



from the U.S. Small Business Administration

Virtual Workbook V4.5



U.S. Small Business Administration

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Boots to Business Module 1

Introduction to Business Ownership

Version 4.2



The Boots to Business entrepreneurship training program is provided through the coordinated efforts of the SBA and its valued partner network.
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Notes:

Objective



Provide an overview of the entrepreneurial process, what it means to be an entrepreneur, the opportunities and challenges and military skills and attributes that transfer over to entrepreneurship.



Notes:

About Boots to Business



- B2B is an introduction to entrepreneurship course presented by the SBA and its partners
- This course will:
 - Give you an overview of what it takes to start a small business
 - Introduce you to SBA and partner resources that can assist you with your starting or growing your business
 - Introduce you to B2B follow-on courses



Notes:

Starting a company is like...



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Notes:

Agenda

- What is Entrepreneurship?
- Connecting Service to Business Ownership
- Understanding Paths to Business Ownership



Notes:

What Makes an Entrepreneur?



Notes:

What is Entrepreneurship?



- ✓ To organize, manage and assume the risks of a business...
- ✓ A way of thinking...
- ✓ An approach to work and life...

*Entrepreneurship is about identifying and enacting
"alternative paths to the future"*

- Richard Branson, Virgin Atlantic Group



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Notes:

Let's Talk



- Is there a prototype of an entrepreneur?
- Are entrepreneurs different from managers?
- Is there a better time to pursue entrepreneurship?
- What makes for a successful entrepreneur?
- Can people be taught to be entrepreneurs?



Notes:

Veterans & Business Ownership



Phil Knight, USA



Dave Liniger, USAF



Bob Parsons, USMC



Joe Rogers &
Tom Forkner, USA



Fred Smith, USMC



Chelsea Mandello, USN



S. Truett Cathy, USA



Michael Ilitch, USMC



Notes:

Veterans & Business Ownership



Notes:

Veterans & Business Ownership



Veteran → **Entrepreneur**

- Mission-Focused
- Critical thinker
- Problem Solver
- Team Management
- Values Relationships
- Flexible
- Resilient
- Persistent
- Ethical
- Reliable



Notes:

Veterans & Business Ownership



- Veterans own about 9.1% (2.5 million) of the small businesses in the U.S.
 - Employ more than 5 million Americans
 - Pay wages in excess of \$195 billion
 - Generate \$1.1 trillion in receipts



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Notes:

Paths to Business Ownership

Notes:

Paths to Business Ownership



- Generally, new business ownership takes one of the following forms:
 - New Business Creation
 - Non-Profit/Social Ventures
 - Purchase an Existing Business
 - Employee-to-Ownership
 - Family Business (Succession)
 - Franchising



Notes:

Paths to Business Ownership



- **New Business Creation:**

- Your Own Idea
- Higher Risk-Higher Reward
- Greatest Control
- Business processes and infrastructure must be created
- Lifestyle Implications:
 - Married to the Business
- May be difficult to fund



Notes:

Paths to Business Ownership



• Purchase of an Existing Business:

- Do Your Research!
- Inherit the Good and the Bad
 - Brand, Customers, and Reputation
- Established Processes & Relationships
- Negotiate the Purchase Method to Reduce Risk
- Get Good Advisors



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Notes:

Paths to Business Ownership



- **Family Business:**

- Family History Intersects Business History
- Change Can Be Difficult to Implement
- Relationships Can Be Strained
- The “Burden” is More Than the Business



Notes:

Paths to Business Ownership



- **Employee-to-Ownership:**

- Lower Personal Risk
- Great Way to Learn the Industry
- Rewards of Business Ownership Delayed
- Less Control, Limited Autonomy



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Notes:

Paths to Business Ownership



- **Franchising:**
 - An authorization granted by a company to a *business* allowing them to carry out specified commercial activities or acting as an agent for the company's products

SUPERCUTS



Notes:

Paths: Franchising



Advantages

- Proven Idea
- Recognized Brand
- Training available
- Group advertising power
- Economies of scale
- Accounting/Management support
- Lower risk than new business

Disadvantages

- Franchise fee
- Royalties due
- Business/Selling restrictions
- Rogue franchisees
- Supplies only from franchisor
- Regional disconnect
- Lower level of control
- Lower risk = lower profits



Notes:

Key Takeaways



- Use what you have learned in the military
 - Traits and skills are the same ones that will make you a successful business owner
- Each form of ownership is not better or worse, just different depending on what you want
- Do Your Research
- Ride the wave of Veteran Entrepreneurship in this country!



Notes:

Questions, Discussion, Attendance Reminder

(Online attendance reminder on the next slide)

Notes:



Boots to Business Module 2

*The Right Idea?
Basics of Opportunity Recognition*

Version 4.0



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Notes:

Objective



Describe the process and activities related to understanding the 'business case' for turning an idea into a sustainable business concept.

Additionally:

- Understand how to refine and refocus current ideas.



2



Notes:

Agenda

- The Entrepreneurial Process
- Finding Opportunity
- Your Value Proposition
- From Idea to Concept



Notes:

Entrepreneurship



Capacity: to perceive and act upon
opportunities in the environment

+

Ability: to create and build something from
practically nothing

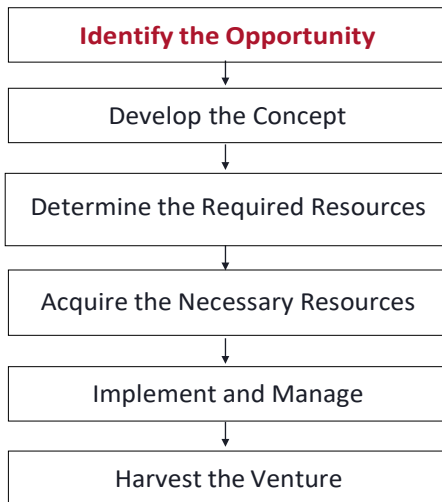


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Notes:

The Entrepreneurial Process



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Notes:

Developing a Value Proposition



Opportunity = Problem + Solution

- What is it?
- Where do you find it?
- How do you know you've got it right?



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Notes:

Solving Problems



- Aging of the population
- Working Parents (single or dual income)
- Concerns about security
- Social networking-people want to be connected
- People searching for roots and stability
- Extreme experiences
- And now COVID-19...



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Notes:

What is a Value Proposition?



- A value proposition is a promise by a company to a customer or market segment
- It is an easy-to-understand reason why a customer should purchase a product or service from that specific business
- A value proposition should be a clear statement that explains how a product solves a pain point

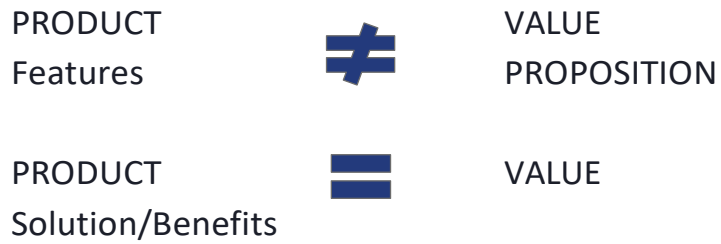


Notes:

What is a Value Proposition?



Specifically, a Value Proposition describes the **benefits** customers receive from your products or services



Notes:

Features vs Benefits



Product/Service	Feature	Benefit
Toy	Batteries Included	Ready out of the box with no disappointed kids
Baby Gifts	Hand Painted Personalized Piggy Bank	Uniquely personal gift that lasts a lifetime
Mobile Phone	Integrated Email App	Check mail wherever you are allowing you to keep in touch with your customers
Lawyer	Expert in Business Law	Advice you need to run your business legally
Realtor	20 years experience selling in the neighborhood	Benefit from expert knowledge of what sells, what sells quickly and for highest amount in your neighborhood
Computer Store	Carry all makes and models	One-stop shopping for comparing all models to find the perfect computer for your needs
Hotel	Located next to the business district	Sleep in and Travel from hotel to meetings in minutes
Web Design	Professional Website Design	Create a positive first impression for your business
Office Chair	Seat adjustment designed by ergonomic experts	Long hours at the office don't translate to poor posture and back pain

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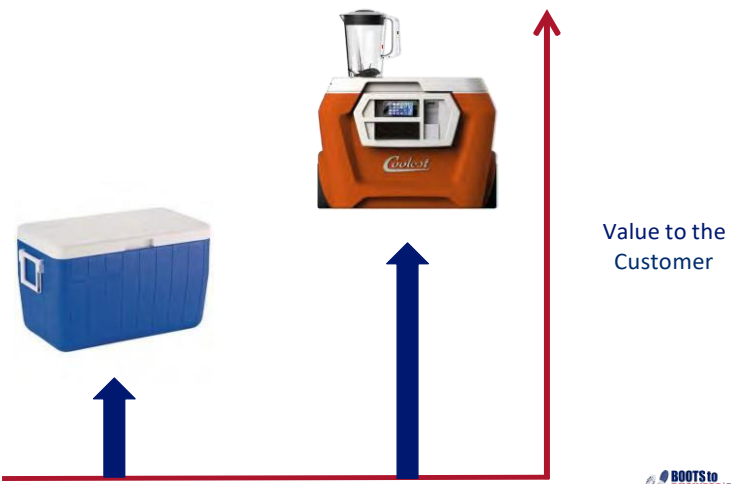


Notes:

Opportunity = Problem + Solution



Think Value Proposition



Notes:

An Idea or a Business Concept



- Specific value-creating method for capitalizing on the opportunity
- New product, new service or new process
- The “unique combination” that defines how much value a customer is getting—can include price, distribution, packaging, etc.



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Notes:

An Idea or a Business Concept



Key criteria:

- Clear benefit and value proposition
- Profit potential (customers' willingness to pay)
- Reason to believe
- New and different enough from alternatives
- Could potentially lead to other products/services
- Barriers to entry



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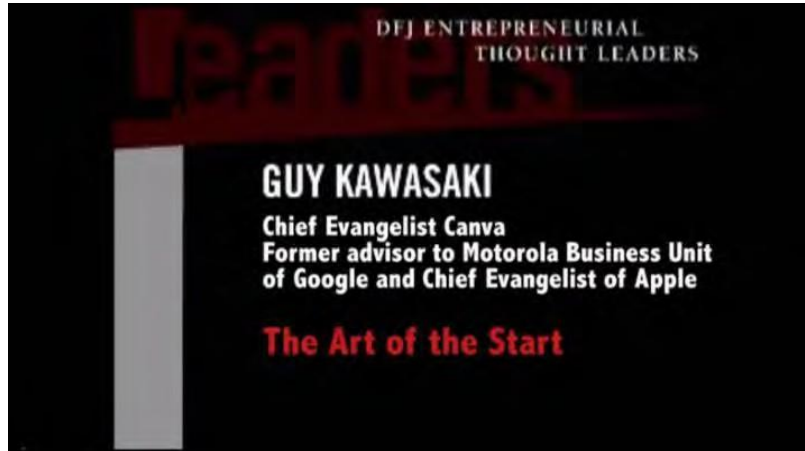
Notes:

Final Piece of Advice:

Make Meaning for Yourself

Notes:

Make Meaning for Yourself



Notes:

So How Do You Make Meaning?



- Look to solve a problem or alleviate a pain.
- Can be a big problem for a small, underserved segment.
- Do something you feel strongly about.



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Notes:

Questions & Discussion

Notes:



U.S. Small Business Administration

Boots to Business Module 3

Understanding Markets & Your Competitive Space

Version 4.1



U.S. Small Business Administration



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Notes:

Objective



- Understand how to conduct market research, the importance of market research, and the basics of competitive strategy/analysis.
- Additionally:
 - Understand ways to conduct low-cost customer validation and market research.
 - Understand how to evaluate an industry.



2



Notes:

Agenda

- Understanding *Markets vs Industries*
- Market Analysis
- Industry Analysis
- Competitive Strategy
- Marketing Plan
- Government Contracting



Notes:

The Big Picture

- **Identify Target Market**
 - Conduct market research (size, behavior)
 - Set sales projections
- **Identify Competitive Industry**
 - Analyze key competitors
 - Formulate competitive strategy



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Notes:

Some Quick Distinctions



- **The Market = Customers**
 - Customers are the ones that give you the money
 - May be different than those that end up using your product (otherwise called End Users)
 - Example: Toyota Automotive dealers are Toyota's *customers*, people buying the cars are *end users*
- **The Industry = Other sellers**
 - Includes competitors, suppliers, and other support sales companies (distribution, packaging, etc.)



