and expand your special interests and expertise. It could provide the flexible, family-friendly environment you've always wanted. But along with the potential rewards, there are risks, too. In many cases, new entrepreneurs risk – and lose – everything. Starting a new business venture takes more than courage. To be successful – to stay in business and to make a profit – you will need to overcome unforeseen challenges. Starting and keeping a business is hard work. Do you have the skill and perseverance required? Can you fill an unmet need in the market place? Do you know how to hire and train personnel? Are you familiar with the legal requirements for operating a business in Illinois?

To be successful, you will need the right tools: a business plan, a marketing strategy, start-up capital, and most likely a line of credit from a bank. This guide is a practical “how to” primer that covers all the basics. Some chapters might seem easy or common sense. Don't underestimate their importance. Many businesses fail because they overlook the obvious.

Retailing in Illinois: A Practical Guide was commissioned by the **Illinois Department of Commerce and Economic Opportunity**. They recognize that small businesses fuel the Illinois economy, and are working hard to support entrepreneurs throughout the state. Their Small Business Development Center Network provides hands-on technical assistance and counseling, guiding entrepreneurs such as yourself through every step of the process – from start-up to expansion.



Resource Alert! For assistance in determining the location of the Small Business Development Center in your area, contact the Illinois Business Assistance Line at **(800) 252-2923, TDD (800) 785-6055** or visit their website at www.iencnect.com. Get help today!

The State of Illinois is also home to many other government and local agencies committed to serving you. Throughout this guide, we will identify a number of resources to help you start your business. Deciding whether or not to start your own business might be one of the most important decisions you make in your life. Don't just rely on your family and friends for direction. Before you risk everything, why not seek the advice of a few outside experts? In many cases, their advice is free. Call the Small Business Development Center near you to learn more about the training sessions and seminars available in your community. Also look for the resource alerts throughout this handbook, identified by a  in the margin.

Starting and growing a business is a big undertaking. **Thank you for your interest in making that investment here in the State of Illinois.** We hope this guide helps you in your decision-making, and we wish you all the best in your endeavor.

DEFINING THE RETAIL AND SERVICE INDUSTRIES

So, you're thinking seriously about opening retail or service business, but you're not sure where to start. This section will provide a broader overview of the industries so you can identify how your business will fit into the bigger picture.

Retail Industry

The retail industry is about selling goods in small quantities directly to consumers. Within retail, there are two main categories: "store" and "nonstore." "Store" retailers typically have a physical "presence" in a community. Many are located in local business districts; some just down the block from where you live. They operate in fixed locations, located and designed to attract a high volume of walk-in customers. For example, an entrepreneur would most likely open up a children's clothing store in a community where children make up a strong segment of the population, rather than in a retirement community. In general, retail stores have extensive displays of merchandise and use mass-media advertising to attract customers. They typically sell merchandise to the general public for personal or household consumption. In addition to selling merchandise, some retailers are also engaged in the provision of after-sales services, such as repair, installation, and delivery.

"Nonstore" retailers are also organized to serve the general public, but their retailing methods differ. Nonstore retailers reach customers and market merchandise through "infomercials," direct-response advertising, catalogs, door-to-door solicitation, in-home demonstrations, street vendors, vending machines and the Internet. In other words, they don't have the physical "presence" that stores in your neighborhood shopping district have. As such, they do not require a location convenient and attractive to customers. Many nonstore retailers operate from home.

Some "store" and "nonstore" retailers also serve other businesses and institutional clients. However, businesses that *only* sell to other businesses are called *wholesalers*; they are not retailers. For example, a company that makes and sells children's clothes to other businesses, which, in turn, sell them directly to the public, would fall into the wholesaler category.

Below are the major retail categories. As you review them, think about the capital, land, inventory, and expertise you will need to start a business in each category. For example, you might have a passion for state-of-the-art automobiles. But are you ready to invest in an entire auto dealership? You be the judge!

Overview of the Retail Industry

Motor vehicle and parts dealers

- Automobile dealers
- Other motor vehicle dealers
- Automotive parts, accessories and tire stores

Furniture and home furnishing stores

- Furniture stores
- Home furnishing stores

Electronics and appliance stores

- Electronics and appliance stores
- Computer and software stores
- Camera and photographic supplies stores

Building material and garden equipment and supplies dealers

- Building material and supplies dealers
- Lawn and garden equipment supplies dealers

Food and beverage stores

- Grocery stores
- Specialty food stores
- Beer, wine and liquor stores

Health and personal care stores

Gasoline stations

Clothing and clothing accessories stores

- Clothing stores
- Shoe stores
- Jewelry, luggage and leather goods stores

Sporting goods, hobby, book and music stores

- Sporting goods, hobby, book and musical instrument stores
- Book, periodical and music stores

General merchandise stores

- Department stores
- Other general merchandise stores

Miscellaneous store retailers

- Florists
- Office supplies, stationery and gift stores
- Used merchandise stores
- Other miscellaneous store retailers

Nonstore retailers

- Electronic shopping and mail-order houses
- Vending machine operators
- Direct selling establishments
- Other direct selling establishments
- Internet

In 2005, there were 43,169 retail businesses in Illinois. Combined, they employed nearly 630,000 people and doled out more than \$14 billion in payroll. The average yearly salary of a person working for a retail establishment was approximately \$22,800 (*County Business Patterns*, 2005).



The table below provides a snapshot of the Illinois retail industry –total number of firms, employees, average firm size, and average yearly wages (wages include part- and full-time workers). The two largest sectors in the Illinois retail industry are food and beverage stores and clothing and clothing accessories stores. However, general merchandise stores are the largest employers in the industry with nearly 109,000 employees. The average firm size in this sector is 58.5 employees, much greater than the

average for miscellaneous stores (6.9 employees) and for motor vehicle and parts dealers (17.1 employees). Overall, for all retail categories combined, the average number of employees is 14.6.

Illinois Retail Industry, 2005

	Total Firms	Total Employees	Average Firm Size	Average Salary
Retail Trade	43,169	629,286	14.6	\$22,827
Motor vehicle & parts dealers	10.2%	11.9%	17.1	\$38,322
Furniture & home furnishing stores	5.8%	3.9%	9.8	\$26,267
Electronics & appliance stores	4.8%	3.5%	10.7	\$26,043
Bldg material & garden equip & supp dealers	7.6%	8.3%	15.8	\$28,387
Food & beverage stores	14.2%	17.7%	18.1	\$17,442
Health & personal care stores	7.8%	8.2%	15.3	\$23,339
Gasoline stations	9.5%	5.0%	7.7	\$15,569
Clothing & clothing accessories stores	14.3%	10.5%	10.7	\$15,953
Sporting goods, hobby, book & music stores	5.5%	4.1%	11.0	\$14,836
General merchandise stores	4.3%	17.3%	58.5	\$18,890
Miscellaneous store retailers	11.5%	5.5%	6.9	\$17,192
Nonstore retailers	4.5%	4.1%	13.3	\$41,457

Source: *County Business Patterns*, 2005

Average annual salaries in the different sectors of the retail industry range from \$14,836 in sporting goods stores to nearly \$41,500 in nonstore retailers. These numbers reflect the fact that many retail employees work part-time – some by choice, and some by necessity.

Service Sector

In many ways, services providers are similar to retailers. Some operate in a business district and have a physical “presence” while others operate “behind the scenes” and only interface with customers when the service is provided. The difference between retailers and service providers is that the former sell a physical product whereas the latter are typically hired to perform a service for a customer such as mowing lawns, cutting hair, or babysitting.

Examples of service providers include caterers, nail salons, pet groomers, photo-finishing establishments, mail and copying support centers, and daycare providers. These types of businesses focus on providing a service, not on selling merchandise that someone else produced. Typically, this service is provided through direct labor and/or aided by specialized equipment.



Remember, starting a business will have a major impact on every aspect of your life.

Choosing which type of business you are going to open is a very personal decision. Some people choose a line of business related to their personal interests. For example, a legal secretary who disliked her job always wished she could work in her garden instead. She eventually opened a flower shop. A

Chicago worker lost his job, noticed there were no music stores in his neighborhood, and decided to open up his own music store, even though he knew very little about the music industry or how to buy and sell records.

Overview of the Service Sector

Information

- Publishing industries
- Motion picture & sound recording industries
- Broadcasting & telecommunications
- Information & data processing services

Finance & Insurance

Real Estate & Rental & Leasing

Professional, scientific & technical services

Management of companies & enterprises

Admin, support, waste management, remediation services

- Administrative & support services
- Waste management & remediation services

Educational services

Health care and social assistance

- Ambulatory health care services
- Hospitals
- Nursing & residential care facilities
- Social assistance

Arts, entertainment & recreation

- Performing arts, spectator sports, & related industries
- Museums, historical sites & like institutions
- Amusement, gambling & recreation industries

Accommodation & food services

- Accommodation
- Food services & drinking places

Other services (except public administration)

- Repair & maintenance
- Personal & laundry services
- Religious, grantmaking, civic, professional & like organizations

The service sector is a diverse set of businesses. Almost half of all businesses in Illinois are in the service industry as defined by MCIC. In 2005, there were more than 194,000 service establishments in Illinois which employed nearly 3.1 million people. With an annual payroll of \$129.6 million, workers in this sector had an average salary of almost \$42,000 (*County Business Patterns, 2005*).