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Notes:

Market Analysis: *Your Objectives*



- Market size
- Demographics
- Geographic
- Trends
- Psychographics



Helps evaluate
**Potential
customers**



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Notes:

Market Analysis: Key Questions



- Who, very *precisely*, are the customers?
- How strong an incentive do customers have to give you their money? Where is the pain?
- What evidence can you provide that the market will grow? Is there sustainable demand?



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Notes:

Market Research



- **Secondary Market Research**

- Company Annual Reports
- Google (Search Engines)
- News Reports

- **Primary Market Research**

- Focus Groups
- Interviews
- Surveys
- Blogs

- **Test Marketing**

- Rapid Prototyping
- Market Product Sampling



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Notes:

Free Market Research Sources



Business research and information	Small business snapshots, market research, industry reports	SBDCNet.org
General business statistics	Find statistics on industries, business conditions	NAICS, USA.gov Statistics, Statistical Abstract of the United States, U.S. Census Bureau
Consumer statistics	Gain info on potential customers, consumer markets	Consumer Credit Data, Consumer Product Safety
Demographics	Segment the population for targeting customers	American Factfinder, Bureau of Labor Statistics
Economic indicators	Know unemployment rates, loans granted and more	Consumer Price Index, Bureau of Economic Analysis

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Notes:

Market Research: *An Imperative!*



- **At the end of the day, research...**
 - Lets you get to know more about the customer, their wants, their behaviors, and their ability to pay
 - Provides you with a chance to update and improve what you already do
 - Allows you to have first contact with the customer, so they get to hear about you
 - Provides you with more confidence and believability with other stakeholders
 - Helps to reduce the overall risk in your business
 - And is really the true value of the business plan
- **Reminder: Your business/industry type will affect your research methods**



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Notes:

Industry Analysis: *Your Objectives*



- Key Players
- Growth
- Trends
- Competitors



Helps evaluate
Industry
Attractiveness



Notes:

Broad Vs. Narrow

- *Broad focus* – broad market niche. Larger customer base.
- *Narrow focus* – small but more active customer base. Has very specific needs.

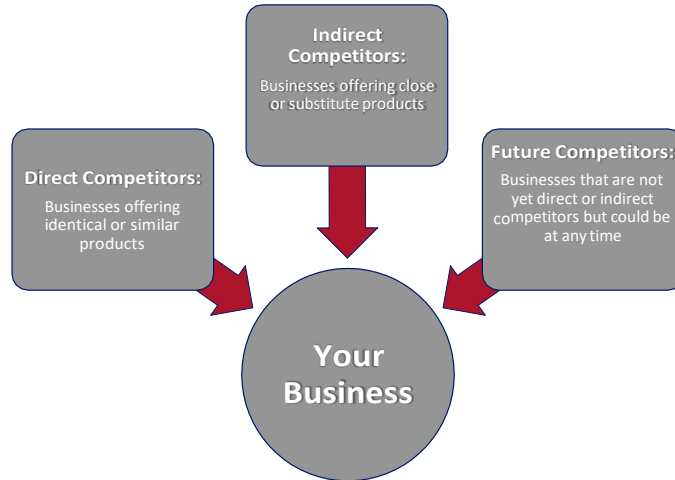


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Notes:

Types of Competitors



Notes:

Government Contracting

BOOTS to BUSINESS
with the U.S. Small Business Administration



What if your target customer is ME?

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SBA

BOOTS to BUSINESS REBOOT
with the U.S. Small Business Administration

Notes:

Government Contracting



WORLD'S LARGEST BUYER

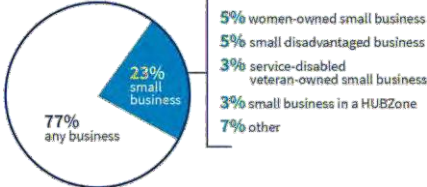
- \$500 billion/year
- 23% federal contract dollars are intended for small businesses

Full and Open Competition

Small Business Set Asides

Sole Source

Total federal contracting dollars



Notes:

Government Contracting



Research Your Market



Know what agencies buy your **products and services**



Find your niche, competition is fierce



Understand areas of **government spending**



Know your **competition** and their contracts



Notes:

Government Contracting



Procurement Technical Assistance Centers

- Government contract assistance
- Consulting and workshops
- Information and resources



Marketing Resources

- [Contract Opportunities \(beta.sam.gov\)](https://beta.sam.gov)
- [Federal Procurement Data System](#)
- [System for Award Management](#)
- [Dynamic Small Business Search System](#)
- [Subcontracting Networking System \(SubNet\)](#)



Other Resources

- [USASpending](#)
- [GSA Subcontracting Directory](#)
- DoD Prime Contracting Directory



Notes:

Remember...



...It's all about the Customers

- Customers create *market driven opportunities*
- It doesn't matter what anyone thinks about your concept except customers
 - If they don't care, no one will buy your product
- Good quality market research includes gathering information from customers
- Customers can help you refine and perfect your business concept and business model



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Notes:

Key Takeaways



- Analyzing the market will help you determine who is most likely to buy your product or service, and also allows you to determine if there is a sustainable demand
- Analyzing industry is an important part of understanding the attractiveness of your opportunity
- Consider the key factors that you need to examine to really understand the industry as well as competitors
- An outcome of this process is to arrive at a competitive strategy that leverages the inherent value of your concept



Notes:

Questions & Discussion

Notes:



Boots to Business Module 4

The Economics of Small Business Start-up

Version 4.0



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Notes:

Objective



Understand the foundation for the cost, price, volume relationship, as it informs profit potential and sustainability for the planned venture.



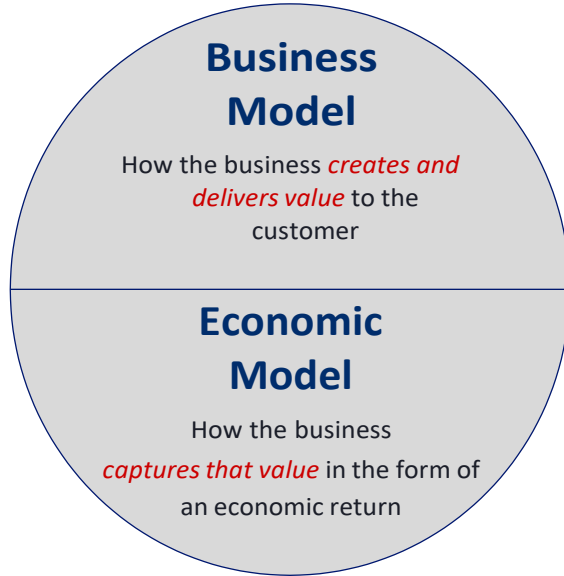
Notes:

Agenda

- Economic Model of a Business
- Revenues
- Volumes
- Margins
- Operating Leverage
- Implications for Risk

Notes:

Why This is Important



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Notes:

Why This is Important

Benefits of understanding your economic model

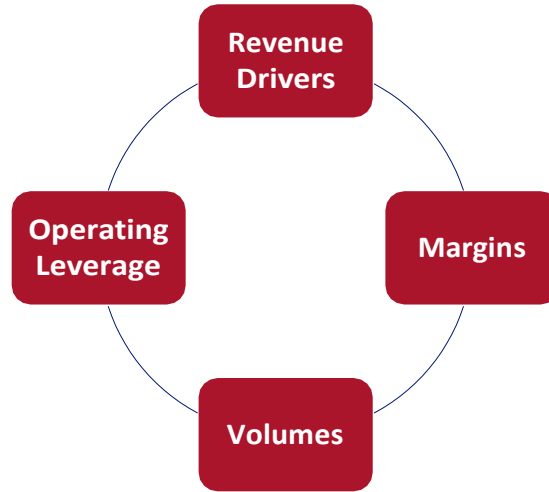
- Helps build a sustainable competitive advantage
- Informs your management decisions
- Provides stability and consistency



Are we making money or moving money?

Notes:

Economic Model of a Business



Notes:

Revenue Drivers



- How many ways does your company have to earn money?
- One source or several?
- Implications for risk?
- Is this a competitive advantage?
- Or a disadvantage?



Notes:

Example in Practice



Business Model



Economic Model



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Notes:

Example

Porsche Panamera -- \$90K



Nissan Versa -- \$15K



What does this mean for the economic model?

Notes:

Margins

Difference between *Price and Cost*

- What *price* do you charge for your product or service?
- How much does it *cost* you to deliver that single unit of product or service?
- Does the difference between the price you charge and the cost of production provide adequate cash to cover fixed operating expenses and generate a profit?

Notes:

Example



What does this mean for the economic model?

Notes:

Volume



The number of units of product or service you are selling or providing.

- Is generally meaningless unless you discuss it along with margin
- High volume alone is meaningless unless you keep something from each sale (margin)



Notes:

Example



What does this mean for the economic model?

Notes:

Adjusting the levers of economic model affects the bottom line



Giddy Up Coffee

Sales	
Price per cup	\$2.00
Sales volume per month (units)	3,200
Total Sales	\$6,400
Variable Costs	
Food Costs	\$0.50
Cup	\$0.05
Other supplies	\$0.10
Variable costs per unit	\$0.65
Total Variable Costs	\$2,080
Per Cup Margin	\$1.35
Gross Margin	\$4,320.00
Fixed Costs Each Month	
Rental Space	\$1,200.00
Cart Lease Payment	\$750.00
Transportation & Utilities	\$625.00
Insurance	\$450.00
Other fixed costs	\$1,295.00
Total Fixed Costs per period	\$4,320.00
Net Profit	0.00



Notes:

Increased Sales Volume



Giddy Up Coffee

Sales	
Price per cup	\$2.00
Sales volume per month (units)	4,000
Total Sales	\$8,000
Variable Costs	
Food Costs	\$0.50
Cup	\$0.05
Other supplies	\$0.10
Variable costs per unit	\$0.65
Total Variable Costs	\$2,600
Per Cup Margin	\$1.35
Gross Margin	\$5,400.00
Fixed Costs Each Month	
Rental Space	\$1,200.00
Cart Lease Payment	\$750.00
Transportation & Utilities	\$625.00
Insurance	\$450.00
Other fixed costs	\$1,295.00
Total Fixed Costs per period	\$4,320.00
Net Profit	\$1,080.00



Notes:

Improved Sales Margins



Giddy Up Coffee

Sales

Price per cup	\$2.25	
Sales volume per month (units)	4,000	
Total Sales		\$9,000

Variable Costs

Food Costs	\$0.48	
Cup	\$0.04	
Other supplies	\$0.08	
Variable costs per unit	\$0.60	
Total Variable Costs		\$2,400

Per Cup Margin	\$1.65	
Gross Margin		\$6,600.00

Fixed Costs Each Month

Rental Space	\$1,200.00	
Cart Lease Payment	\$750.00	
Transportation & Utilities	\$625.00	
Insurance	\$450.00	
Other fixed costs	\$1,295.00	
Total Fixed Costs per period		\$4,320.00

Net Profit		\$2,280.00
-------------------	--	------------



Notes:

Variable Costs



- Change in direct relation to your revenue
- What does it actually cost to deliver one unit of whatever you do?
- Direct labor, payroll taxes and costs per employee (CPEs), mileage, packaging, unit transport or delivery, raw materials
- *Variable* does not = *optional*



Notes:

Fixed Costs



- Expenses you have to pay no matter what sales you generate
- Remain the same over a given period of time
- Include rent, brick and mortar location, salaries (not hourly pay), advertising, insurance, write-off of equipment
- What do you think about utility bills? Variable or fixed?



Notes:

Breakeven



Definition: The volume of sales revenue needed to cover all of your costs over a given period of time.

Notes:

Operating Leverage



Operating Leverage is the relationship between *variable costs* and *fixed costs*.

- Higher fixed cost model = high operating leverage
- Higher variable cost model = low operating leverage

What is the difference between *variable* and *fixed costs*?



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Notes:

Implications of Operating Leverage



Higher fixed costs (higher operating leverage) means

- Greater risk
- It takes more units of service each month to breakeven
- But, once you get to breakeven, you make a lot more money

Lower fixed costs (low operating leverage) means

- Less risk
- It takes less units of a service or product each month to breakeven



Notes:

Before you open your doors, ask yourself

1. How will I generate sales dollars/revenue?
2. What are my total sales-related costs to do that?
3. What are my fixed/operating costs to run my business for a given period of time?
4. How much sales revenue must I generate to cover ALL my costs, so I begin to show a net profit?
5. Based on my research and analysis, can I generate the needed sales dollars and manage to these expenses in my proposed business venture to actually have a sustainable and profitable business?

Notes:

Key Takeaways

Understanding *your* Economic Model

REVENUE DRIVERS: How many ways do you have to generate sales revenue? Does the number of revenue drivers increase or decrease your risk?

MARGINS: What is left over after each unit of sale to pay fixed costs? What percentage of sales is that? When do you break even?

VOLUMES: How many units do you sell each period? Is it enough to exceed breakeven? Is there enough sales volume to make your business profitable and worthwhile?

OPERATING LEVERAGE: New businesses will need to maintain a low operating leverage (high variable cost) model to manage risk and maintain liquidity.

Notes:

Questions & Discussion

Notes:



Boots to Business Module 5

Legal Considerations for Veteran-Owned Small Businesses

Version 4.0



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Notes:

Objective



- Understand the various legal forms of a business
 - The opportunities and challenges associated with each
- Offer an overview of other legal considerations impacting veteran-owned businesses
- Additionally:
 - How is the owner paid, taxed, and what type of liability are they exposed to?
 - The importance of seeking legal counsel



Notes:

Agenda



- Small Business Entities
 - Types
 - Pros & Cons of Each
- Other Legal Considerations
 - Selecting Your BAIL Team
 - Contracts
 - Government Contracting
 - Intellectual Property



Notes:

Selecting a Legal Entity For Your Business



- In order to do business, you should create a legal entity that represents the firm
- There are multiple forms to choose from
- Each with different implications for:
 - Taxation
 - Your liability
 - How you get paid



4



Notes:

Types of Legal Entities



- Sole Proprietorship (d/b/a) or Partnership
 - Default Entities based on number of owners
- Limited Liability Company (LLC)
- S-Corporation
- Other Legal Entities



Notes:

Sole Proprietorship (d/b/a) and General Partnerships



ADVANTAGES: Quick start, easy and inexpensive, income goes to owner to keep or reinvest, easy to dissolve, pass-through entity income reported on individual return for Sole Proprietorship, separate return for partnership

DISADVANTAGES: *Unlimited liability*, difficult to obtain financing, no difference between you and your business, estimated income & self-employment taxes

TYPICAL USAGE: Independent Contractors, Consultants



Notes:

Limited Liability Company (LLC)



ADVANTAGES: *Limited liability!* Easy and inexpensive set-up, less record-keeping and paperwork, pass-through entity income reported on individual return (single member), partnership return (multiple members)

DISADVANTAGES: Limited life in some states (annual renewal), estimated income & self-employment taxes, potentially difficult to obtain financing, operating agreements between multiple owners

TYPICAL USAGE: Hybrid, Single Member LLC, Multi-Member LLC



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Notes:

S-Corporation



ADVANTAGES: Corporation independent from shareholders, easier financing, no self-employment tax (may still have estimated income taxes), pass-through entity with separate corporate return

DISADVANTAGES: Requirements on shareholder compensation and distributions, stricter operational processes/corporate formalities, restrictions on shareholders, possible state-level taxes

TYPICAL USAGE: Enables owners to retain profits for reinvestment/growth



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Notes:

Other Legal Entities



C-CORPORATION: May be publicly traded, limited personal liability for officers, board members, and shareholders, double-taxation on dividends

BENEFIT & CERTIFIED B-CORPORATION: Available in some states for corporations with a benefit or social mission

FAMILY LLC/LLP: Used by families to conduct business operations with ownership amongst legally-related individuals, assist in protecting assets, sharing income, and estate planning

LIMITED (LP) & LIMITED LIABILITY PARTNERSHIP (LLP): Advanced entities often used for specific types of businesses



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Notes:

Entities In Summary



- There is no one magical entity that works for everyone. The important thing is to consider the operational, legal, and tax aspects of each structure as they apply to your unique situation!

- Don't make this choice lightly!** It is possible to change forms if need be, although it can sometimes be expensive



Notes:

Registration Steps



- State Corporations Division/Secretary of State
 - Businesses that operate in multiple states
 - Registering as a Domestic or “Foreign” business
 - Multiple and/or Holding Company Consideration
- Federal Employer Identification Number (EIN) at **IRS.GOV** once organized (for taxes/withholding)
- State Registrations: some states have annual renewals, withholding and sales taxes, disability and unemployment insurance
- Local/Other Registrations: business licenses, zoning, HOA, excise taxes, fuel taxes, and other permits



Notes:

Banking/Accounting/Taxes



- After registering your business and obtaining an EIN, your first stop should be at your business bank to open a business account
- Keep your personal and business matters separate to protect both your legal liability as well as protect yourself from IRS or state tax audits
 - Pay from the appropriate account by transferring money as appropriate (capital contribution/loan or distribution).
 - Any business expenses you use your personal funds (i.e. personal credit cards) to pay for should be well documented.



Notes:

Other Legal Issues to Consider



- Assembling your BAIL team (Banking, Accounting, Insurance, and Legal)
- Contracts with vendors, suppliers, employees
- Government Contracting
- Intellectual property



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Notes:

Your BAIL Team



BANKER: Community banks are often great for small businesses; same bank or different (personal vs. business)

ACCOUNTANT: Legal entity selection, prepares taxes and financial statements; use a CPA or Enrolled Agent who have continuing education requirements

INSURANCE AGENT: Loss protection, business insurance and “riders” for business and shared assets

LAWYER: Legal entity selection, contracts and agreements. *Ensure you use a business lawyer*



Notes:

Contracts



- You may need contracts with customers, suppliers, partners, investors, employees, etc.
- Contracts are often used for: purchase, non-compete, service, employment, ownership, partnership...
- Some contracts can be customized so that, once created, you can reuse them for other purposes (fill in the blank)
- Seek legal advice before entering into contracts
 - An ounce of prevention is worth a pound of cure



Notes:

Government Contracting



Basic Requirements:

- Remember, eligibility for selected government contracting programs requires qualifying individual(s) to unconditionally and directly own and control at least 51% of the business
- Get proper registrations and ID numbers
- Match business' products and services to NAICS Code
- Register with SAM.gov

<https://www.sba.gov/federal-contracting>



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Notes:

Intellectual Property



- *Patents* protect inventions, designs, and processes
- *Trademarks* (for goods) and *Service Marks* (for services and activities) protect logos and slogans
- *Copyrights* protect creative work like writing or music
- *Trade secrets* protect recipes, formulas, etc.
- Intellectual property protection can be expensive to obtain and sometimes difficult to defend



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Notes:

Key Takeaways



- As part of founding your firm, seek the advice of a qualified lawyer
- Assemble a good BAIL team
- Keep your personal and business finances separate
- Laws and regulations differ across states, and sometimes, within states
 - The consequences of not knowing could have serious legal and financial consequences



Notes:

Questions & Discussion

Notes:



Boots to Business Module 6

Financing Your Venture

Version 4.2



The Boots to Business entrepreneurship training program is provided through the coordinated efforts of the SBA and its valued partner network.
All SBA services are extended to the public on a nondiscriminatory basis. Reasonable arrangements for persons with disabilities will be made if requested at least two weeks in advance.

Notes:

Objectives



- Understand what types of financing are available for your business
- Understand the difference between debt & equity financing
- Explore what lenders and investors look for when deciding whether to finance your small business



Notes:

The Money Game



Where Do Entrepreneurs Get Their Money?



Featuring Paul Kedrosky
Senior Fellow, Kauffman Foundation



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Notes:

Why Startups Need Funding



Three Reasons Startups Need Funding

CASH FLOW CHALLENGES

Inventory must be purchased, employees must be trained and paid, and advertising must be paid for before cash is generated from sales.

CAPITAL INVESTMENTS

The cost of buying real estate, building facilities and purchasing equipment typically exceeds a firm's ability to provide funds for these needs on its own.

LENGTHY PRODUCT DEVELOPMENT CYCLES

Some products are under development for years before they generate earnings. The up-front costs often exceed a firm's ability to fund these activities on its own.



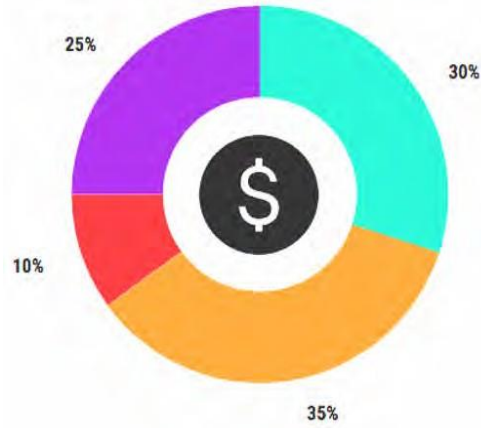
Notes:

Where Startups Get Their Funding



Startup Funding

The media often portray highly successful venture-backed startups as the norm, but most startups get funding through other channels or through a combination of methods.



Source: Kauffman Foundation

- Personal savings primarily
- Debt primarily
- Equity primarily
- Other or combo

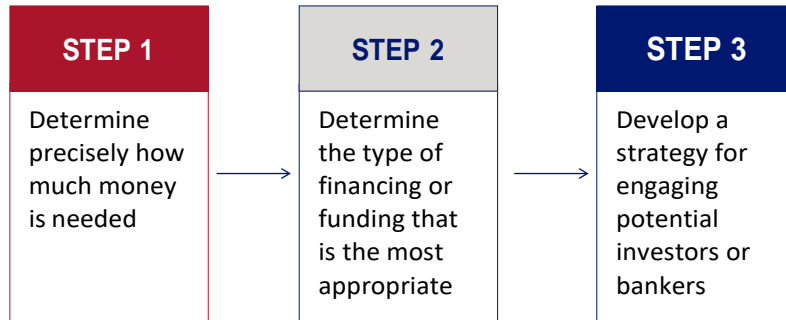


Notes:

Preparing to Raise Debt or Equity Capital



Preparation for Debt or Equity Financing



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Notes:

Questions to Ask Yourself



How much money do I need?

- Based on projections / not just an estimate

What will I use the money for?

- Equipment, Inventory, Working Capital, Marketing, Real Estate, etc.

What type of funding do I need?

- Debt
- Equity



Notes:

Questions to Ask Yourself



How will I pay back the loan?

- Requires Financial Projections/Cash flow analysis

How do I find a lender?

- Local SBA team can assist
- See if your existing lender does small business financing

What funds do I have to invest in the business?

What's my credit score?



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Notes:

Sources of Financing



- Personal Funds
- Commercial Loans
- SBA Guaranteed Loans
- Crowd Sourcing
- Micro Loans
- Angel Investors
- Private Offerings
- Venture Capital (VC)
- Private Equity
- Public Offerings (IPO)

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Notes:

Personal Funds



- You need skin in the game before you seek any external funding!
- Sources of personal funding
 - Cash/Savings
 - Bootstrapping techniques (getting what you need without spending much on it)
 - Home equity
 - Friends and family
 - Credit Cards
 - Equities and stock portfolio
 - Retirement accounts



Notes:

Bootstrapping



Finding ways to avoid the need for external financing or funding through creativity, ingenuity, thriftiness, cost-cutting or any means necessary.

Buying used instead of new equipment	Coordinating purchases with other businesses	Sharing office space with other businesses
Leasing equipment instead of buying	Obtaining payments in advance from customers	Making do with what you have
Crowd funding		Vendor financing

***The most common source of start-up funding and most entrepreneurs bootstrap out of necessity.*



Notes:

Debt vs. Equity



DEBT

- Bank loan (or other lender)
- Allows you to maintain ownership and control
- Requires repayment with interest
- Generally considered the cheapest way to grow

EQUITY

- Involves investors
- Money is exchanged for partial ownership
- Is not paid back
- Means you have shareholders
- Can have huge benefits beyond the money



Notes:

Debt Financing



- Provides liquidity, not investment
 - Banks are risk averse
- Requires “The Five Cs”
 - Credit
 - Collateral
 - Commitment
 - Character
 - Cash Flow
- Don’t forget about local community banks, credit unions and Community Development Finance Institutions (CDFIs)/Not-for-profit lenders



Notes:

What Lenders Typically Look For



- Business Plan
- Collateral
- Injection (20 – 25% is typical)
- Good Credit Score
- Financial Projections (1 – 3 years)
- Personal Tax Returns
- Basic Personal & Business Info



Notes:

Main Reasons Business Loans Aren't Approved



- Poor credit history
- Too much previous debt
- Not enough time in business
- Industry perceived as “risky”
- Not enough collateral
- Cash flow not strong enough
- Incomplete application / paperwork



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Notes:

SBA Loan Programs



Lending partner



Loan



Small business
(You)

SBA reduces risk and enables easier access to capital.

- The SBA works with lenders to provide loans to small businesses. The agency doesn't lend money directly to small business owners.
- SBA lenders still consider the Five Cs of credit
- The SBA reduces risk for lenders and makes it easier for them to access capital.
 - This makes it easier for small businesses to get loans.