The two largest sectors are professional, scientific and technical services as well as other services. Other services include a variety of businesses which include: repair and maintenance of autos, electronics, commercial equipment and appliances, personal care services such as laundry, beauty salons and nail shops, dry cleaning and laundromats, photo

shops, parking lots and pet care services. These two sectors have the largest number of firms. In terms of employment, however, 22% of employees in the service sector work in health care and social assistance. Average firm size ranges from 6.2 employees in other services to 75.4 in management.

Illinois Service Sector, 2005

	Total Firms	Total Employees	Average Firm Size	Average Salary
Service Sector	194,291	3,099,190	16.0	\$41,821
Information	5,697	133,241	23.4	57,685
Finance & Insurance	23,108	341,884	14.8	72,736
Real estate & rental & leasing	13,673	84,839	6.2	45,799
Professional, scientific & technical	38,478	350,082	9.1	64,169
Management of companies & enterprises	2,123	160,090	75.4	92,191
Admin, support, waste mgt, remediation svcs	15,649	442,999	28.3	25,921
Educational services	3,294	132,528	40.2	31,987
Health care and social assistance	29,475	677,927	23.0	37,409
Arts, entertainment & recreation	4,537	71,638	15.8	26,950
Accommodation & food services	25,595	446,724	17.5	14,052
Other services (except public administration)	32,662	257,238	7.9	25,882

Source: County Business Patterns, 2005

Retailers and service providers help fuel the state economy. Small businesses, those with fewer than 50 employees, represent 94 percent of all businesses in Illinois. And just over half of all Illinois businesses have only 1-4 employees. Many of these small businesses are retailers and service providers. In 2002, the State of Illinois had nearly \$133 billion in retail sales, representing 4.3 percent of all U.S. sales. Working in partnership, government and the private sector can come together to make Illinois an even better place in which to live, work and shop.



Small businesses like this one fuel the Illinois economy.



Resource Alert! For more information on the retail and service industries in Illinois, contact the Illinois Business Assistance Line at **(800) 252-2923**, TDD **(800) 785-6055** or visit their website at www.ienconnect.com.

DO YOU HAVE WHAT IT TAKES?

Starting a business can change your life for the better. The income potential, the lifestyle advantages, the thrill of the buying process, the challenge, the contact with people and the sheer pride of owning your own store are what make retail and services a wonderful career opportunity. In this section, we'll take a closer look at just how much hard work, skill, and perseverance you'll need to successfully start – and stay – in business. We'll give you a sense of what you can expect from owning and running a small business, as well as what that small business will expect – indeed demand – from you! We're not going to mince words: it's a lot of work and success is not guaranteed.

The first few years are the toughest. Nationally, it is estimated that only about 30 percent of all start-ups are still in business after five years. The better you prepare yourself and understand the challenges ahead of you, the more likely it is that you'll be one of the survivors. Going into business isn't for everyone. Therefore, we invite you to seriously examine the questions posed in this section so you'll know if being an entrepreneur is right for you.



Resource Alert! Please also consult the handbook, *Starting Your Business in Illinois*, from the Illinois Business Information Center. They can be reached at **(800) 252-2923, TDD (800) 785-6055** or visit their website at www.ienconnect.com.

To evaluate your own aptitude for small business ownership, you need to:

- ***Understand the responsibilities of ownership.*** What's involved in owning a business and what are the roles you'll have to play if you own one? Every business is different. Think through all facets of operations.
- ***Know yourself first – then set your goals.*** What do you want from your business? Everyone wants to succeed, but how do you measure success? What are your main skill sets? What *aren't* you good at? What do you *hate* to do? How much profit *must* you make to be happy? What is the *maximum* number of hours you will be willing and able to commit each week? How will having a business affect your current relationships, lifestyle, and standard of living? What kind of sacrifices are you willing to make? Knowing and accepting what you can give your business – and what your business can give you – is critical. Be ambitious. Set your sights high. Believe in yourself. But also be realistic. This self-knowledge and commitment should determine which business, if any, you choose to pursue.

- ***Find out if you can do it alone.*** After you evaluate your own skills, you might realize that you need help. Most entrepreneurs do. Are you a highly organized person? Do you like to do paperwork? Do you have deep content knowledge about the industry you are entering? Do you have enough capital? Can you get a loan from a bank? These questions will help identify the potential need to recruit a business partner. If you are planning on being a super small business (i.e. you're the only employee), you might need to hire specialized help, such as a marketer or a bookkeeper, even if it's on a part-time basis.
- ***Estimate the impact on your everyday life.*** How will your life change when you become a business owner? Many of the more "secure" aspects of past employee life will vanish when you open up your own business. In the beginning, you might not even be able to pay yourself a salary!

RUNNING A SMALL BUSINESS – IT'S NOT FOR EVERYONE

Running a small business is an extremely interesting – and sometimes daunting – challenge. In addition to deciding what to sell, you have to decide where to locate your business, whom your customers are and at what price you should sell your goods or services. Just when you think you've got the process nailed down, you realize that the heart of retail is in effectively managing change. In order to keep the customer interested, you have to keep your product line fresh. Fads change. The competition changes. Pricing changes. The economy goes up and down. In down times, consumers cut back on their spending. How do you run operations while keeping your pulse on the market? Flexibility is key to success.



Below are some additional questions to put yourself to the test. If you answer "yes" to most of these questions, then perhaps the small business world is right for you.

- Do you work well under pressure?
- Do you welcome change? Can you adapt well to a changing environment?
- Do you like dealing with and serving people, and can you keep your cool when they seem unreasonable or wrong?

Dawn's business sells books, health products, gemstones, imported clothe, and a variety of other merchandise. Her advice: "Follow your passion. Do what you love to do. Otherwise, don't go into business." Dawn has been in business for 20 years. Her latest expansion effort is to add a small café to her store.

- Are you good at motivating people? Do you have what it takes to hire, supervise, and (in some cases), fire employees? Are you good at managing conflict effectively?
- Do you like displaying, arranging, and changing merchandise to make it look appealing enough to buy? Are you creative? Can you quantify the market demand for your products? Do you understand your customer base?
- Do you know (or can you learn) some basic accounting? Do you like working with numbers?
- Are you already in the practice of paying your bills on time?
- Are you good at keeping track of things? Do you demonstrate attention to detail?
- Will you be eager to stay late to serve a customer that walks in right before closing?

Retail is about selling. Providing a service is about “doing a good job.” Both are about meeting the needs of customers. Being in business for yourself is a great opportunity to meet new people – customers, new staff, and suppliers. But it’s also about working an irregular schedule. Gone are the Monday through Friday nine-to-five days, or calling the boss to say that you will be taking a sick day (when you own a business, *you* are the boss). In fact, one of the biggest sacrifices is Saturdays. For most retailers, Saturday is the biggest shopping day of the week, and it’s important you are at the store selling, meeting your customers, and addressing all the issues that are certain to arise.

DEVELOP YOUR IDEA, THEN GET FEEDBACK



You’ve always wanted to be your “own man” or “own woman.” You’ve never fit into the corporate structure, never liked marching to the beat of another drummer. Owning your own business has been a life-long dream. But before committing your time and hard-earned money, it’s a good idea to make sure your business plan is sound. In the next section, we will explain in detail what a business plan is. For now, let’s consider your idea for a business. Perhaps you spent years of your

professional career as a legal secretary wishing you could spend time in your garden instead, your idea might be to open up a flower and plant shop. In fact, you might be a very skilled and knowledgeable gardener. And as you garden, the time just flies. It hardly seems like work at all. Wanting to own your own flower and plant shop is a worthwhile dream; the idea, however, still needs some work.

- Where will you locate your shop? Will you rent or own?
- Will your customers walk or drive? Is parking needed?
- What is the competition? And how will you distinguish yourself from it?
- How do you know there is an untapped market?
- What customers are you targeting, can they afford your products and services, and how will you reach them?
- How much in sales do you think you could make in the first year?
- How much start up capital will you need? How much do you have now?
- How much inventory do you need to get started? Where would you get it from? How much can you buy it for? How much can you sell it for?
- What are your busy seasons?

Before you skip ahead to the business plan chapter, thoroughly review these questions. They make great topics for dinner conversations. This is where friends and family come in. Begin to talk it through. Ask everyone you know what they think of your idea. Be prepared to get shot down, and don't discourage constructive feedback. After all, your business is just an idea at this point. It needs to be further developed. Listen attentively and with an open mind. Ask questions. Be appreciative. Keep your tone neutral. *You raise good points. Tell me more why you don't they think it's a good idea. What could make it a better idea?* They may bring up some important points you haven't considered yet.

But don't just rely on friends and family members. It is also highly worthwhile to get feedback from outside professionals. Trade associations and chambers of commerce are a good place to start. The Illinois Retail Merchants Association is one of the largest United States retail organizations and represents more than 23,000 stores of all sizes and merchandise lines throughout the State of Illinois. There may also be a specific trade organization or association related to the type of business you want to open, such as the American Booksellers Association. Most often these are national organizations, but there may be some Illinois chapters. These groups will be able to refer you to people who will give you an honest, expert opinion about your business plan.

Get an opinion on your business idea from people currently operating businesses in your area of interest. They have first-hand knowledge!



Resource Alert! Contact the Illinois Retail Merchants Association at **(217) 544-1003** or **(312) 726-4600** for more information. You can also visit their website <http://www.irma.org>.



Julie has owned her own business for 10 years. Her advice: "Before I opened my own salon, I worked for someone else. This helped me learn the craft as well as many aspects of the business operation."