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



Notes:

SBA Loan Programs



- From \$500 - \$5.5 million to fund your small business
 - SBA-guaranteed loans range from small to large and can be used for most business purposes
 - SBA-approved lenders can match you with the right loan for your business needs



Working Capital - Like seasonal financing, revolving credit or refinanced business debt



Fixed Assets - Like furniture, real estate, machinery, construction and remodeling



Notes:

SBA Loan Programs for Underserved Markets



Targeted to veterans, women, minorities, rural and other underserved populations

SBA Community Advantage

- Loan amounts of up to \$250,000

SBA Microloans

- Loan amounts of up to \$50,000
- Administered by CDFIs/Non-Profit Lenders
 - Credit requirements not as stringent
 - Management/Technical Assistance provided



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Notes:

Other SBA Loan Programs



7(a) Loan Program

- SBA's primary business loan program

SBA 504 Loan

- Real estate & Long-term use equipment

SBA Express Programs

- Loan amounts of up to \$500,000
 - Streamlined, expedited loan process



Notes:

Fee Relief for Veteran Borrowers



- **Zero Up-front Guaranty Fees on SBA Express Loans for military community members, including:**
 - Soon-to-be discharged active-duty service members, eligible for military Transition Assistance Program (TAP)
 - Reservists, National Guard members
 - Veterans
 - Current spouse of any of the above
 - Widowed spouse of service member or veteran who died during service or from service-related disability



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Notes:

SBA Loan Eligibility Requirements

- SBA loan eligibility is generally based on what a business does to receive its income, the character of its ownership, and where the business operates
- Normally, businesses must meet size standards, be able to repay, and have a sound business purpose
- The lender will provide you a full list of eligibility requirements for your loan



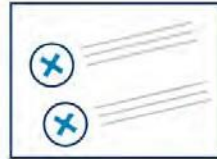
Be a for-profit business
The business is officially registered and operates legally.



Do business in the U.S.
The business is physically located and operates in the U.S. or its territories.



Have invested equity
The business owner has invested their own time or money into the business.



Exhaust financing options
The business cannot get funds from any other financial lender.

Notes:

Not Eligible for SBA Financing



- Gambling or speculation
- Real estate investment/ other speculative activities
- Lending activities
- Multi-level marketing firms
- Businesses providing sexual material
- Marijuana Industry
- Religious organizations
- Non-profit organizations
- Charitable organizations
- Illegal Activities
- Borrowers that have defaulted on federal loans or financing



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Notes:

Your Local SBA Team



Can connect you with business advisors

- Assist with cash flow analysis and financial projections

Can help you find the right lender

- Can connect you with lenders that have loan programs appropriate to your stage of business, industry, financing needs, demographic, risk level, etc.



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Notes:



United States Department of Agriculture



USDA Loans & Loan Guarantees

- Businesses in rural areas can use for:
 - New business start-up expenses
 - Acquiring an existing business
 - Purchasing land, buildings or facilities
 - Modernization & other business improvements



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Notes:

What are some advantages of SBA and USDA Loans?



- For banks/credit unions:
 - Less risky for them because the government “guarantees” a percentage of the loan
- For YOU:
 - Can obtain loan without as large of a down payment or as much collateral on-hand
 - Good interest rates and longer terms
 - No balloon payments or demand clauses



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Notes:

Equity Financing



- Involves investors
- Is not paid back
 - The investment is usually in exchange for partial ownership of your company
- Can have benefits beyond the money invested



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Notes:

Sources of Equity Financing



- Crowd Funding
- Angel Investors
- Venture Capital
- Private Equity
- Private Placement
- Public Offering
- Peer-to-Peer



Notes:

Crowd Funding

- Crowd funded equity made legal with the JOBS act of 2012. The SEC is developing regulations for platforms
- You will be able to trade cash for ownership in your company via crowd funding websites
 - **Pros:** You can cast wider net for potential investors
 - **Cons:** You may not want 'the crowd' as a part owner of your company



Notes:

Angel Investors/Venture Capitalists



Angel Investors

- Individuals who invest their personal capital directly in start-ups
- Business angels are valuable because of their willingness to make relatively small investments, and for their industry knowledge and market connections

Venture Capitalists

- VC firms are limited partnerships of money managers who raise money in “funds” to invest in start-ups and growing firms
- Invest in high growth potential ventures, but not generally at the start-up stage
- Looking for extraordinary returns
- Fund fewer deals than Angels



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Notes:

Financial Statements You Will Need: Balance Sheet



ASSETS	
Current Assets	
Cash	\$123,000
Marketable Securities	200,000
Accounts Receivable	345,000
Inventories	100,000
Total Current Assets	\$768,000
Long-Term Assets	
Building (Gross)	\$350,000
- Accumulated Depreciation	-50,000
Net Building	\$300,000
Land	\$325,000
Total Long-Term Assets	\$625,000
Total Assets	\$1,393,000

LIABILITIES	
Accounts Payable	\$100,000
Notes Payable	150,000
Total Current Liabilities	\$250,000
Long-Term Note	\$300,000
Total Liabilities	\$550,000
Owner's Equity	\$843,000
Total Claims	\$1,393,000

A snapshot of assets and claims against those assets. Shows what the company owns, owes and how it is financed.



Notes:

Financial Statements You Will Need: Income Statement



OPERATING ACTIVITIES, CASH FLOWS PROVIDED BY OR (USED) IN:	
Net sales	\$1,200,000
Cost of Goods Sold	850,000
Gross Profit	\$350,000
Selling, general, and admin. Expenses	311,000
Income from operations	\$39,000
Interest expense	9,000
Income before taxes	\$30,000
Income taxes	12,000
Net Income	\$18,000

Shows revenue and expenses and provides a 'bottom line' of profitability over a specified period.



Notes:

Financial Statements You Will Need: Flow Statement



OPERATING ACTIVITIES, CASH FLOWS PROVIDED BY OR (USED) IN:	
Depreciation/Amortization	\$50,000
Changes in A/R	(\$345,000)
Changes in A/P	\$100,000
Changes in Inventory	(\$100,000)
Total Cash Flow from Operating Activities	(\$277,000)

INVESTING ACTIVITIES, CASH FLOWS PROVIDED BY OR (USED) IN:	
Payment for acquisition of PPE	(\$350,000)
Sale of PPE	\$0
Total Cash Flow from Investing Activities	(\$350,000)

FINANCING ACTIVITIES, CASH FLOW PROVIDED BY OR (USED) IN:	
Issuance of Stock	\$600,000
Dividends	
Net Borrowings	\$150,000
Total Cash Flows From Financing Activities	\$750,000

Net increase/Decrease in Cash:	\$123,000
Cash at beginning of period	\$0
Cash at end of period	\$123,000

Shows sources and uses of cash as well as net change on cash over a specified period.



Notes:

Key Takeaways



- Plan for future growth
- Know the difference between debt and equity financing
- Understand how much money you need & what lenders are looking for
- SBA loan programs can provide financial assistance for a variety of business needs



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Notes:

Questions & Discussion

Notes:



Boots to Business Module 7

Introduction to Business Planning

Version 4.1



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Notes:

Objectives



- Understand the concepts and value of business planning
- Utilize SBA Resource Partners and tools to develop a viable business plan
- Additionally:
 - Identify the essential elements of a business plan and focus them based on your audience



2



Notes:

Agenda



- Approach to Business Planning
 - Why?
 - When?
 - Contents & Tools
 - Pitfalls to Avoid



3



Notes:

A Few Thoughts...



"If you fail to plan, you plan to fail."

- Benjamin Franklin

"In preparing for battle, I have always found that plans are useless, but planning is indispensable."

- Dwight Eisenhower



4



Notes:

Business Planning: Why It's Important



Your Business Plan is Your Guide to Action

How and when to do things, and with what resources

Analysis

- Identifying critical areas before investing your time, cash, resources

Decision Making

- As an evaluation tool for making strategic choices

Communication

- Necessary to get loans or investment



5



Notes:

When To Do It?



- Before you start spending money!
- Remember, it is an on-going process, not a one-time event.

CAVEAT: All depends on what you are doing, your goals, and what your needs are.

At a minimum, you need a “road map”.



6



Notes:

Begin With The Business Model Canvas



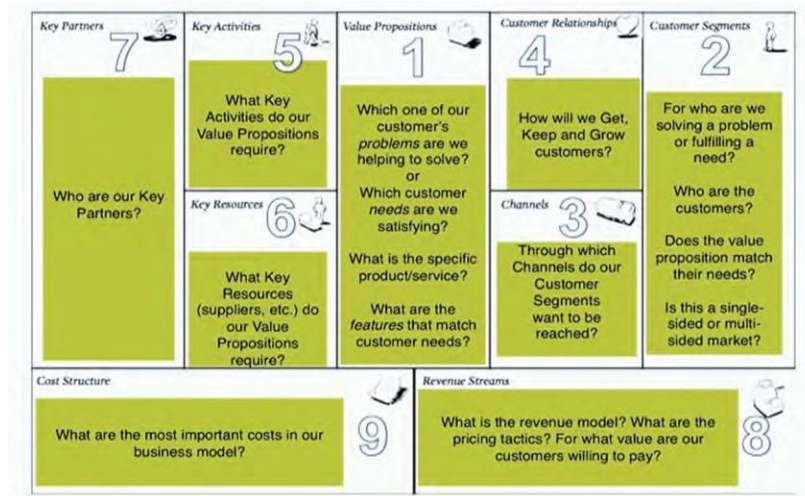
7



Notes:

Business Model Canvas

<https://canvanizer.com/choose-canvas>



8



Notes:

Business Planning Priorities



1. Your Concept
2. Your Customers
3. Your Business and Economic Models
4. The Identification & Mitigation of Risks



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Notes:

Your Concept

Explain your concept in terms of its “Value Proposition”

= a concise statement that summarizes how your product or service will be of value to a customer or better solve their problem than other similar offerings.



What is Uber's Value Proposition?

Notes:

Your Customers

FROM YOUR MARKET RESEARCH:



- **IDENTIFY** your target market(s)
- **INCLUDE** what you know about your customers
 - Consumers: demographics, geography, lifestyle, shopping habits
 - Commercial/Wholesale: industry compatibility; government need
- **QUANTIFY:**
 - Current Market: *How many are there?*
 - Future Growth: *How many will there be?*
 - Economic Reliability of Your Markets: *How many have the incentive/ability to give you their money?*
- **VALIDATE** by citing your research

Notes:

Your Business & Economic Models



- Which products/services are valuable to your customers and profitable for your business?
- What is your pricing model? What are your customers willing to pay?
- What kinds of resources do you need? Physical assets, materials and/or staff?
- What are your fixed and variable costs?
- How many customers do you need to break even?
- Will this deliver the profit you want?



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Notes:

Risks & Mitigation



Your S.W.O.T Analysis:

- Identify and explain how your internal Strengths and external Opportunities offset internal Weaknesses and external Threats
 - Include the general economic environment and your business-specific factors, and conditions within and outside your control

Use this as an opportunity to demonstrate your knowledge, research and your plans for resiliency.



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Notes:

What's In a Formal Business Plan?



1. Your Concept
2. Industry Description
3. Market Analysis
4. Economics of the Business
5. Marketing Strategy
6. Operations
7. Management Team
8. Risks & Assumptions
9. Timeline
10. Financial Projections
11. Offering/Use of Funds



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Notes:

Free Business Plan Tools & Resources



- [SBA.gov](https://www.sba.gov) business plan development tools
- [SCORE.org](https://www.score.org) business plans & startup assistance resources
- Connect with your local [Women's Business Center](#)
- Connect with your local [Small Business Development Center](#)
- Connect with your local [Veterans Business Outreach Center](#)

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Notes:

Different People Focus on Different Things in a Business Plan



Friends and Family

- Support of the project
- Potential participation and/or funding

Lenders

- Debt = Your ability to re-pay the loan on time with interest
- Reducing their risk = how much money, how will you use it, how long will you need money, your collateral, your credit rating, projected or current cash flow

Private Investors

- Innovation – first to market with new ideas, technology, intellectual property
- Growth Potential - market size, competitors, lead time, return on investment
- Team experience/expertise
- Exit strategy



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Notes:

Pitfalls & Fixes



PITFALLS	FIXES
<p>Lack of Clarity</p> <ul style="list-style-type: none"> • Big idea vs. details • Writing style & jargon 	<ul style="list-style-type: none"> • Provide scenarios and data • K.I.S.S: Keep it Simple & Succinct • Avoid acronyms
<p>Lack of Continuity & Consistency</p> <ul style="list-style-type: none"> • Numbers • Verbiage 	<ul style="list-style-type: none"> • Be conservative in estimates • Check your numbers • Proofread for errors, spelling, etc.
<p>Lack of Realism</p> <ul style="list-style-type: none"> • Financials, market size, suppliers, etc. too optimistic 	<ul style="list-style-type: none"> • Be conservative – compare best and worst case scenarios, and choose the middle
<p>Lack of Flexibility</p> <ul style="list-style-type: none"> • Failure to assess and internal and external risks 	<ul style="list-style-type: none"> • SWOT analysis to identify risks and ways to mitigate their impact to maximize potential for success • Update as needed



Notes:

Key Takeaways



- Determine what needs to go into your planning process
 - Concept, customers, business and economic models, identification & mitigation of risks
 - What are your expectations?
 - What is your focus? Who is your audience?
- Start thinking about your Teams:
 - Internal management team
 - B.A.I.L Team (Banker – Accountant/Tax Advisor - Insurance Agent – Lawyer)
 - External advisors and mentors
- Seek feedback on your ideas and processes
- Tap into the SBA Resource Partner Network



Notes:

Questions, Discussion, & Survey

(Survey link is located on the next slide)

Notes:

Please Tell Us How We Did



- On your laptop, tablet, or smart phone visit sba.force.com/survey or use cell camera to access the survey QR Code
- Please select “**Introduction to Entrepreneurship (2-day course)**” as the course you completed
- All responses are voluntary and kept confidential



Thank you for completing our survey! Your input will help us to serve you better.

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Notes:



Boots to Business Module 8

Resources to Support Your Efforts

Version 4.1



The Boots to Business entrepreneurship training program is provided through the coordinated efforts of the SBA and its valued partner network. All SBA services are extended to the public on a nondiscriminatory basis. Reasonable arrangements for persons with disabilities will be made if requested at least two weeks in advance.

Notes:

Objective



Identify the support and resources needed and available after you've completed Boots to Business or Reboot.

Additionally:

- Understand SBA resources and how to access them
- Introduction to B2B follow-on courses and how/when to enroll



Notes:

Agenda

- SBA Resource Partner network
- Other resources & training
- B2B Follow-On Training
- Next Steps
- Q&A

Notes:

Services

- One-on-One Counseling & Mentorship
- Pre-Business Plan Workshops/Concept Assessments
- Business Plan Assistance
- Feasibility Analysis/Strategy
- Training
- Navigation of Local Programs & Resources
- Other Related Business Development Services

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

Notes:

VBOC Clients

- Michael & Kerrie Stacks
 - Active-Duty sailor and spouse who wanted to start micro-brewery
- Connected with local VBOC, who helped them:
 - Develop a business plan
 - Create financial projections
 - Apply for financing
- Result:
 - The couple received an SBA-backed loan to help them get started
 - Bold Mariner Brewing Company opened their doors in 2015



Notes:

Services

- Mentoring
 - Online
 - In-Person
- Business Tools and Templates
- Workshops
 - Online
 - In-Person

<https://www.score.org/>

Notes:

SCORE Client

- **Gary Peterson**
 - Retired Air Force Major, looking to turn a passion for automobiles into a business
- **Connected with local SCORE, who helped him:**
 - Develop and scale his business idea
 - Attend executive level training
 - Build a network of business advisors
- **Result:**
 - One Community Auto opened their doors in 2017
 - One Community Auto named a SCORE Small Business Champion



Notes:

Services

- Business Plan Development
- Manufacturing Assistance
- Financial Packaging and Lending Assistance
- Exporting and Importing Support
- Disaster Recovery Assistance
- Procurement and Contracting Aid
- Market Research Assistance

<https://www.sba.gov/tools/local-assistance/sbdc>

Notes:

SBDC Client

- **Jilan Hall-Johnson**
 - Military spouse looking to turn her culinary ideas into a fully-baked business
- **Connected with local SBDC, who helped her:**
 - Access pre-business counseling
 - Put together a loan package for financing
 - Seek out local small business grants
- **Result:**
 - Business received an SBA 7(a) loan and a grant from city of Billings, MT
 - Sassy Biscuit Co successfully opened and has expanded to a second location



Notes:

Women's Business Centers

Services

- Training
- Counseling
- Access to Capital
- Webinars
- Organizational development tools
- Fund-raising assistance
- Best practices in program delivery

<https://www.sba.gov/tools/local-assistance/wbc>

Notes:

Women's Business Centers

WBC Clients

- Lila Teunissen & Michelle Thomsen
 - Current and former National Guard members realized service members needed quality dog boarding while deployed or drilling
- Connected with local WBC, who helped them:
 - With pre-business counseling
 - Get designated as a Women-Owned Business
 - Connect with other small business resources
- Result:
 - The Bed N' Biscuit Ranch is open & helping dogs and owners live their best lives



Notes:

Other Resources & Training



- U.S. Department of Agriculture
- B2B Follow-on Training
 - B2B Revenue Readiness
- Things you can do now



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Notes:

Other Resources to Consider



- [Procurement Technical Assistance Centers](#)
- [SBA Export Assistance](#)
- [SBA Surety Bond Program](#)
- [Small Business Innovation Research \(SBIR\) Small Business Technology Transfer \(STTR\) Programs](#)
- [SBA Office of Advocacy](#)



Notes:

STARTING A RURAL BUSINESS? **DISCOVER YOUR RURAL ELIGIBILITY**



RURAL IS CLOSER THAN YOU THINK!

USDA Rural Business Programs provide support to rural small businesses. These programs assist with:

-  Capital (direct loans and loan guarantees)
-  Job Training & Entrepreneurial Skill Development
-  Equipment & Space

SEE IF YOU QUALIFY:
bit.ly/usdabusinessmap

LEARN MORE BY VISITING YOUR LOCAL OFFICE
bit.ly/usda-locator

Notes:



United States Department of Agriculture



USDA & Rural Small Business



TRANSITIONING SERVICE
MEMBER



VETERAN



BUSINESS OWNER

USDA can help you build and grow your rural small business:

- Loans and Loan Guarantees
- Processing and Marketing of Products
- Energy Efficiency Improvements



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Notes:



United States Department of Agriculture



Loans and Loan Guarantees

- Start-up costs
- Business acquisition
- Purchase and development of land, buildings or facilities
- Purchase of equipment, machinery, supplies or inventory
- Business conversion, enlargement, repair or modernization

**USDA is
OPEN for
Business**



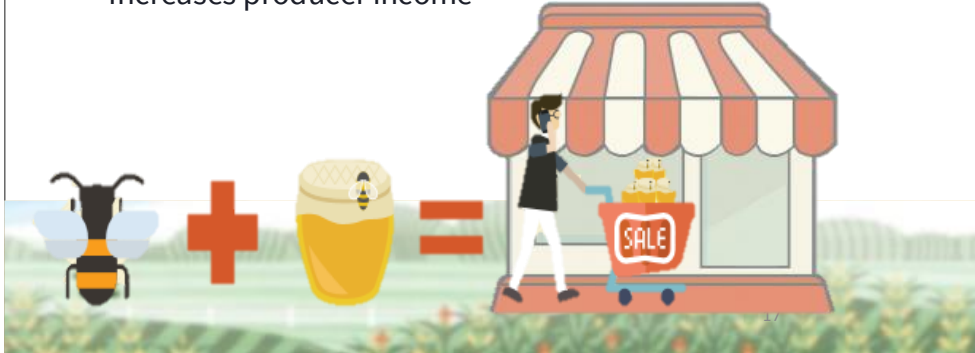
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Notes:

Processing & Marketing of Products

- Assists agricultural producers in funding value-added activities related to the processing and/or marketing of new products
- Supports generation of new products
- Expands marketing opportunities
- Increases producer income

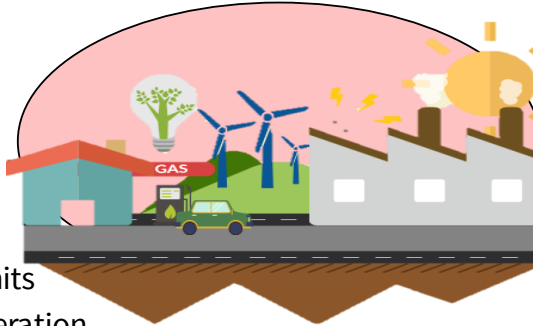


Notes:

Energy Efficiency Improvements

Funds are available for:

- Insulation
- Lighting
- Electric or solar
- Cooling or refrigeration units
- Small and large wind generation
- Small and large solar generation
- Replacement of energy-inefficient equipment
- Efficiency heating and air conditioning systems (HVAC)



Notes:



United States Department of Agriculture



USDA & Rural Small Business



TRANSITIONING SERVICE
MEMBER



VETERAN



BUSINESS OWNER

For more information on USDA's Rural Development programs and services, visit:

bit.ly/usda-programs

USDA also works with local Veterans Business Outreach Centers (VBOCs) and the SBA Resource Partner Network to assist you with your rural small business needs.



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Notes:

Next Step: Boots to Business Online Follow-on Training?



B2B Revenue Readiness (B2B RR)

- Six-week virtual training program designed to help participants take a business idea from concept to actionable plan in a short timeframe
- Focused on:
 - Identifying & understanding customers
 - Developing a business model
 - Drafting a business plan
- Upon conclusion, B2B RR staff connect participants with appropriate veteran-focused small business mentors
- For more information, or to enroll:
 - Visit the B2B Portal at <https://sbavets.force.com>



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Notes:

Next Step: Keep it Moving...



- Connect with one of SBA's local Resource Partners
 - <https://www.sba.gov/local-assistance>
- Start working on your business plan
- Continue researching your business opportunity
- Sign up for free follow-on training
 - <https://sbavets.force.com/>
 - <https://www.sba.gov/sba-learning-platform/>



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Notes:

Questions & Discussion

Notes:

CLASSROOM DOCUMENTS



U.S. Small Business
Administration



New Venture Feasibility Analysis Tool

GETTING STARTED

Starting a new business is difficult and the hard truth is that most new businesses don't survive past five years. With that said, those that do find success as a business owner, express great personal and professional satisfaction.

Importantly, one of the factors that differentiates those who succeed as business owners from those who don't, is a clear and well understood plan of action related to both the business itself, and also to their own professional development as a business owner. Entrepreneurship is a dynamic process, and it's imperative to constantly adapt to changing market conditions, competitive threats, and customer preferences. The choices you make at the time of founding the business will have important and enduring implications for the long-term success of the venture.

The purpose of the New Venture Feasibility Analysis Tool is to help you ask yourself the 'right' questions - and hopefully formulate an approach to answering those questions - before you launch the business. If you can leverage this tool as a means to make adjustments to your start-up plan prior to launching the venture, you'll likely avoid some classic pitfalls that may cost you dollars and reputational capital down the road.

Using the tool itself is straightforward. Answer the questions to the best of your ability and through research and experience continue to refine and focus your answers over time. You likely won't be able to answer/address all the issues and questions right now, but that's okay. Some questions will require further research and reflection. However, there is value in understanding where that further research and reflection is required, and thus using this tool as a means to develop a plan of action to conduct the research necessary to support the successful launch of your new business.

PART I: YOUR ENTREPRENEURIAL MOTIVATION

>> COMPLETE ON YOUR OWN

An attribute that distinguishes successful business owners is an understanding of their entrepreneurial mission, and the underlying reasons why business ownership is uniquely suited for a given individual. Part one of the tool is designed to make you reflect on your own situation and think deeply about business ownership as a vocation for yourself.

Reflect on why it is that you want to launch and grow a business. Upon reflection, list the top three reasons why you are motivated to pursue business ownership as a vocation for yourself on the next page.

Reason 1: _____

Reason 2: _____

Reason 3: _____

Given the above listed motivations, consider each in the context of other goals that you or other family may have established. Indicate whether or not your motivations for pursuing business ownership conflict with or complement other goals that you or your family may have established. In cases where there is a conflict, indicate how you plan to resolve that conflict.

Goals	Conflict or Compliment?
Education	
Family	
Lifestyle	

Approach to resolve conflict (if any):

Education: _____

Family: _____

Lifestyle: _____

Other: _____

PART II. THE OPPORTUNITY AND VALUE PROPOSITION

>> APPLIED ACTION SESSION I

OPPORTUNITY EVALUATION 1

a. What problem are you solving, or what pain are you alleviating? Describe it below in two to three sentences.

b. For whom are you solving it (i.e., who is your customer)? Describe below in two to three sentences the attributes of your primary customer.

c. What is the best alternative currently available to them to solve this problem right now? Describe the product/service below, and state where you perceive it as an alternative to your proposed product/service.

d. What are two to three other alternatives and who provides them? Describe below.

e. How is your solution different from the NBA and other alternatives? Describe below in two to three sentences.