Another method for gaining important "outsider" information is to interview business owners in your area of interest. For example, if your idea is to open a flower shop in the small town where you live, visit other similar towns to see what their flower and plant shops look like. Stop in and visit the ones you like on a "slow" day, and explain your circumstances. Given that you desire to open a shop in another town, the owner probably won't identify you as "the competition." He or she might be willing to mentor, providing greatly needed tips and advice. Ask general questions.

- I really like what you did to your façade. How did you come up with the idea?
- I see you're listed as a local chamber of commerce member. Has that helped your business?
- Where do you buy your plants from?
- To be honest, I love gardening, but I'm new to it as a profession. Would you mind sharing how much your mark up is? I have no idea how the pricing works.
- How do you know how many plants to buy ahead of time?

After your visit, follow up on a specific issue by phone or email. If you develop a good rapport, consider volunteering. That's right – volunteer to help your mentor to see what the job really involves. Many of today's successful entrepreneurs have even taken on a part-time job in their area of interest to see if they like the pace and get valuable on-the-job training. For example, if you are thinking of opening up a flower shop, why not work for one first to make sure it agrees with you and to learn the tricks of the trade?

You've always wanted to have a business of your own, and everyone seems to love your business idea. Already you're dreaming about your Grand Opening. But first it is time to develop a business plan. Some of the points addressed in this chapter might seem commonplace or obvious. Take the time to read the entire chapter anyway. If you do take the time and effort required to put together a sound and realistic business plan, the likelihood of your business succeeding will be much higher. Remember, many small businesses fail because they forget to attend to the obvious!

Right now you have a great idea. What you really need is a business plan. Simple as that. It's a hassle, but this chapter will take you through the steps and make it as painless as possible.

Entrepreneurs that borrow money from family and friends, use their credit cards, or tap their home equity, retirement accounts, or savings to fund their business operations (more cautionary notes on all this later) don't have a bank manager breathing down their necks demanding a business plan. If your child attends a school that never tested students' knowledge base, would you tell them not to study? Of course not! If you're not being pressured to write a business plan, do one anyway!



Katie owns a shop where you can buy and paint unfinished pottery. Katie began with one location nine years ago and had expanded to four by 2006. Katie's advice: "I didn't have a business plan when I started. Big mistake. I bought the business because I know ceramics, so I thought it would be easy. I should have paid closer attention to my

A clearly focused business plan will define the type of business you want to do, what its unique characteristics are, the types of merchandise or services it will sell and the type of customer it will attract. It will identify your target market and your competition. Working through the fine points of a business plan will help you strategize about a location, store design, and marketing techniques. In addition, you'll find information on business structures and other legal information you'll need to know to get started.

WHY YOU NEED A BUSINESS PLAN

Your business plan serves many purposes.

Your business plan will help you secure financing. Unless you plan to risk your personal assets as collateral (such as your house), you typically can't get a conventional loan from a bank without a solid business plan.

Your business plan is your road map. A business plan, in essence, is a "road map." Would you set out on a road trip without a map or a clear idea of where you were headed? Of course not. So why try to do that with your business. When you're just getting started, a business plan is critical. In addition to providing the essential "directions" of which road to take, it demonstrates to the bank how you plan to make the return trip – in other words, how you plan to repay their loan!

An effective business plan is a living, breathing document. It does not just sit on a shelf.

Your business plan helps you make the transition from theory to practice and should be continually updated with current information. Based on reasonable data, background materials, and detailed conversations with industry experts, your first draft will contain estimates and projections for sales volume, expenses and net profit.

Once you start implementing your plan, you may find that things are a little different than projected. Ask any entrepreneur and he or she will confirm that there are always unanticipated business expenses. You might even intentionally deviate from your original course of action because of an unexpected opportunity. However, unless you make the adjustments in your business plan, you will essentially have no plan.

Therefore you will need to periodically review your business plan. Your business plan is a check in point. Compare your projected numbers to your actual numbers. Where did you go "right?" Where did you go "wrong?" As you move forward, business decisions should be based on this type of ongoing analysis. Updating your business plan helps you navigate through the many decisions you will need to make along the way. It helps identify the viability of new product lines that should be developed and existing ones that should be shut down. It helps you make decisions on expanding or reducing staff. It tells you how much inventory to buy. It helps you act nimbly and effectively in the marketplace, which is the number one job of an entrepreneur.

Yet all this is not enough! Not only do you need to plan for today, tomorrow, and next season, you need to plan for two, three, and five years into the future. Sure, you already developed five-year projections because your banker required it, but after your first year in business, much changed. Now what does the future hold? Your business

Revising your growth projections and setting them in a business plan context will help you develop a forward-thinking but realistic plan for the future.

plan helps you amend your long-term strategic course. Why leave things to chance? Would you drive from your home town to a far away city that you've never been to relying solely on your good sense of direction and your ability to pick a pleasant highway? Of course not! When conducting long-term strategic planning for your business, you need to move beyond the day-to-day issues. Where do you want your business to be five years from now? What will your sales volume be? How much inventory will you need to carry? Is your current location big enough to handle the expected increase in customer traffic? To grow your businesses, chances are that you will need to go back to your bank for a new loan or a line of credit, and your banker will want to see an updated plan. The old dusty one won't do! For example, a successful business that needs a capital infusion to develop a new line of inventory will have to make the case to the bank that it's a sound investment decision.

WHAT A BUSINESS PLAN LOOKS LIKE

To develop a good business plan, you will need to do research in all aspects of your business from the types of products you want to sell, to the design of your store, to marketing strategies and financial issues. There are many ways to put together a business plan. What all good business plans have in common are the following components:

- ***Title Page*** – The title page of your business plan should provide the reader with general contact information including the name of your business and the name, address and phone number of the owner(s). Cellular phone numbers and email addresses are also appropriate if you have them and wish to be contacted that way.
- ***Executive Summary*** – This introductory section provides the banker or investor a “first impression” of your business concept, typically in one page or less. Although it appears near the front of the plan, most find it easier to write after having completed the rest of the plan.
- ***General Business Information*** – This section describes the type of business, the product(s) and/or service(s) offered, location and the business conditions affecting the Illinois retail industry.
- ***Marketing*** – This section identifies the mission statement of your business, target market, competition, pricing strategy, distribution strategy and promotion plan.
- ***Management and Operations*** – The purpose of this section is to describe the legal form of the business, skills available within management to successfully run the business, employee information and other considerations necessary to successfully operate and manage the business.
- ***Financial Information*** – This section should include a thorough analysis of the use of financing proceeds, five-year financial projections, and the owner's equity information.

This guide will take you through the process of developing all areas of the business plan. Some areas may not relate to your business concept at all, and some areas may require additional information so it may be necessary to alter the contents of the plan to suit the particular circumstances involved in your business.

Becoming an entrepreneur involves a deep financial and emotional commitment. It is important to remember that you are risking your money and perhaps your financial security. Plus, you'll likely be asking others to risk *their* money. Lending institutions and/or investors are also sharing the risk in your business venture, and your business plan is the lens they will use to evaluate their willingness to assume that risk. Many small businesses fail, and often this is due to inadequate planning. While others can help with the planning effort, only you really know how much effort and talent you can put into your business and what it has the potential to become.



Resource Alert! The Illinois Small Business Development Center Network is here to assist and counsel you through the planning process. For assistance in determining the location of the center in your area, or accessing other small business information, contact the Illinois Business Assistance Line at **(800) 252-2923** or visit their website at <http://www.ienconnect.com>

SIT DOWN AND START WRITING!

Now that you know the outline of the plan, you're wondering how to begin filling it in. Here we provide a list of essay questions. Begin answering them the best you can. But don't just talk them through – write out your answers here in this booklet if you like. If you can use a computer instead and save your document, even better, since you'll likely make lots of changes moving forward. Don't worry about being polished at this early point; just get the main strategies and ideas down. The setting doesn't have to be perfect. The most important thing is to *start writing!*



The goal of this section is to help you determine:

- The type of business you want to create which includes detailing what you want to sell;
- Who your suppliers might be;
- Where you will be located;
- Who your competitors are; and
- How you will distinguish yourself from them as well as the future plans for your business.

This information will all go into the “General Business Information” section of your business plan.

After you have written out your response to each of the following questions, name three action items that you will need to take.

1. Why do you want to start your own business?

2. List all the things that you would do with your professional life if you *did not* open your own business. After reviewing the list, make sure that owning a business is your true and highest professional calling.

3. What do you want to sell or what service do you want to provide? List all the products and services.

4. Where will you buy your products from? For each type of product, be as specific as possible.

5. Do you need to modify the product before selling it?

6. How will you price your goods and services? For each type of product and service, be as specific as possible about how much it will sell for. What are the industry “mark ups” for each consumer good?

7. If you are providing a service as your core business or to complement your retail business, explain each service and how your customers will benefit.

8. Where should you locate your business, and why?

9. Who are your competitors? How will you distinguish your business from theirs?

10. What will operations consist of? List all the main tasks involved in your business. Next to the task, write down who will perform the task.

11. Will you need to hire any employees? If so, what kind of skills will they need? What hours would they work? Where would you find the employees? How much will you pay them?

12. What is the state of your industry? Depressed, stable, or growing? Explain.

Marketing plays a vital role in successful businesses. But what does “marketing” really mean? On the surface it is about advertising and selling. What we are asking you to do here is to look at the bigger picture and thoughtfully analyze your products or services and your business as a whole in relation to your competition and your customers. How well you know your customers – their likes, dislikes and expectations – will influence your level of success. In this section we will develop a marketing strategy which includes a mission statement, identifying and analyzing your target market as well as identifying and analyzing your competition.

The key to successful marketing is answering the following question: How will you communicate a meaningful difference about your business product or service to the people who might be most interested in buying it?

MISSION STATEMENT

You have to write a sentence. This is no ordinary sentence though – it’s your mission statement. In it you need to be able to sum up, in one line, what your business does. It also needs to present your vision for the future of your business. Your mission statement lets your customers know what to expect when they walk through your front door. A mission statement inspires!

Your mission statement emphasizes the businesses strongest selling points, strategies, and values. Here we provide a few examples:

The mission of Total Quality Super Market is to provide excellent customer service, the highest quality goods, and the most attractive displays possible to meet the convenience needs of local, upscale neighborhood shoppers for specialty and last-minute grocery items.

Notice in this mission statement, providing the most competitive price was not mentioned. Remember, you can’t be all things to all people. Providing the best customer service, the best and freshest groceries, and the most attractive displays possible will cost more to your bottom line than a lower standard. This cost will ultimately be reflected in your price.

Here is a mission statement for an Internet café

To provide communities with the ability to access the Internet, enjoy a cup of coffee, and share Internet experiences in a comfortable, unique, upscale, educational, and innovative environment.

In this mission statement, again price is not emphasized. What appears most important is the comfortable environment and the atmosphere.

Last, we provide an example of a discount shoe store:

To provide quality shoes at extremely competitive prices and to be located conveniently to where shoppers live and work.

Here, the owner is counting on low price as much – probably more – than quality, style, or customer service. The second point of emphasis is convenience. This businesses owner is hoping that if she has nice shoes at very low prices, and her store is easy to get to, that customers will support her, even if she doesn't have a fancy interior or the best help to wait on customers.

We've provided you with a couple of examples to help you get started. Use the space below to start developing your mission statement.

Mission Statement

TARGETING YOUR CUSTOMERS

This is essential. Identifying your target market is the heart of your marketing strategy. You need to determine who is most likely to purchase what you are selling be it a good or a service.

The more you know about your customer, the better your marketing strategy will be. You will be able to change your product to better match what your potential customers are likely to buy. You'll also learn how best to reach your customers through advertising, promotions, etc.

You need to know who will buy your products.

Since many small business owners usually have limited resources to spend on marketing, concentrating your efforts on one or a few key market segments, your *target markets*, gets the most return from small investments. Most commonly, businesses target either a specific type of customer or focus on a geographical area:

1. Customer identification – Identifying those people most likely to buy the product or service and targeting those groups
2. Geographical target – Specializing in serving the needs of customers in a particular geographical area. For example, a neighborhood convenience store may send advertisements only to people living within one-half mile of the store.

1. What type or types of customers will you target? Be as specific as possible. Are you selling to individuals or other businesses? What do your customers look like? What is their demographic profile? For example what is their age? income bracket? education level? occupation? family makeup?

2. What other kinds of merchandise do your customers buy? What price range is comfortable for them? Is it important that they make a few trips and purchase a lot of things? Or do they come often and buy a few things?

3. Where *are* your customers? In other words, will they live or work near your business? Will your business draw customers from far away? How big is your customer base?

4. How will you reach these customers? What types of advertising and promotions will you use?

MEASURING UP THE COMPETITION

In all likelihood, you will not be the only business selling the products and services you plan to sell. In this case, you need to know not only who your competition is but their strengths and weaknesses. Study their operations and strategies and learn from them. Use what works well for them and build on it. By analyzing their weaknesses and figuring out a better way to do things, you'll have the competitive edge. You'll also know how best to position yourself to compete with them.

1. Who are your competitors? Where are they located? How long have they been in business? What types of products or services do they offer? How do they differ from your product line? What are their strengths? What are their weaknesses?

2. How will your store be unique? Why should someone buy from you rather than your competitors? Why should someone go into your store rather than make a purchase online?

3. What is the ultimate benefit you want your customers to have by coming to your store?

4. What do you want customers to say about your store? What about fellow merchants and other service providers? Word of mouth is the best – and the worst – form of advertisement.

PRICING STRATEGY

Another key component to the success of your business. Set the price too high and customers won't buy. Set it too low and you'll short change yourself and run out of inventory too quickly. The ideal price for any product or service is one that is acceptable to both buyer and seller. Determining what that price is, is complicated. First, you need to cover the cost of acquiring the good. You also want to price your goods to be competitive with similar goods in the market. The price you set also has to accommodate your profit margin. In addition, the price needs to be high enough to cover overhead expenses such as rent, wages and advertising.

Sounds complicated and it is. But you have already done some necessary research to determine what the best prices are for your products. You have assessed your competition. You know more or less what they are charging for similar items. Identify how your product is different from theirs and estimate what additional value customers will be willing to pay for that uniqueness. You know this because you have examined who your potential customers are. Be careful though, people will not pay too much more if there are similar competitive choices at lower prices. Just because a product is unique does not guarantee you will be able to charge a higher price for it. Especially if the product differences aren't recognizable and meaningful to consumers.

1. What are the unique features of your product or service? What is it that sets your product or service apart from all the rest?

2. How will your product or service benefit the customer? Remember that benefits can be both intangible as well as tangible; for instance, if you're selling a cleaning product, your customers will benefit by having a cleaner house, but they may also benefit by enjoying better health. Brainstorm as many benefits as possible to begin with, and then choose to emphasize the benefits that your targeted customers will most appreciate in your marketing plan.

3. What is the message you want your customers to receive about your product or service? This is the heart of your marketing plan.

So what's left? Well, you have to estimate approximately how large your potential sales volume could be, based on a reasonable assessment of your potential market share at different price levels. Again, knowing the size of the existing market is critical to determining if there are enough customers to establish and grow a business alongside your competitors. Generally speaking, higher prices mean lower volume, and vice versa.

You also need to know what it's going to cost to operate your business. We'll address that in a later chapter. At that point you'll have to decide how much profit you would like to make. We all want money. But if you set your prices too high, you may alienate your customers. In some cases, there are industry standards. Consult with the professionals in your area of interest.

At this point you may find it useful to conduct a break even analysis. A break even analysis is used to determine how much sales volume your business needs to start making a profit. To conduct a break-even analysis, you subtract your variable costs from your fixed costs. Fixed costs are costs that must be paid whether or not any units are sold. These costs are "fixed" over a specified period of time or range of production. They include rent, wages, utility bills, etc. Variable costs are costs that vary directly with the number of products produced or sold.

For example, suppose you make gift baskets. You need to buy all the materials to assemble them (baskets, clear paper, ribbon, etc.) plus the products to put in them (small coffee pot, gourmet coffee, chocolates and cookies). Let's say your variable cost for assembling a basket (cost of the goods + labor) is \$25 per basket. The selling price per basket is \$40. Your yearly operating costs (rent, utilities, advertising, etc.) are \$30,000. You will need to sell more than 2,100 baskets each year, just to break even. Each basket sold after that produces \$15 profit. If you don't think your company can sell 2,100 baskets, you'll have to adjust your price or change the goods in the basket by either finding a new seller or exchanging them for a lower quality.

Variable cost per unit		Fixed costs per year	
Materials	\$12	Rent	\$9,000
Labor	\$10	Utilities	\$2,000
Overhead, shipping, etc.	\$4	Wages, advertising, etc.	\$19,000
Total	\$26	Total	\$30,000
Selling price per unit	\$40	Number to sell to break-even =2,143	
Net per unit (\$40 - \$26) =	\$14	(\$30,000 ÷ \$14 per unit = 2,143 units)	

1. What is the cost of your product or service? Make sure to include all of your fixed and variable costs when you calculate this. The costs of labor and materials are obvious, but you may also need to include freight costs, administrative costs, and/or selling costs.

2. How does the pricing of your product or service compare to the market price of similar products or services? Explain how the pricing of your product or service is competitive. For instance, if the price you plan to charge is lower, why are you able to do this? If it's higher, why would your customer be willing to pay more?

3. Will your business be more competitive if you charge more, less, or the same as your competitors and why? This is where the "strategy" part of the pricing strategy comes into play.

4. What kind of return on investment are you expecting with this pricing strategy, and within what time frame?

Despite all this work and consideration, you may still get the price wrong. It will take some practice. In any case, you can always have a sale to clear off your shelves if the price is too high. And if the price is too low, you can gradually mark it up once the new shipment arrives.

DISTRIBUTION STRATEGY

You've determined what you are going to sell, to whom and at what price. Now we have to get your product or service to your customers. This is your distribution strategy. Literally we are asking you to think about how you are going to physically sell your good or service.

Some of your distribution decisions will be made based on your product or service. Other decisions will be based on what your competition is doing. For retailers, the main distribution channel will be a store where your product is sold. If you are selling a product that is more of an impulse purchase, then high traffic and visibility are critical. On the other hand, location is less a concern for products or services that customers are willing to go out of their way to find. Other business owners may decide that operating a store is too costly and would rather sell to their customers through direct mail, i.e., a catalog, telemarketing or on the Internet. The recent availability of highly segmented mailing lists, purchased from list brokers, magazines, or other companies, has enabled certain small businesses to operate from any location yet serve national or international markets.



Think about your business requirements in terms of walking and driving traffic. Crowded downtown locations enjoy heavy crowds, especially during the lunch hour, but rents are typically very high.

Service businesses may or may not be subject to the same physical distribution limitations as product-based businesses. For example, financial planning services may be offered from printed material, sold at retail, sold by consultants face-to-face, or delivered electronically by computer, by phone and by correspondence – a multitude of different distribution systems.