OPPORTUNITY EVALUATION 2

[Insert description of customer] is willing to pay [insert price range] for [insert description of your concept]. For example: *“Collegestudentsarewillingtopayupto\$20forapillthatmakes them smarter.”*

PART III. MARKETS ANDCOMPETITORS

>> APPLIED ACTION SESSIONII

1. Who (very specifically) are your customers? List/describe potential customer segments below.

2. What trends in the market suggest that your concept will resonate with consumers? List two or three of those trends below.

3. Accessing Your Competitive Space: What is your NAICS code(s)? Go to www.census.gov/eos/www/naics to identify code(s) that fit your proposed venture, and list them below.

4. Assessing your Competitors: Competitor mapping (fill in the blank). Use the tool below to map your competitive space and determine the nature of competitive rivalry.

Competitor	Products/ Services (similar or different)	Price (sim., high, low)	Reach (local, regional national)	Sales Channels (storefront, online)	Rivalry (direct, indirect)

PART IV. ECONOMICS OF YOUR BUSINESS

>> APPLIED ACTION SESSION III

Using the chart below, detail the economic model (as you see it today) that represents your venture.

		Implications for Risk
Revenue Drivers	one, few, many	
Volumes	low, medium, high	
Margins	low, medium, high	
Operating leverage	low, medium, high	

Given the above, list three critical outcomes that you must be able to deliver to make your economic model viable.

Critical Outcome 1: _____

Critical Outcome 2: _____

Critical Outcome 3: _____

PART V. LEGAL/FINANCING YOUR VENTURE

>> APPLIED ACTION SESSION IV

Given your understanding of legal forms of business, what is the most likely legal form that you should/will pursue? _____

Given the above, list (if any) questions or issues that remain unclear to you related to the appropriate legal form for your proposed venture. *Note: use these questions as a basis for discussions with the legal expert that will help you form the venture.* _____

In the context of launching a venture, list below the two or three most significant uses for start-up capital (i.e. facilities cost, inventory, salary, etc.). *Note: focus on these uses of capital as you consider the most appropriate source adventure financing.* _____

Given uses for start-up capital listed above, brainstorm strategies to leverage ‘bootstrapping’ techniques to mitigate your overall capital requirements. Detail those below. _____

PART VI. BUSINESS PLANNING

>> APPLIED ACTION SESSION V

SWOT Analysis is a tool used to evaluate the strengths, weaknesses/limitations, opportunities, and threats involved in the business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. In this case, you can use the SWOT technique to highlight those issues, opportunities, and challenges that must and should be addressed in your plan. The elements of SWOT are as follows:

- >> Strengths: characteristics of the business concept, or project team that gives it an advantage over others
- >> Weaknesses (or limitations): characteristics that place the team at a disadvantage relative to others
- >> Opportunities: external chances to improve performance (e.g., make greater profits) in the environment
- >> Threats: external elements in the environment that could cause trouble for the business or project

Given the above, for each of the categories, list 3 to 5 strengths, weaknesses, opportunities, and threats as you perceive them now. Remember, strengths and weaknesses are focused internally (yourself/your team), and opportunities and threats are focused externally (the market/our competitors).

STRENGTHS	WEAKNESSES/LIMITATIONS
OPPORTUNITIES	THREATS

On your own (following the training session), look at your list of strengths and weaknesses and compare them to the list of opportunities and threats. Are your strengths sufficient to counter external threats? Are your weaknesses such that you will not be able to take advantage of external opportunities?

Ask and answer these questions and address both in the business plan. Where there are shortcomings that you address, specify a plan of action that you intend to pursue in order to overcome/mitigate any identified weaknesses, and best leverage the firm's strengths in the marketplace.

PART VII. PERSONAL SUPPORT PLAN

>> APPLIED ACTION SESSION VI

To find local resources that offer small business counseling, go to www.sba.gov/tools/local-assistance and use the zip code locator to find your local resources. List below the name and contact information for those local resources you plan to leverage to support your entrepreneurial strategy:

CASE STUDIES

CASE STUDY OPTION #1

SGT John Smith is leaving the Army after 10 years and moving to Binghamton, NY, his home town. His wife was hired at the local hospital, so they have a reliable income. They have agreed to use their \$10,000 in savings as start-up capital for a landscaping company. John plans to buy basic equipment for himself and a two-person crew to use during the spring and summer. He also plans to buy a plow blade to plow snow in the winter, mitigating landscaping seasonality. He is looking for contracts using his existing network, so feels confident in purchasing the equipment.

CASE STUDY OPTION #2

Col. Jane Rivera is retiring from the Marine Corps. She has decided to move to Washington, DC to pursue her dream of being a security consultant in the defense industry. She maintains a Top Secret security clearance and has bona fide credentials in the field and excellent contacts in large defense contracting companies. Jane is single with \$100,000 in savings and plans to launch the company with very little start-up expense. She has a potential two-year contract with Lockheed and is considering hiring a project team so she can focus on growing her customer base rather than servicing one contract.

CASE STUDY OPTION #3

Phil Dyer is retiring from the Air Force in three months. His wife, Mary is a veteran and earned a hospitality management degree while working as a local restaurant manager. They have \$250,000 in home equity and very little in savings. Phil and Mary want to open a local craft beer brew pub. Their mutual passion, knowledge of the market, Mary's degree and practical experience work in tandem to make this an attractive option for them. Mary is handling planning and Phil intends to take on a greater role in real estate and financial planning after his retirement. They are looking forward to the next phase of life but are a little nervous about taking the leap.



U.S. Small Business
Administration



WHAT'S NEXT?



BOOTS TO BUSINESS REVENUE READINESS (B2B RR)



B2B RR is a six-week online training program designed to build on the business idea conceptualized during the introductory two-day B2B course and help you take your business idea from concept to actionable plan in a relatively short timeframe.

Structured as a virtual, interactive classroom, the program consists of “live” instructor-led sessions twice-per-week with corresponding assignments focused on identifying customers, developing a business model and drafting a business plan. Each session is recorded for those who are unable to attend the ‘live’ session, providing you the flexibility to incorporate the course into your own schedule.

As a cohort participant, you will receive individualized feedback on your assignments from experienced business professionals. Upon conclusion of the course, B2B RR personally connects you with an appropriate veteran-focused small business mentor to further assist in achieving your business goals.

Through its extensive network of experienced course instructors, interactive curriculum, and individualized feedback, B2B RR launches you on to the path of entrepreneurial success and connects you with the resources for sustained growth.

SBA LEARNING PLATFORM



U.S. Small Business
Administration

The SBA Learning Platform's online portal hosts a variety of self-paced online training courses and videos to help small business owners explore and learn about the many aspects of business ownership. The SBA Learning Platform has courses designed to help you throughout every stage of business ownership – including planning, launching, managing, or growing your business.

The planning courses teach you about financing your business, legal requirements, or how to write a business plan. Other courses are specifically designed to introduce young entrepreneurs to the basics of creating and financing a successful business.

Ready to launch your business? SBA Learning Platform courses are designed to help you take the next step and turn your business idea into a reality, with classes on social media marketing, savings plans, sales, and tips to help you find investors. You can also take courses that help you master day-to-day operations; from customer service, to accounting, to marketing 101.

For more information about the SBA Learning Platform, visit sba.gov/sba-learning-platform.



Veterans Business Outreach Center Program


If you are an aspiring entrepreneur or small business owner seeking to start, purchase, or grow your business, the Veterans Business Outreach Center (VBOC) Program is your one-stop shop and can assist you by providing:

- Transition assistance programs
 - **Boots to Business** — the entrepreneurship track of the Department of Defense’s Transition Assistance Program offered on military installations worldwide
 - **Boots to Business | Reboot** — an extension of Boots to Business, delivering the same information and benefits to veterans, members of the National Guard and Reserves, and military spouses in more accessible off-base locations
- Business training and workshops on topics such as:
 - Business planning
 - Financing your business
 - Small business and social media marketing
 - Human resources and hiring
- Business tools and resource referrals
 - Connection to mentors
 - Referrals to other partners and programs
 - Preparation to engage SBA lending institutions
 - Access to market research databases
 - Application assistance for federal contracting certification program
- Tailored business counseling and mentoring in-person and online

Top reasons to contact a VBOC:

- You are thinking about small business ownership as a post-service career
- You could benefit from additional management expertise, mentorship, and access to capital and market opportunities
- You are preparing to apply for a Small Business Administration (SBA) backed loan or a federal contracting certification
- You need help creating your business plan

Eligibility

	Transitioning or active duty service member
	Veteran of any era
	National Guard or Reserve member
	Military spouse



Veterans Business Outreach Centers

- 1 Providence, RI – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
www.vbocnewengland.org
- 2 Watervliet, NY – New Jersey, New York, Puerto Rico, U.S. Virgin Islands
www.vbocregion2.com
- 3 Norfolk, VA – Virginia, West Virginia
www.odu.edu/vboc
- 4 Columbia, MD – District of Columbia, Maryland, Delaware, Pennsylvania
Coming Soon
- 5 Panama City, FL – Florida
www.vboc.org
- 6 Fayetteville, NC – North Carolina
www.fsuvboc.com
- 7 Nashville, TN – Tennessee, Kentucky
www.pathwaylending.org/vboc
- 8 Starkville, MS – Alabama, Louisiana, Mississippi
www.vboc.msstate.edu
- 9 Warner Robins, GA – Georgia, South Carolina
www.gavectr.org/vboc
- 10 Flint, MI – Indiana, Michigan, Ohio
www.vetbizcentral.org
- 11 Milwaukee, WI – Illinois, Minnesota, Wisconsin
www.wvbic.com/veterans
- 12 Edinburg, TX – West, Central, and South Texas
www.utrgv.edu/vboc
- 13 Arlington, TX – Arkansas, North Texas, Oklahoma
www.uta.edu/vboc
- 14 Albuquerque, NM – Colorado, New Mexico
www.nmvboc.org
- 15a St. Louis, MO – Iowa, Kansas, Missouri, Nebraska
www.vetbiz.com
- 15 Kansas City, MO – Iowa, Kansas, Missouri, Nebraska
www.vetbiz.com
- 16 Billings, MT – Montana, Utah, Wyoming
www.bigskylvboc.org
- 17 Grand Forks, ND – North Dakota, South Dakota
www.und.edu/dakotasvboc
- 18 Fairfield, CA – Northern California
www.norcalvboc.org
- 19 Carlsbad, CA – Southern California
www.socalvboc.org
- 20 Sierra Vista, AZ – Arizona, Southern Nevada
www.arizonavboc.org
- 21 Honolulu, HI – American Samoa, Guam, Hawaii
www.hilo.hawaii.edu/vboc
- 22 Seattle, WA – Washington, Alaska, Idaho, Oregon, Northern Nevada
www.businessimpactnw.org/vboc



Small Business Development Centers (SBDCs) provide assistance to small businesses and aspiring entrepreneurs throughout the United States and its territories. SBDCs help entrepreneurs realize the dream of business ownership and help existing businesses remain competitive in a complex, ever-changing global marketplace. SBDCs are hosted by

leading universities and state economic development agencies and funded in part through a partnership with SBA.

SBDC advisors provide aspiring and current veteran and military small business owners a variety of free business consulting and low-cost training services including: business plan development, manufacturing assistance, financial packaging and lending assistance, exporting and importing support, disaster recovery assistance, procurement and contracting aid, market research help, 8(a) program support, and healthcare guidance.

LEARN MORE AT WWW.SBA.GOV/TOOLS/LOCAL-ASSISTANCE/SBDC.



Women's Business Centers (WBCs) represent a national network of over 100 educational centers throughout the United States and its

territories, which are designed to assist women in starting and growing small businesses. WBCs seek to "level the playing field" for women entrepreneurs, including women veteran, service member, and women spouse entrepreneurs, who still face unique obstacles in the business world.

SBA's Office of Women's Business Ownership (OWBO) oversees the WBC network, which provides comprehensive training and counseling on a variety of topics in several languages.

LEARN MORE AT WWW.SBA.GOV/TOOLS/LOCAL-ASSISTANCE/WBC.



The SCORE Association, supported by SBA, is a non-profit association of thousands of volunteer business counselors throughout the U.S. and its territories dedicated to helping small businesses and veteran-owned small businesses get off the ground,

grow, and achieve their goals through education and mentorship.


SCORE provides volunteer mentors who share their expertise to aspiring and existing veteran, service member, and military spouse small business owners across 62 industries; free and confidential business mentoring in person, via email or by video; free business tools, templates, and tips online, and inexpensive or free business workshops and webinars.