You may decide to use more than one distribution strategy since your product may appeal to more than one market– that’s up to you. Note that each strategy should be carefully considered since each has implications for your product margins and profits, marketing budgets, pricing and sales management.

1. How is your product or service going to get to the customer? For instance, will you distribute your product or service through a physical location, Web site, the mail, sales representative?

2. What are the estimated costs associated with the different forms of distribution you are considering?

3. What minimum inventory levels must be maintained to ensure that there is no loss of sales due to problems such as late shipments and back orders?

When you have limited resources, it's often best to select a single distribution channel or a limited number of distribution channels that maximize your limited resources.

TRANSACTION PROCESS

Distribution also involves not only interactions with your suppliers, but also with your customers. This is referred to as the transaction process.

1. What system will be used for processing orders, shipping and billing?

2. What methods of payment will customers be able to use?

3. What credit terms will customers be offered? If you will offer discounts for early payment or impose penalties for late payment, they should be mentioned in this part of your marketing plan.

4. What is your return policy?

5. What warranties will the customer be offered? Describe these or any other service guarantees.

6. What after-sale support will you offer customers? What will you charge, if anything, for this support?

7. Develop a system for customer feedback so customer satisfaction (or the lack of it) can be tracked and addressed.

PROMOTION PLAN

You now need to get the word out that you're in business. You have to get your target customers out of your competitors shops and into yours. In a word, you need to advertise.

Let's start with the basics. You need to make sure that you are in the phone book. You should consider paying the extra money to be listed in the yellow pages under the general category of good or service you are selling – nail salon, flower shop, etc. If you can afford it, have your name and number in bold to draw attention to it, or take out a small ad.



Having an attractive storefront is important for a business that has a physical presence in a community. Think about the type of image you want to project as you plan your store's façade and window display.

There are many inexpensive ways to get customers through your door. Direct mail is an effective, low-cost medium available to small business. Start your own database as well. Have customers drop their business card in a bowl to be placed on your mailing list. In your mailing include a coupon to encourage people to come in. If your store is located on a street with a lot of foot traffic, put a gimmick in your window to attract attention. It can be something as simple as guessing the number of jelly beans in a jar contest. If possible, use the contest to do double duty. In addition to getting the contestant's name and address, ask for information you need to better market your products or services. Your promotions must be designed to get people to buy from you; the

market research you can conduct is just a secondary benefit.

More expensive and formal ways of promotion and advertising include the Internet, newspapers, magazines, radio and TV. Though more costly, they reach more people. And by knowing who your target customers are, you know what they will be reading, listening to or watching in order to best reach them.

If you sell your good or service primarily to other businesses, you may need to do more personal sales promotion than a retailer. This would involve meeting purchasing agents at targeted firms.

1. Which form of advertising will be most effective in reaching your target market? Why?

2. How much of your annual budget are you willing to spend on advertising? Include not only the cost of the advertising but your projections about how much business the advertising will bring in.

The most important, most powerful, and least costly, form of promotion is word of mouth. Word of mouth is defined as advertising that occurs when people share information about products or promotions with family, friends and colleagues. It has been said that word of mouth advertising is more influential than any other form of advertising. To increase positive word of mouth, you could offer referral programs. For example, a current customer brings in a friend who then buys something from you, the original customer could be given a 10 percent discount on a single item.

If it's appropriate to your business, you may want to incorporate sales promotion activities into your advertising and promotion plan, such as offering free samples or coupons.



Think about how you will display your store name. Test your name, logo, and branding before making a commitment. Once your business establishes this identity it will be difficult, costly, and time consuming to change the impression that you have made on customers. Once you establish a brand that you are happy with, use it consistently!

To succeed, entrepreneurs must attract and retain a growing base of satisfied customers. Marketing programs, though widely varied, are all aimed at convincing people to try out or keep using particular products or services. Business owners should carefully plan their marketing strategies and performance to keep their market presence strong.

And last, but not least, you need a business card. You may not be able to afford any other marketing materials such as pamphlets, but the business card is imperative. Carry them with you at all times and keep some displayed by the cash register. It should be easy to understand and have all the pertinent information on it. At the very least it should have your company name, address, phone number and your name. If you have a website that should also be included as well as a fax number. Hours of operation is useful information, but don't include them if you think there is a chance that they might change. No one likes to make a trip all the way to a store to find it closed.

A good marketing strategy helps a business focus on the target markets it can serve best.

MANAGEMENT AND OPERATIONS

When writing the business plan, the Management and Operations section describes your management team and staff and how your business ownership is structured. People reading your business plan will be looking to see not only who's on your management team but how their skills will be used to successfully operate a retail business.

FORMS OF ORGANIZATION

The purpose of this section is to describe the legal structure of your business. It may be a single sentence if your business is a sole proprietorship. If your business is a partnership or a corporation, it may be longer; you want to be sure you explain who holds what percentage of ownership in the company.

Several forms of business ownership are possible, including Sole Proprietorships, General and Limited Liability Partnership (LLP), Limited Liability Company (LLC), Corporations, "S" Corporations and Franchise. There are advantages and disadvantage to each form which will be discussed in this section. The most important factor is that the corporate form you choose impacts the amount of liability and exposure for business debts and other actions. The majority of businesses in Illinois are either a sole proprietorship or a corporation.

Before deciding on a form of business ownership, an attorney should be consulted who specializes in these issues. Although this list can look overwhelming, you can change the structure of your business at any time. For further details, please consult the handbook, *Starting Your Business in Illinois*, from the Illinois Entrepreneurship Network.

The best advice is to keep things as simple as possible first. Then, if the need arises, you can adopt a more complex business structure.



Resource Alert! For a copy of the handbook, *Starting Your Business in Illinois*, call the Illinois Business Information Center at **(800) 252-2923** or download copy at www.ienconnect.com.

Forms of Business Organization

Type of Business	Characteristics	Advantages	Disadvantages
Sole Proprietorship	One person doing business in his or her own name or under a fictitious name	Simplicity. No organizational expense and no extra tax forms or reports. Easy to start up. Cheapest structure to start.	The proprietor is personally liable for all debts and obligations. Also, there is no continuum of the business after death. All profits are directly taxable, certainly a disadvantage for the proprietor, and business affairs are easily mixed with personal affairs.
Partnership	Involves two or more people carrying on a business together, normally pursuant to a partnership agreement, and sharing the profits and losses.	Partners can combine expertise and assets. A general partnership also allows liability to be spread among more people. The business can be continued after the death of a partner if bought out by the surviving partner.	Each partner is liable for actions of other partners within the scope of the business. Even if left in the business, all profits are taxable. Control is shared by all parties and the death of a partner may result in liquidation.
S Corporation	An artificial, legal "person" that conducts the business through its officers for its shareholders. All profits in an S corporation are taxed to the shareholders (less than 75), rather than to the corporation. An S corporation files a tax return but pays no federal or state tax. The profit shown on the S corporation tax return is reported on each owner's tax return.	If properly organized, shareholders have no liability for corporate debts and lawsuits, and officers usually have no personal liability for their corporate actions. There are tax advantages allowed only to corporations. Income from an S corporation is taxed only as personal income and not as corporate profits. Capital may be raised by issuing stock. It is easy to transfer ownership upon death.	The start-up costs for forming a corporation are certainly a disadvantage; plus, there are certain formalities such as annual meetings, separate bank accounts and tax forms.
Limited Partnership	Similar to both a corporation and a partnership. There are general partners who have the control and liability, and there are limited partners who only put up money and whose liability is limited to what they paid for their share of the partnership.	Capital can be contributed by limited partners who have no control of the business or liability for its debts.	High start-up costs. Also, an extensive partnership agreement is required because general partners are personally liable for partnership debts and for each other's acts.
Limited Liability Company (LLC)	Similar to a limited partnership without general partners. It has characteristics of both a corporation and a partnership. None of the partners have liability and all can have some control.	Offers the tax benefits of a partnership with the protection from liability of a corporation. It offers more tax benefits than an S corporation because it may pass through more depreciation and deductions, it may have different classes of ownership, an unlimited number of members and may have aliens as members.	Start-up and annual fees are higher than for a corporation. LLCs pay social security tax on all profits, whereas S corporation profits are exempt from social security tax. LLCs also pay Illinois corporate income tax.
Limited Liability Partnership (LLP)	Similar to a general partnership without personal liability. It was devised to allow partnerships of lawyers and other professionals to limit their personal liability without losing their partnership structure.	The LLP offers flexibility and tax benefits of a partnership with the protection from liability of a corporation.	Start-up and annual fees are higher for LLPs than for corporations. Also, the law requires the partnership to maintain certain minimum insurance.

Source: *How to Start a Business in Illinois*.

MANAGEMENT SKILLS

This section will describe the main business management categories relevant to your business, identify who's going to have responsibility for that category, and profile that person's skills.

The basic business categories of Sales, Marketing and Administration work for many small businesses. You may find that your company needs additional management categories such as Human Resources. It's not necessary to have a different person in charge of each business management category you decide to use in your company. Some key management people may fill more than one role. Identify the key management people in your business and explain what functions each team member will fill.

In your business plan you should also include complete résumés of each member of your management team (including you), and an explanation of how each person's skills will contribute to your business' success.

In this section you should also explain how your management team will be compensated. This includes salary and any benefits such as health insurance, retirement and/or profit sharing plans.

EMPLOYMENT

Most small business owners in the retail industry have learned that they can't run their business alone. You might need to bring in additional help. You can rely on family members to be in the store while you aren't there or you can hire outside help.