LEARN MORE AT WWW.SBA.GOV/TOOLS/LOCAL-ASSISTANCE/SCORE.





Empowering Veteran Entrepreneurship from Transition to Small Business Success

SBA Supports:

 Transitioning or active duty service member

 Veteran of any era

 National Guard or Reserve member

 Military spouse



Whether starting, purchasing, or growing a business, VBOCs are a one-stop shop for transition assistance, training, counseling, and resource connections.

Federal Advisory Committees

Shaping Policy for Veteran Entrepreneurship

- Interagency Task Force on Veterans Small Business Development** coordinates federal efforts to increase and improve veteran small business development
- Advisory Committee on Veterans Business Affairs** serves as an independent source of advice and policy recommendations to the Federal Government about veteran-owned business affairs

The U.S. Small Business Administration’s Office of Veterans Business Development empowers veterans, active duty service members, National Guard and Reserve members, and military spouses at every stage of business ownership.

Starting & Growing Your Business

Receive management expertise through free counseling, training, and entrepreneurial education.

- Boots to Business**
Offered on military installations worldwide, service members and their spouses can learn business ownership fundamentals, analyze the feasibility of a business idea, and tap into the SBA ecosystem.
- Boots to Business Reboot**
No access to a military installation? Held in local communities throughout the U.S., veterans, Reserve and National Guard members and their spouses can learn the basics of business ownership, evaluate the feasibility of a business idea, and connect with the SBA ecosystem.
- Women Veteran Entrepreneurship Training Program (WVETP)**
A network of SBA partners deliver small business development support to women service members, veterans, and military spouses. Programs are offered in a variety of formats – from online workshops to hands-on mentorship.
- Service-Disabled Veteran Entrepreneurship Training Program (SDVETP)**
Receive entrepreneurial training and learn about the tools and resources available specifically for Service-Disabled Veteran-Owned Small Businesses (SDVOSBs).

Pursue federal procurement opportunities and technical assistance.

- Veteran Federal Procurement Entrepreneurship Training Program (VFPETP)**
Want to enter or expand into government contracting? Learn how to best position a veteran-owned business to win and retain government contracts through federal procurement training.

Funding Your Business

Gain access to capital at any stage of business through various SBA loan programs.

- 7a Loan Program**
Small business loans up to \$5 million through commercial lenders for facilities, equipment, inventory, and working capital
- CDC/504 Loan Program**
Long-term loans up to \$5 million through Certified Development Companies (CDCs) for real estate and large equipment
- Community Advantage Loan Program**
Loans up to \$250,000 through non-profit lenders for business personal property (FF&E) and working capital
- Microloan Program**
Loans up to \$50,000 through non-profit financial institutions (who also provide technical assistance) for working capital
- Military Reservist Economic Injury Disaster Loan Program**
Loans up to \$2 million directly through the SBA for working capital if a National Guard or Reserve small business owner or essential employee is called-up to active duty

Fee Relief for Veteran Borrowers: Zero upfront guaranty fees on select SBA Express Loans for members of the veteran and military small business community (including military spouses and widows)

Join the ranks of the next great generation of veteran business owners today. Visit www.sba.gov/ovbd to learn more.



Accessing Capital for Your Veteran-Owned Business

You've brainstormed, researched, and are almost ready to launch. How are you going to fund your new veteran- or military-owned business? The U.S. Small Business Administration (SBA) guides you through the process of accessing capital, debunking common misconceptions along the way.

FACT #1

The SBA is **NOT** a loan provider. Instead, you can receive an SBA-backed loan through your local lender.

! There is **one exception**: the SBA provides direct loans for disaster assistance, including the **Military Reservist Economic Injury Disaster Loan (MREIDL)** program.

FACT #2

Starting a business doesn't have to be expensive. Veterans typically need less than \$50,000 to start their business. In fact, 51% report using \$25,000 or less in capital for startup or acquisition.¹

FACT #3

Noting your military status may have its benefits.

zero upfront guaranty fees on SBA Express Loans.

FACT #4

Banks are not the only place to receive funding for your business. Nonprofit lenders may also provide access to capital. Connect with an SBA representative to learn more about the different types of certified lenders.

Accessing Capital Through the SBA

	WHAT	AMOUNT	FROM	FOR
7(a) Loan Program	Small business loans	Up to \$5M	Commercial lenders	Facilities, equipment, inventory, working capital, lines of credit
504 Certified Development Company Loan Program	Long-term loans	Up to \$5M	Certified Development Companies (CDCs)	Real estate, large equipment
Microloan Program	General loans	Up to \$50K	Non-profit lenders who also provide free training and technical assistance	Working capital, equipment, inventory, supplies
Community Advantage Program	General loans	Up to \$250K	Non-profit lenders	Personal property (FF&E), working capital
Military Reservist Economic Injury Disaster Loan Program (MREIDL)	Disaster loans	Up to \$2M	SBA	To meet necessary operating costs if a National Guard or Reserve owner or essential employee is called up to active duty

¹<https://www.sba.gov/sites/default/files/advocacy/435-veteran-owned-businesses-report.pdf> . All SBA services are extended to the public on a nondiscriminatory basis.

Want to learn what funding options are available for you and your veteran owned business?

Ready to connect with a lender?

Find your nearest Veterans Business Outreach Center at SBA.gov/VBOC.

SBA's Lender Match matches YOU—the borrower—with SBA-approved lenders. Get started at SBA.gov/LenderMatch



Government Contracting for Your Veteran-Owned Business

Tap into the U.S. Small Business Administration to navigate through the complexities of government contracting and learn how to best position your veteran owned business in the federal marketplace.

What is Government Contracting?

The process where you sell your goods or services to and for use by the government.



The process generally starts with procurement, where an agency defines their requirements and determines the best method for purchasing services.



Acquisition is what occurs once you've already won an agency contract.



Did you know?

U.S. government agencies buy nearly \$100 billion worth of goods and services from small businesses each year

Do I Need to Be Certified?

The government must adhere to certain set-aside guidelines—meaning there's a certain percentage of business set aside for different types of companies. Small Business Certification isn't necessary for day-to-day operations, but highly recommended if you're planning to sell to the government.

Here are a few certifications to consider if you're a veteran- or military-owned small business:

8(a) Business Development Program

51% owned and controlled by a socially and economically disadvantaged individual or group of individuals. Certain presumed groups include African American, Hispanic Americans, Asian Pacific Americans, and Subcontinent Asian Americans¹

Service-Disabled Veteran-Owned Small Business (SDVOSB)

At least 51% owned, operated, and controlled by one or more veterans with a service-connected disability

The federal government's goal is to award at least 3% of all contracting—and 3% of subcontracting—dollars to SDVOSBs each year.

Veteran-Owned Small Business (VOSB)

At least 51% owned and controlled by U.S. citizens who are veterans of the U.S. Armed Forces

Typically, this only certifies you to do business with the Department of Veterans Affairs (VA). While it's good for other agencies to know you are a certified veteran-owned small business (VOSB), many federal agencies have their own systems of self-certification for the businesses who wish to do business with them. Large businesses with subcontracting plans have goals to subcontract with veteran-owned businesses.

How Can I Prepare My #VetBiz for Government Contracting?



Training

The **Veteran Federal Procurement Entrepreneurship Training Program (VFPETP)** equips veteran businessowners with the knowledge and skills required to successfully enter and compete for government contracts. The program offers three levels depending on contracting experience – starting, growing, or expanding internationally.



Advising

Set up a meeting with a local **SBA District Office** or **SBA Resource Partner** – including Veterans Business Outreach centers (VBOCs), SCORE, Small Business Development Business Centers (WBCs) – to chat with an experienced adviser who can guide you through either the contracting or certification process.



Learning

The SBA's online tools, such as the **Government Contracting Classroom**, provide you with a basic understanding of the federal marketplace – and how you can start to position your business to compete for contracts.



Supporting

The SBA provides **surety bonds** for certain surety companies – and also covers the different types, including bid, payment, performance, and ancillary.

Surety bonds help small businesses win contracts by providing the customer with a guarantee that the work will be completed.

¹ According to the Small Business Act. Other individuals may be admitted to the program if they provide evidence of their disadvantaged status due to race, ethnicity, gender, physical handicap, or isolated residence. All SBA services are extended to the public on a nondiscriminatory basis.



TRANSITIONING SERVICE MEMBER



VETERAN



BUSINESS OWNER

USDA



Helping Transitioning Service Members and Veterans with Rural Small Business

Step 1:

Find out if your business is rural

- ✓ Visit bit.ly/usdabusinessmap to see if your business qualifies

You might be surprised!

Step 2:

Identify which program fits your business needs

- ✓ Loans and Loan Guarantees:
bit.ly/Loans-and-Loan-Guarantees
- ✓ Processing and Marketing of Products:
bit.ly/Processing-and-Marketing
- ✓ Energy Efficiency Improvements:
bit.ly/Energy-Efficiency-Improvements

Step 3:

Visit your local USDA Service Center

- ✓ Locate an office at bit.ly/usda-locator

For more information on USDA's Rural Development programs and services visit:

www.rd.usda.gov/programs-services

RURAL IS
CLOSER
THAN
YOU
THINK

Resource Links

- **Module 1**
 - [Transition Mission: Navy Veteran Starts Military Care Package Company](#)
- **Module 2**
 - [‘The Art of the Start – Guy Kawasaki’ - Video](#)
- **Module 3**
 - Market research tools
 - Business research and information
 - [SBDCNet.org](#)
 - General business statistics
 - [NAICS](#)
 - [USA.gov](#)
 - [US Census Bureau](#)
 - [Statistical Abstract of the United States](#)
 - Consumer statistics
 - [Federal Reserve Board - Data and Analysis](#)
 - [Consumer Credit Data](#)
 - [Consumer Product Safety](#)
 - Demographics
 - [Census Business Builder](#)
 - [Bureau of Labor and Statistics](#)
 - Economic indicators
 - [Consumer Price Index](#)
 - [Bureau of Economic Analysis](#)
 - Government Contracting
 - [Procurement Technical Assistance Centers](#)
 - Marketing Resources
 - [System for Award Management \(SAM.gov\)](#)
 - [Federal Procurement Data System \(FPDS.gov\)](#)
 - [Dynamic Small Business Search System](#)
 - [Subcontracting Networking System \(SubNet\)](#)
 - Other Resources
 - [USA Spending](#)
 - [GSA Subcontracting Directory](#)
 - [DoD Prime Contracting Directory](#)
 - [Veterans Institute for Procurement](#)
- **Module 4**
 - [Financial Projections Template](#)

Resource Links

- **Module 5**
 - [Choosing a Business Structure](#)
 - [How to Hire an Attorney](#)
 - [How to Write a Business Contract](#)
 - [Federal Contracting Guide](#)
- **Module 6**
 - [‘Money Game’ - Video](#)
 - [‘No, entrepreneurs, most of you don’t need angel investors or venture capitalists’ - Article](#)
 - [‘Where Do Startups Really Get the Money to Start?’ - Article](#)
 - [SBA Loans](#)
 - [USDA Loans](#)
 - [Calculate Your Startup Costs](#)
- **Module 7**
 - [Business Model Canvas Video](#)
 - [Business Model Canvas Template](#)
 - [SBA Business Plan Tools](#)
 - [SCORE Business Plan Tools](#)
 - [Local Assistance Finder](#)
- **Module 8**
 - [Veterans Business Outreach Center \(VBOC\) Program](#)
 - [SCORE Mentor Program](#)
 - [Small Business Development Centers \(SBDC\)](#)
 - [Women's Business Centers \(WBC\)](#)
 - [Procurement Technical Assistance Centers](#)
 - [SBA Export Assistance](#)
 - [SBA Surety Bond Program](#)
 - [Small Business Innovation Research \(SBIR\) Small Business Technology Transfer \(STTR\) Programs](#)
 - [SBA Office of Advocacy](#)
 - [USDA Eligibility](#)
 - [USDA Service Center Locator](#)
 - [USDA Small Business Programs and Services](#)
- **Other Resources**
 - [Office of Veterans Business Development Resources](#)
 - [Veterans Business Outreach Center \(VBOC\) Program](#)
 - [Boots to Business Revenue Readiness Course](#)
 - [SBA Learning Center](#)

GLOSSARY

ANGEL INVESTOR: An angel investor is an individual who provides capital for a business or businesses start-up, usually in exchange for convertible debt or ownership equity. Angel investors usually give support to start-ups at the initial moments (where risks of the start-ups failing are relatively high) and when most investors are not prepared to back them.