1. How many employees will your business need? Will you hire them full-time or part-time?

2. What specific skills will the people working for you will have to have?

3. How much salary or wages will each employee receive? Will you provide benefits? What will be the total cost of salaries for all your employees? Don't forget to include the cost of Workers' Compensation Insurance.

4. How are you going to recruit the staff to meet your business needs? Will you need to train them? If so, how?

Even if you plan to operate your business alone at first, you need to include this section in your business plan to demonstrate that you've thought about the staffing your business may require as it grows and that your business has (or will have) human resources policies in place. Business plans are about the future, and how your business is going to succeed.

PROFESSIONAL SERVICES

You can't do everything by yourself. You need to recognize that you have limits. The hard truth is that while you do have certain talents, you lack some skills. For this, you should rely on the experts. Experts here refer to any professional advisors that your business will use, such as accountants, bankers, lawyers, IT consultants, business consultants, and/or business coaches. These professionals provide advice and support outside your internal management team that can be invaluable in making management decisions.

FINANCIAL INFORMATION AND PROJECTIONS

This section covers the basics of how to develop an operating budget and revenue projections. In addition, it provides useful tips on how to approach a bank for financing. It will not turn you into an accountant overnight, nor will it teach you how to develop five-year projections or how to prepare a balance sheet. We recommend taking a special workshop or course focused exclusively on business accounting and finance techniques. And if you hate working with numbers or just aren't good with them, we recommend that you hire a seasoned accountant, even if only on a part-time or consultant basis, to manage your books. However, even if you hire an accountant, it is important that you are able to read and understand your financial statements.

Managing your money and your tax obligations appropriately, accurately, and on a timely basis might not be where your passion lies, but it's the key to success.

Many super talented entrepreneurs fail because they have difficulty managing and understanding money. Let's once again use the flower shop owner as an example. If she is excellent with flowers, plants, and customers, but neglects the financial aspect of her business, she soon won't have a business. Not managing your finances

correctly can ruin your credit history, ruin your business and get you into serious legal trouble.

The most common reasons businesses suffer in the area of money management are because the business owner:

- Doesn't have the finance and accounting skills necessary.
- Refuses to get help with finance and accounting because he/she doesn't want to spend the money.
- Fears letting others see proprietary financial information.
- Is embarrassed or too independent to ask for help.
- Has an untrained spouse or relative "attend to the books" because he/she does not trust "outsiders" and consultants.
- Procrastinates.

- Underestimates how much money it will take to start the business (known in the lexicon as “under-capitalization”) and fails to make adjustments to his/her projections and business plan.
- Doesn’t borrow enough from a bank.
- Borrows too much from a bank.
- Takes out the wrong type of loan.
- Underestimates the costs associated with borrowing money.
- Is impacted by a downturn in the economy, which reduces revenues, and fails to make adjustments in his/her projections and business plan.
- Experiences an unforeseen event or disaster, and fails to execute a sound contingency plan.

It is important to note that most of these reasons are *internal* to the business. Even the external reasons (such as a downturn in the economy) are impacted by an internal response (adjusting your projections and business plan).

So whether you’re starting a business or expanding one, sufficient “ready” capital is essential. But money is not enough; knowledge and planning are required to manage it successfully. By being able to understand financial documents, even if they are prepared by someone else, you will know the overall health of your business. You will be able to make decisions about expanding your business, taking out additional loans and make sound projections about your future.

1. How much equity will you put into your business? Where will it come from?

2. Are you planning to borrow from family or friends? Are you planning to borrow against personal assets, such as your home? If so, provide a detailed listing of each source and the amount you expect to borrow.

3. How much do you think you will need from a bank? Define your need for bank financing. For what purposes will the capital be used? Is it for startup capital? Do you need money to expand or as a cushion against risk? Do you need to refinance your debts? Any lender will require that capital be requested for very specific needs.

4. How urgent is your need? When do you need the money? Do you need all the money immediately or will regular pay outs work for you? You can obtain the best terms when you anticipate your needs rather than looking for money under pressure.

5. What is the state of your industry? Depressed, stable, or growing? Businesses that prosper while others are in decline will often receive better funding terms. If your business is in a declining industry, explain your competitive advantage. Why will your business succeed where others are failing?

6. Is your business seasonal or cyclical? Seasonal needs for financing generally are short-term. List your seasons or business cycles and explain your cash flow needs for each.

7. How strong is your management team and who will do your accounting?

Management is the most important element assessed by money sources.

8. How important is it for you to have a profit in the first year? Where would you like your business to be financially in three years? In five years?

DEVELOPING A BUDGET

We're not going to teach you in this section how to become an accountant. But we *will* cover some basics on budgeting. The first place to start is to help you with your operating budget. A simple worksheet to get you started follows. Fill it in. Better yet, transfer to an electronic spreadsheet, such as Excel. Working with numbers electronically is a big time-saver! Make sure to be consistent – make either annual, quarterly or monthly calculations for both income and expenses. We recommend doing this every month, at the very least every quarter, to see how your business is performing.

Income	
Revenues from sales	
Revenues from services	
Other revenues	
Capital inflows (line of credit, funds from loans)	
Total Income	
Expenses	
Rent or mortgage payments	
Salaries and benefits	
Purchases (merchandise)	
Equipment purchases	
Equipment lease payments	
Accounting fees	
Other professional fees	
Loan and line of credit payments	
Interest fees	
Merchandise and inventory	
Water rates	
Gas	
Electricity	
Telephone	
Internet and website services	

Transportation or vehicle/ motor costs	
Stationery	
Postage	
Cleaning and repairs	
Insurance	
Association dues (chambers, etc.)	
Miscellaneous	
Reserve (10% of total expenses)	
Total Expenses	
Total Income	
Total Expenses	
Total Income – Total Expense = Net Profit/Loss	

Remember, entire books have been written on the intricacies of the finance and accounting procedures and skills needed for your business. So your financial exercises do not end here. One statement alone can not give you a complete view of your company's financial health. You also need to fill out balance sheets, income statements and calculate vital ratios to completely understand how you are performing. The Illinois Business Information Center produces a very useful guide to introduce you to these essential documents -- *Understanding Where You Stand: A Simple Guide to Your Company's Financial Statements*.



Resource Alert! For additional information on business finance, see the publication *Understanding Where You Stand: A Simple Guide to Your Company's Financial Statements* which is available ONLINE ONLY from the Illinois Business Information Center at www.ienconnect.com

WHY YOU NEED CONVENTIONAL FINANCING

Many business owners have an independent spirit. They like to roll up their sleeves and take action. They're doers. That's why many entrepreneurs use their personal savings to start their business instead of a conventional loan. One businesses owner put his fears this way: *First I'd have to explain my idea to the banker in the fancy suit, and he probably won't even get it. Then I'd have to share all my personal information. Next, I'd have to beg him for money in the*

hope that he'll let me fill out all his paperwork. He'll probably make me sign my life away. Then I'd have to wait forever for an answer . . . Heck, I'd rather get started today on my own!"

Would-be entrepreneurs also get tempted by credit card solicitations and predatory lenders. *Borrow \$20,000 today against your home – no questions asked!* Beware! High interest rates and balloon payments can be very dangerous. Worst case scenario you could lose your business and your home so read all such solicitations carefully. If it sounds too good to be true, it probably is.

Other business owners proceed *without* a conventional loan because conventional lenders turn them down. Why do some businesses get turned down? Lack of a good business plan is one reason. Perhaps the business owner approached the wrong bank. Some have minimum thresholds for the amount they prefer to lend, making applicants feel “too small” to matter. Another common reason for turn-down has to do with credit history – or lack thereof. Startup businesses have no credit history because they don't yet exist! Or maybe the owner has a personal credit history that is less than stellar. But as your business does well and develops a track record, you create a brand new history. From a bank's point of view, this history is best reflected in professionally developed quarterly financial statements. A series of consistent quarterly financial statements will help you make sound projections about the future. Once again, use your history and revised projections to update your business plan, so that you can make a sound case to a bank that you need – and can repay – the loan.



Resource Alert! Contact the Illinois Small Business Development Center to determine what source of financing would be appropriate for your financial situation. Call the SBDC *before* going to the bank. They will help you get your financial documents in order. Going to a bank unprepared could lead to the denial of your loan application. Call **(800) 252-2923** to find the Small Business Development Center near you.

It's not always easy talking to “outsiders” about the intimate details of your personal credit history and your one-in-a-million business idea. But there are many benefits to working with a bank, and more and more banks are finding new ways to respond to the needs of small business people. Many, in fact, have been supportive small business financial partners for decades. Call the Illinois Small Business Development Center or your local Chamber of Commerce to find out more about the banks in your area.

Don't hesitate to ask banks about their business loan products. Do they have a business start-up program? An expansion program? What are the terms on a line of credit? Also find out about their general products and services. After all, you need more than a loan. You need a business checking account and you might need business credit cards. Most of all, you need a banking partner, one that understands your line of business. Make a list of all the banks that serve your market. Interview each one to decide which is right for you.

We've said it before – running a small business isn't for everyone. It takes a lot of time and commitment. Not only your time, but that of your family and friends as well. In fact, they may be helping you run your business. At the beginning, this may be enough. As your business grows, you may need additional help, if only on a temporary basis. In making your hiring decisions, you need to consider what new employees can offer in terms of service for your customers. This section will provide you with some guidelines for hiring, managing and firing staff.



Running a small business isn't for everyone. Many businesses are comprised of husband and wife teams.

HIRING

Retailing provides careers for citizens of all ages, experience, and socio-economic status. First time wage earners gain vital on-the-job experience they can find no where else; senior citizens work in retailing to supplement pension and social security benefits; and, primary and secondary wage earners are employed by merchants in the stores, distributions centers and offices.

Before placing an ad in the local paper, you need to evaluate if you really need additional staff. Adding new employees is a huge investment of your time, energy and money, so be certain. You should also determine if you can afford to hire someone to help your business. Can you trim other areas of your operating budget to pay for the wages and benefits? Remember you need to pay at least the federally mandated minimum hourly wage in addition to payroll taxes and workers' compensation. Additional benefits like health insurance are optional.

Additional staff also bring in additional income. You can weigh the costs of hiring a new person against the additional revenues that can be potentially added by having more help. This may not be as straight forward as it sounds if the new employee is not going to be primarily selling your product or service. Consider other ways employees can help bring in extra income to your business.

- With an extra employee, would you have more time to market your services and expand your business?

- Would an extra employee allow you a chance to produce more products or serve more clients?
- Would an extra employee allow you to give your customers more efficient service or quicker delivery, with the result that higher quality would lead to more customers?

If the benefits outweigh the costs of hiring someone new, increasing your staff might be the right decision for your business. If not, you'll have to look for alternative ways to boost your capacity. Maybe it is something as simple as taking a course on time management to help you be better organized.

Once you've made the decision to hire someone, you need to prepare a detailed job description. What exactly do you need done? What specifically will you be willing to give up doing and have someone else do for you? Try and narrow it down to specific tasks. The better you do this, the easier it will be to find someone who is the right person for the job.

You can then take this task list and determine what qualifications are needed to meet your expectations. Qualifications may include previous experience, education, ability, English language ability, Spanish language ability and/or physical strength. For example, if the person will be working with customers, it's critical that he or she has a patient, friendly manner. You'll want to keep staff qualifications in mind as you review applications and interview people for the job. One important thing to remember as you define job qualifications is that there are federal and state anti-discrimination laws that place certain restrictions on defining and using job qualifications.

Now you can write a detailed job description for the position. At the very least, it should include the job title, the duties and responsibilities, skills and hours required. A detailed job description will let the employee know what is expected of him or her and will provide a base for future employee evaluations. Make sure your expectations are realistic and don't make the position sound better than it is.

The most commonly used method of advertising for a job is a classified ad in your local or regional newspaper. It is relatively inexpensive and provides a good response. Also post a sign in your store – it's the oldest and most reliable form of recruiting. It's also free! So is word of mouth. Let your friends and family know you're hiring. Also encourage current employees to recommend someone for the job. Hiring referrals from friends or acquaintances has several benefits. Referrals can bring in quality recruits and can create a pleasant work environment where employees support one another and work harder. Depending on your needs, you may want to consider contacting career offices at local high schools or colleges.

With success you will get a variety of applications. Narrow down your selection to those who you feel might best meet your expectations. It's always a good practice to acknowledge everyone who applies for your job, even if you decide that they aren't suited for it. Arrange for interviews of qualified applicants at your business. Interview all candidates without bias, and make the best hiring choice you can. Choosing someone will be one of the hardest decisions you make. In addition to having the necessary qualifications and the ability to perform the required tasks, the right person for the job will also be able to work well with you and other employees. Finally, you need to trust the person you hire. You are going to be working closely with this person and this person will have access to your business assets.

Remember, your employees are a reflection of you.

You can make a job offer to your top applicant in person or on the phone. It is also nice to put it in writing to make sure both parties understand the details of the offer such as start date, hours, salary and benefits including vacation days. However, make clear in the letter that it is not a contract since conditions may change. It seems obvious, but we'll say it anyway. Do not make promises that you cannot or do not intend to keep. This could lead to serious problems down the road if you have to terminate the employee later.

MANAGING

Your employees are extremely important to the success of your business. At this point you have advertised, screened and hired a staff. Now you need to train your staff. No matter what skills they bring with them, you need to let them know what your expectations are. They also need to get to know the details of your particular business, the way you want it run and how you want your customers treated.

You want to create a healthy, happy working environment. You want your employees to feel good about coming to work and doing their job. Happy employees are productive employees. Productive employees impact your bottom line. To ensure your staff is motivated, they must feel that they are:

- Treated fairly
- Valued and appreciated for their work
- Recognized for their work
- Paid a fair wage for their work
- Doing work that is important.

The simplest, most obvious way to get information about how your employees are feeling is to just ask them. This is most commonly done during performance reviews. You can ask

them directly about what they like and dislike about the job and the working environment. You can then decide how best to address these concerns.

You may be wondering why it is so important to make sure your staff is happy. Well, the cost of turnover is very high. You need to keep your employees interested and motivated. You have invested time in training and supervising them. Make sure to recognize their achievements and contributions. Attempt to make them feel part of your “team.” Include them in your plans for the business. They are the ones who can help achieve your goals since they may be the ones responsible for carrying them out.

Employee Handbook

You may want to consider developing an Employee Handbook detailing company policies. By having a written document, it’s easier to enforce policies and treat everyone fairly. You’ll have one clear set of rules for all employees. Difficult situations with employees will arise and you need to be prepared. Putting your personnel policies in writing is essential in this day and age of lawsuits. At the very least, you should determine what your policies are on the following items:

- Statement of the company’s goals and philosophy
- Statement of nondiscrimination
- Working hours
- Procedures and policies for absence from work
- Performance evaluation procedures
- Compensation and benefits
- Safety and accident rules
- Use of company property
- Dress code
- Vacation and holiday policies
- Smoking
- Sexual harassment
- Anti-substance abuse

FIRING

For some, rules are meant to be broken. Despite all your hard work at trying to document company policies on various issues, eventually someone that works for you will challenge them. At this point you’ll have to enforce your “rules” with discipline. Most often this does not involve termination, especially if the person is otherwise a good worker. However, there

are times when it is necessary to fire an employee. Often this is a difficult decision to make. Never fire an employee when you are angry. Document poor performance as it occurs. Give warnings. Communicate clearly what the performance issue is, and what it will take to correct it. When you find you must let an employee go, do it in the most friendly manner you can. There is no reason to cause ill-will between parties – you might be working for them someday!

The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for the enforcement of all anti-discrimination laws. These laws include: Title VII of the Civil Rights Act of 1964, Equal Pay Act, Age Discrimination in Employment Act, Rehabilitation Act of 1973, Title I of the Americans with Disabilities Act, and the Civil Rights Act of 1991. Business owners should acquaint themselves with these laws.



Resource Alert! To order information on anti-discrimination laws, contact the EEOC Publications office at **(800) 669-3362** or visit their website at www.eeoc.gov.

Your business is governed by a number of local, state, and federal licenses and regulations. Make sure you know the “rules and regs” that apply to your business. Not knowing and following them could put you *out* of business.

REGISTERING YOUR BUSINESS

Federal

Federal law requires General Partnerships, Limited Partnerships, Limited Liability Partnerships, Limited Liability Companies, Corporations, S Corporations and some sole proprietorships to obtain a Federal Employer Identification Number (FEIN). Sole Proprietors that DO NOT pay wages to one or more employee(s) or file excise tax returns (including returns for alcohol, tobacco or firearms sales) may use his or her social security number. Otherwise, Sole Proprietorships must have a FEIN. To apply for a FEIN, complete IRS Form SS4 which you can get at <http://www.irs.gov/>.

The Internal Revenue Service has criteria for determining whether a worker is an employee or an independent contractor as well as a Tax Guide for Small Business and various registration forms. Other helpful IRS Publications include:

- Your Business Tax Kit
- Starting a Business and Keeping Records (Pub. 583)
- A Tax Guide for Small Business (Pub. 334)
-

For free tax information, go to <http://www.irs.gov/formspubs/index.html>

State of Illinois

You must register with the Illinois Department of Revenue if you plan to hire employees, buy or sell products, wholesale or retail, or manufacture goods. A registration kit can be obtained by contacting the Illinois Department of Revenue at **(800) 732-8866**, TDD: **(800) 544-5306** or by writing or visiting Revenue at:

101 West Jefferson Street
PO Box 19030
Springfield, Illinois 62794-9030

100 West Randolph
Suite C-300
Chicago, Illinois 60601

In addition, all retailers must register with the Illinois Department of Revenue for an Illinois Business Taxpayer Certificate of Registration in order to collect and remit sales tax on retail sales.

Helpful Illinois publications include:

- Illinois Business Registration Kit
To order call: **(800) 732-8866**
- Step by Step Guide to Starting a Business in Illinois
To order call: **(800) 252-2923**

Corporations, LLCs, LLPs and corporations located in other states must register with the Illinois Secretary of State, Department of Business Services:

www.cyberdriveillinois.com/departments/business_services/home.html

Howlett Building
501 South Second Street
Springfield, Illinois 62756
Voice: **(217) 782-6961**
TDD: **(800) 252-2904**

69 W. Washington
12th Floor
Chicago, Illinois 60601
(312) 793-2872

Counties and Municipalities

If the name of a business is different from the owner(s) exact, full, legal name(s), the Illinois Assumed Name Act requires Sole Proprietorships and Partnerships to register with the office of the city or county clerk where the business is located.

Check with the local government offices to see if your business needs a license to operate in their jurisdiction, either city or county. Some businesses may need more than one license such as a food store, pet shop, secondhand store or cigarette sales, to name a few. Regulations on business licensing can often be found in the city's zoning ordinance or municipal code.