B-CORPORATION: A benefit corporation is a for-profit corporation recognized by a majority of U.S. states. Certified B-Corporations are different from C-Corporations in that B Corporations are dedicated to “social and environmental performance” in purpose, accountability, and transparency, but are not different in how they’re taxed.

BAIL TEAM: A network of key legal and financial entities that can help your small business succeed and grow; comprised of your Banker, Accountant, Insurance Agent and Lawyer.

BALANCE SHEET: A financial statement that reports a company’s assets, liabilities, and shareholder equity at a specific point in time.

BOOTSTRAPPING: Using creativity, ingenuity, or any means possible to obtain resources other than borrowing money or raising capital from traditional sources.

BREAK-EVEN ANALYSIS: A break-even analysis is a calculation of the point at which revenues equal expenses.

BUSINESS MODEL: A company’s plan for how it competes, uses its resources, structures its relationships, interfaces with customers, and creates and delivers value to its customers. See also, Economic Model definition below.

BUSINESS MODEL CANVAS: A one-page summary describing the high-level strategic details needed to get a business (or product) successfully to market.

BUSINESS PLAN: A written document describing all the aspects of a business venture, which is usually necessary to raise money and attract high-quality business partners.

C-CORPORATION: Refers to any corporation that, under United States federal income tax law is taxed separately from its owners.

CASH FLOW: represents the amount of money coming in, and going out, of a company or organization during a specific time period.

GLOSSARY

CASH FLOW STATEMENT: A statement that measures how well the company generates cash to pay its debt obligations and fund its operating expenses.

COMMUNITY DEVELOPMENT FINANCE INSTITUTION (CDFI): CDFIs are private sector financial institutions that are 100% dedicated to delivering responsible, affordable lending to help low-income, low-wealth, and other disadvantaged people and communities join the economic mainstream.

COMPETITIVE STRATEGY: A long-term action plan of a company which is directed to gain competitive advantage over its business rivals after evaluating their strengths, weaknesses, opportunities, and threats in the industry and comparing it with your company's own.

COMPETITOR ANALYSIS: A detailed evaluation of a firm's direct, indirect, and future competitors.

COPYRIGHT: A form of intellectual property law that protects original works of authorship, including literary, dramatic, musical, and artistic works, such as poetry, novels, movies, songs, computer software and architecture. A copyright does NOT protect facts, ideas, systems, or methods of operation.

CREDIT SCORE: A credit score is a three-digit number, usually on a scale of 300 to 850, that lenders use to evaluate the probability that an individual will repay loans in a timely manner. The higher the score, the better a borrower looks to potential lenders. A credit score is based on credit history: number of open accounts, total levels of debt, and repayment history, and other factors.

CROWDFUNDING: The use of small amounts of capital from a large number of individuals to finance a new business venture. Makes use of easy accessibility of vast networks of friends, family and colleagues through social media websites.

DEBT FINANCING: Money that is borrowed by a business and paid back, with interest, within an agreed time frame.

DEMAND: A customer's desire to purchase goods and services and willingness to pay a price for a specific good or service.

DIFFERENTIATION STRATEGY: A strategy that firms use to provide unique or different products to customers. Firms using this strategy typically compete on the basis of quality, service, timeliness, or some other dimension that creates a unique value for customers.

DIRECT COMPETITORS: Businesses offering identical or similar products/services.

GLOSSARY

ECONOMIC MODEL: A business economic model describes how your business works from an economic perspective. Simply put, it describes how the business captures the value a business creates and delivers to its customers, in the form of an economic return to the owner(s).

ENTREPRENEURSHIP: The vision to perceive and act upon opportunities in the environment coupled with the ability to create and build something from practically nothing.

EQUITY FINANCING: A way for businesses to raise capital by selling shares in the business. This differs from debt financing, where the business secures a loan from a financial institution.

FEASIBILITY ANALYSIS: A preliminary evaluation of a business idea to determine if it is worth pursuing.

FINANCIAL PROJECTIONS: Using existing or estimated financial data to forecast your business' future income and expenses. They often include different scenarios so the entrepreneur can see how changes to aspects of the finances (such as higher sales or lower operating expenses) might affect profitability.

THE FIVE C's: (Character, Capacity, Capital, Collateral, and Conditions) is a system used by lenders to gauge a borrower's creditworthiness.

FIXED COSTS: The costs that a company incurs in operating a business, whether that cost generates sales or not.

FRANCHISE DISCLOSURE DOCUMENT: A legal disclosure document that must be given to individuals interested in buying a U.S. franchise, as part of the pre-sale due diligence process. The document provides a clear picture of how the business relationship between the franchisee and the franchisor will be conducted.

FRANCHISING: A form of business organization in which a business (franchisor) that already has a successful product or service licenses its trademark and method of doing business to other businesses (franchisees) in exchange for fee and royalty payments.

FUTURE COMPETITORS: Businesses that are not yet direct or indirect competitors but could become competitors at any time.

GOVERNMENT LOAN GUARANTEE: A contractual obligation between the government, private creditors (such as banks and other commercial loan institutions) and a borrower that the Federal government will cover the borrower's debt obligation in the event that the borrower defaults. Note: In the event of a default, the borrower is still responsible for repaying the debt to the federal government.

GLOSSARY

INCOME STATEMENT: A financial statement that shows a company's income and expenditures. It also shows whether a company is making a profit or loss for a given period.

INDIRECT COMPETITORS: Businesses offering similar, but not exactly the same, products or services as another business.

INDUSTRY: A group of firms producing a similar product or service, such as airlines, fitness drinks, or video games.

INDUSTRY ANALYSIS: Business research that focuses on the potential of an industry.

LIFESTYLE COMPANY: Businesses that provide their owners the opportunity to pursue a particular lifestyle and earn a living while doing so (e.g., ski instructors, golf pros, tour guides).

LIMITED LIABILITY COMPANY (LLC): A form of business organization that combines the limited liability advantage of the corporation with the tax advantages of a partnership or sole proprietorship.

LIMITED LIABILITY PARTNERSHIP (LLP): Limited liability partnerships are similar to limited partnerships but give limited liability to every owner. An LLP protects each partner from debts against the partnership, but they won't be responsible for the actions of other partners.

LIQUIDITY: Refers to how easily assets can be converted into cash. Assets like stocks and bonds are very liquid. Large assets such as property and equipment, which take longer to liquidate, are not as liquid.

MARGIN: The difference between the cost price and selling price of a product or service.

MARKET: Any place where makers, distributors or retailers sell, and consumers buy. Businesses that operate in markets are usually in competition with other companies offering similar goods or services.

MARKET ANALYSIS: An analysis that breaks down the industry into segments and zeros in on the specific segment (or target market) to which the firm will try to appeal.

MARKET RESEARCH: The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors you face.

MARKETING STRATEGY: A firm's overall approach for marketing its products and services.

GLOSSARY

MICROLOAN: Loans up to \$50,000 to help start up, rebuild, re-open, repair, enhance or improve a small business. Loans are provided by SBA-backed nonprofit community-based organizations with experience in lending as well as management and technical assistance.

NONPROFIT ORGANIZATION: A nonprofit organization is a business that has been granted tax-exempt status by the Internal Revenue Service (IRS) because it furthers a social cause and provides a public benefit. The organization must explicitly state in its organizing papers that it will not be used for the personal gain or benefit of its founders, employees, supporters, relatives, or associates. Nonprofit organizations are sometimes called NPOs or 501(c)(3) organizations, based on the section of the tax code that permits them to operate.

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) CODES: Government applied industry codes based on products/services offered and primary business activity (in revenues).

OPERATING LEVERAGE: The extent to which a firm commits itself to high levels of fixed operating costs (which vary with time, such as insurance, rent, salaries but not interest) as compared with the levels of variable costs (which vary with volume, such as for energy, labor, material).

OPPORTUNITY: A favorable set of circumstances that creates a need for a new product, service, or business.

OPPORTUNITY RECOGNITION: The process of perceiving the possibility of a profitable new business or a new product or service.

PARTNERSHIP: A business organization in which two or more individuals manage and operate the business. Both owners are equally and personally liable for the debts from the business.

PARTNERSHIP AGREEMENT: A document that details the responsibility and the ownership shares of the partners involved in the organization.

PATENT: A government authority or license conferring a right or title for a set period, especially the sole right to exclude others from making, using, or selling an invention.

PRICE: The amount of money consumers pay to buy a product or service.

PRIMARY MARKET RESEARCH: Research that is original and is collected firsthand by the entrepreneur by, for example, talking to potential customers and key industry participants.

GLOSSARY

PRIME CONTRACTOR: Prime contractors work directly with the government. They manage any subcontractors and are responsible for ensuring that the work is completed as defined in the contract. To become a prime contractor, the business must be registered with the System for Award Management (SAM).

PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC): PTACS provide local, in-person counseling and training services for small business owners. They are designed to provide technical assistance to businesses that want to sell products and services to federal, state, and/or local governments.

PROFIT: When revenue generated from a business, exceeds the expenses and costs involving in sustaining it.

PROJECTIONS: Show the expected revenues, expenses, and cash flows of a business over a forecast period.

REVENUE: The income generated from sale of goods or services, or any other use of capital or assets, associated with the main operations of an organization before any costs or expenses are deducted.

REVENUE DRIVER: Anything that generates revenue for the company.

RISKS & ASSUMPTIONS: Risks are events that, should they happen, could cause a company's revenues or profits to be lower than what the owner had forecast, while assumptions are things you assume will be true in the future, such as customer needs, resources, financial factors, and the competition.

S-CORPORATION: A regular corporation that has between 1 and 100 shareholders and, that passes-through net income or losses to shareholders in accordance with Internal Revenue Code.

SBA LOANS: The SBA works with lenders to provide loans to small businesses. The agency doesn't lend money directly to small business owners. Instead, it sets guidelines for loans made by its participating lenders. SBA reduces the risk for lenders and makes it easier for them to access capital. This makes it easier for small businesses to get loans.

SBA RESOURCE PARTNER: A nationwide network of small business advisors that provide high-quality training and counseling, designed to meet the needs of small business owners.

SCORE: An SBA resource partner that includes the largest network of volunteer business mentors in the nation.

SECONDARY MARKET RESEARCH: Data collected previously by someone else for a different purpose that can be applied to an entrepreneur's market analysis.

GLOSSARY

SMALL BUSINESS DEVELOPMENT CENTER (SBDC): An SBA resource partner that provides management assistance to current and prospective small business owners.

SOLE PROPRIETORSHIP (D/B/A): The simplest business form under which one can operate a business. The sole proprietorship is not a legal entity. It simply refers to a person who owns the business and is personally responsible for its debts. D/B/A stands for “Doing Business As.”

SUBCONTRACTOR: Unlike prime contractors, subcontractors do not work directly with the government, but instead work for other contractors. Some government contracts require large companies to subcontract with a small business. This creates more opportunities for small businesses to get involved in federal contracting.

SUSTAINABILITY: The capacity of a business to endure through market fluctuations.

SYSTEM FOR AWARD MANAGEMENT (SAM): A federally operated information system that allows government agencies and contractors to search for companies based on ability, size, location, experience, ownership, and more. Businesses that want to bid on government contracts or receive grants must be registered in the SAM system.

TARGET MARKET: The limited group of individuals or businesses that a firm goes after or tries to appeal to at a certain point in time.

TRADEMARK: A recognizable insignia, phrase, word, or symbol that denotes a specific product and legally differentiates it from all other products of its kind.

TRENDS: A shift or change in the fundamental business dynamics within an industry.

USDA: The U.S. Department of Agriculture (USDA) is a federal agency responsible for developing and executing laws related to farming, forestry, rural economic development, and food. USDA also provides funding opportunities for rural small businesses through loans, loan guarantees, and grants.

VALUE PROPOSITION: A concise statement that summarizes why a consumer should buy a product or use a service. Should convince a potential customer that one particular product or service will add more value or better solve a problem than other similar offerings.

VARIABLE COSTS: Costs that are not fixed, that a company incurs as it generates sales. Costs will vary with sales: when sales go up, the cost to deliver those sales go up. When sales go down, the cost to deliver those sales go down.

GLOSSARY

VENTURE CAPITAL: Money that is invested by venture capital firms in start-ups and small businesses with exceptional growth potential.

VETERANS BUSINESS OUTREACH CENTER (VBOC): An SBA resource partner that provides business training, counseling and resource partner referrals to veterans, transiting service members, National Guard and Reserve members and military spouses.

VOLUME: The number of units of product or service a firm sells or provides.

WORKING CAPITAL: Cash and liquid investments that a business has on hand to pay for day-to-day operations.

WOMEN'S BUSINESS CENTER (WBC): An SBA resource partner that helps women succeed in business by providing training, mentoring, business development, and financing opportunities.

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