BUYING A BUSINESS

The State of Illinois requires the filing of form NUC-542-A, Notice of Sale/Purchase of Business Assets. The State will research the business' account. If no taxes are owed, they will issue a release of liability statement. If a balance is due, they will notify both parties of the amount to be placed in escrow. Please call **(312) 814-3063** for more information.

PROFESSIONAL CERTIFICATION

Your profession may be regulated and licensed by the State of Illinois. For more information contact the Illinois Department of Financial and Professional Regulation at **(217) 785-0800** or visit their website www.idfpr.com.

TAXES

When your business is registered with the state and city, it is also registered for applicable taxes. If you are not required to have a license, contact the Illinois Department of Revenue to find out for which taxes you will be liable.

State

If you sell merchandise within the State of Illinois and/or use merchandise in Illinois that you purchased from an out-of-state business, you will be required to remit taxes to the State. Because taxes vary depending on the size and type of business, verify the taxes which apply to your business by contacting the Illinois Department of Revenue.

Illinois Department of Revenue
Taxpayer Assistance Division
Thompson Center
100 West Randolph, Suite C-300
Chicago, Illinois 60601
(800) 732-8866

County and City

Many local governments have their own taxes that they impose on businesses in addition to property tax. It is important to become familiar with what is required of you.

Federal

In addition to State and City taxes, your business may be required to pay various taxes to the federal government. To determine if this applies to you, consult the following IRS publications:

- Starting a Business and Keeping Records (Pub. 583)
- A Tax Guide for Small Business (Pub. 334)
- Business use of Your Home (Pub. 587)

To obtain free copies of these publications, go to www.irs.gov or call **(800) 829-1040**.

INSURANCE AND TAXES

Workers' Compensation Insurance

Employers are required to provide insurance for accidental deaths, injuries and occupational diseases of employees arising in the course of employment. Temporary workers who normally do not receive benefits are still provided workers' compensation insurance. Insurance generally is purchased through private companies. Contact the Illinois Industrial Commission at **(312) 814-6611** for a free workers' compensation handbook or www.iwcc.il.gov.

Unemployment Insurance

Employers are generally required to make unemployment insurance contributions to the Illinois Department of Employment Security (IDES). For help in determining your business' contribution, contact IDES at **(312) 793-4880** or www.ides.state.il.us for an Unemployment Insurance Employer Start-Up Kit.

New Hire Reporting

The New Hire Reporting Program is part of the new federal reform law. All employers are required to report new employees to the State's New Hire Directory within 20 days of the employee's first day on the payroll. All new employees who are required to fill out federal W-4 forms must be reported. This includes full-time, part-time, seasonal, temporary, student workers and employees rehired after a separation of 280 days or more. For more information call **(800) 327-HIRE**.

Worker Eligibility

Employers must keep records certifying employee identity and work eligibility. Both business owner and employee must complete the Bureau of Citizenship Immigration Services Form I-9, Employment Eligibility Verification. Forms can be obtained by calling **(800) 375-5283** or go to www.uscis.gov.

Tax Withholding

As an employer, you are required to collect and remit income tax to the State of Illinois and Medicare, Social Security and federal income taxes to the Internal Revenue Service on behalf of your employees. Each employee must fill out IRS Form W-4, the Employee's Withholding Allowance Certificate. The filing status and withholding allowances indicated on this form will determine the amount of income tax you must withhold from your employee's wages. The IRS's Employer's Tax Guide (Pub. 15) can further explain your tax responsibilities.

Internal Revenue Service (IRS)

Federal Taxpayer Service
(800) 829-1040

Illinois Department of Revenue

Customer Service
(800) 732-8866
TDD: (800) 544-5304

Wage Reporting

At the end of the calendar year, employers must furnish copies of IRS form W-2, Wage and Tax Statement, to each employee to whom wages were paid during the year. Copies must also be sent to the Social Security Administration.

Refer to Internal Revenue Service (IRS) Publication 393, "Federal Employment Tax Forms" for instructions on filing paper W-2's/W-3's. Employers, payroll services, or an "agent" filing W-2's for employers may get online at www.irs.gov/smallbiz. Printed Forms W-2/W-3 can be obtained for free from the Internal Revenue Service by calling **(800) 829-4933**.

Self-Employment Tax

Self-employment tax is the Social Security and Medicare tax for individuals who work for themselves. You must pay self-employment tax if your annual net earnings from self-employment (not including church employee income) are \$400 or more. For more on the self-employment tax, refer to

<http://www.irs.gov/businesses/small/article/0,,id=98846,00.html#4>.

POSTING INFORMATION

There are several forms required by law to be posted in your place of business. In this section we will tell you what forms you need and where you can get them.

Equal Employment Opportunity Commission (EEOC)

Businesses with 15 or more employees must display the poster from the EEOC entitled *Equal Employment Opportunity is THE LAW*. This poster is available upon request from **(800) 669-3362** or at www.eeoc.gov/publications.html.

U.S. Department of Labor (DOL)

Businesses with one or more employees must display these posters to inform employees of their rights:

- Occupational Safety and Health Administration's Safety
- Family Medical Leave Act
- Fair Labor Standards Act
- Employee Polygraph Protection Act
-

For copies, www.dol.gov/compliance/topics/posters.htm

Illinois Department of Employment Security (IDES)

The Illinois Department of Employment Security poster is included in the IDES Employer Start-Up Kit. Get your Kit by calling either **(217) 785-5071** or **(312) 793-9290** or at www.ides.state.il.us.

Illinois Department of Labor (IDOL)

The Illinois Department of Labor requires employers to display the poster entitled *Notice to Employers and Employees* which fulfills all IDOL's posting requirement for business in Illinois. For more information call **(217) 782-6206** or **(312) 793-2800** or go to www.state.il.us/agency/idol.

ADA Guide for Small Businesses

This 15-page illustrated guide presents an overview of some basic ADA requirements for small businesses that provide goods and services to the public. It provides guidance on how to make their services accessible and how tax credits and deductions may be used to offset specific costs. Offers technical assistance on the ADA Accessibility Guidelines. For more information, call **(800) 872-2253** or go to <http://www.ada.gov/>.

Department of Justice, ADA Information Line

The ADA Information Line is available during weekdays to provide technical assistance on the ADA Standards for Accessible Design and other ADA provisions applying to businesses, non-profit service agencies and state and local government programs. It also provides a 24 hour automated service for ordering ADA materials. Call **(800) 514-0301** (voice) or **(800) 514-0383 (TDD)**.

DOING BUSINESS WITH THE STATE OF ILLINOIS

Procurement Technical Assistance Centers (PTAC) provide one-on-one counseling, technical information, marketing assistance and training to existing Illinois businesses that are interested in selling their products and/or services to local, state, or federal government agencies. The services are offered through PTACs located at community colleges, universities, chambers of commerce and business development organizations. For more information, contact the Illinois Department Commerce and Economic Opportunity, Business Information Office at **(800) 252-2923**.

ILLINOIS BUSINESS ENTERPRISE PROGRAM

The Illinois Business Enterprise Program for Minorities, Females and Persons with Disabilities (BEP) promotes the economic development of businesses owned by minorities, females and persons with disabilities. Sixty-two state agencies and nine state universities have set a goal of allocating at least 12 percent of their purchasing contracts to qualifying businesses. For eligible businesses, BEP offers:

- Information on state contracts
- Counseling on the state procurement process and how to become a certified vendor
- Workshops on how to gain access to state contracts.

All vendors who wish to sell goods or services to the state and take advantage of the BEP Program must complete a Bidder's Application Form and a Universal Certification Application. A vendor will have business operations reviewed by the state to ensure that the business is 51 percent owned and controlled by a minority, female or person with a disability. A vendor will undergo a thorough review of its history, organizational structure and financial, legal and administrative operations before being fully certified as eligible for BEP program benefits.

Central Management Services

Business Enterprise Program

(800) 365-9206

http://www.sell2.illinois.gov/bep/Business_Enterprise.htm

Although we have provided you with a lot of information in this guide, we know that there is always more information out there. While this list is by no means comprehensive, we feel that these programs will benefit small, retail businesses in Illinois.

BUSINESS AND INDUSTRY DATA

The Department of Commerce and Economic Opportunity provides Census information and other economic and demographic data to help small business owners plan, market, manage and expand their businesses. Demographic information that is available includes the population, including age, race, and sex, income and the labor force in a given area. Accessible economic information includes the number and kinds of businesses, employment, payroll and sales information. For more information call the Business Information Center: **(800) 252-2923**. TDD users can call **(800) 785-6055**.

SMALL BUSINESS ADMINISTRATION BUSINESS INFORMATION CENTER

The Business Information Center provides assistance to current and future entrepreneurs with issues ranging from business planning and financing to marketing and management. The Center offers a reference library with books, videos and computer access, seminars, workshops and counseling. There is no charge for using any of these services offered. For more information contact the Chicago District Office of the Small Business Administration at **(312) 353-4528** or in Springfield at **217-793-5020**.

ILLINOIS BUSINESS INFORMATION CENTER

The Illinois Entrepreneurship Network Business Information Center provides information on state services and assistance with starting a business and answers to your questions about state business requirements. Services include:

- Online step by step business startup guide
- Free guides on day cares, restaurants and many more businesses
- Weekly small business Regulatory Alert
- Details on business financing programs
- Information on professional and trade associations
- Referrals to local free business counseling
- Advocate for your business with State agencies
- New legislation impacting small business
- Information on local chambers and municipalities
- List of business profiles and requirements

Call for a business startup kit **(800) 252-2923**.

