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Doing Business In Surprise

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About This Publication

This booklet is designed as a guide for the person who is starting a business or who already has an existing business in the City of Surprise. It includes information on licenses, permits, applications and other tools necessary to start and support a business. Please remember that the booklet serves as a guide and is not written to offer advice. Contents of this booklet should not be construed in any way as investment advice or counsel. Before investing money, consult an attorney, accountant, or other business professions.

We would like to thank many city, county, state and federal agencies for their help in making this publication possible. Every effort has been made to assure that this publication is as accurate and up-to-date as possible; however, the information contained is subject to change. If you have questions or suggestions for additional topics, please let us know.

Introduction: Is Entrepreneurship for You?

“In its most basic form, a business involves three activities: producing a product or service, selling it, and managing money.”

“What does it take to start a business?” a business professor once asked his students. “A business plan,” one student responded. “Venture capital,” another said. “A marketing strategy,” a third chimed in. After several other guesses, the professor supplied his students with the correct answer: “A customer!”

Without customers, a business is no longer a business, but rather a hobby. A business is an endeavor sustained by profits and the prospect of making more profits. Profits are typically incidental to the enjoyment of a hobby.

That’s not to say that starting a business is not also an enjoyable activity. In fact, it might be said the starting a business requires a high level of passion, similar to the devotion that many people lavish on a favorite avocation, such as collecting or crafts.

Yet running a business is far more complicated than taking up a “pastime.” In its most basic form, a business involves three activities: producing a product or service, selling it, and managing money. Without exception, entrepreneurs find that one of these three parts of the business is much more interesting than the others. Moreover, he or she may be good at one or perhaps two of these activities, but never all three.

So the basic questions that all entrepreneurs face are: Do I have a business idea that will draw enough customers to sustain itself? What part of this business am I passionate about and naturally good at? And where will I find other people who can help me with the parts of the business that I do not enjoy and don’t know how to do?

This last question is vitally important. It is virtually impossible for a person to start a business without help. Finding partners, allies, and potential key employees is a critical activity—one that should be undertaken as soon as possible. Finding others with complimentary skills and interests can save time, money, and plenty of hassles.

Having asked and answered those initial questions, there is something to be said for simply jumping in and getting started. No matter how much planning you do, at some point the plan must be implemented. Yet even a very small business can lose an astounding amount of money in a very short time, so it is probably wise to make as many mistakes as possible “on paper.”

Starting Your New Business

In its most basic form, a business involves three activities: producing a product or service, selling it, and managing money. There is no way to eliminate all the risks associated with starting a business. But you can improve your chances of success with planning and preparation. A good starting place is to evaluate your strengths and weaknesses as the owner and manager of a small business. Carefully consider each of the following questions:

Are you a self-starter?

It will be up to you---not someone else telling you---to develop projects, organize your time and follow through on details.

How well do you get along with different personalities?

Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers and professionals such as lawyers, accountants or consultants. Can you deal with a demanding client, an unreliable vendor or cranky staff person in the best interest of your business?

How good are you at making decisions?

Small business owners are required to make decisions constantly, often quickly, independently, and under pressure.

Do you have the physical and emotional stamina to run a business?

Business ownership can be challenging, fun and exciting. But it's also a lot of work. Can you face twelve-hour work days six or seven days a week?

How well do you plan and organize?

Research indicates that many business failures could have been avoided through better planning. Good organization---of financials, inventory, schedules, and production---can help avoid many pitfalls.

Starting Your New Business

“As soon as you can afford it, find someone else to do the aspects of your business in which you are weak, or those that are non-revenue producing.”

Is your drive strong enough to maintain your motivation?

Running a business can wear you down. Some business owners feel burned out by having to carry all the responsibility on their shoulders. Strong motivation to make the business succeed will help you survive slowdowns as well as periods of burnout.

How will the business affect your family?

The first few years of business start-up can be hard on family life. The strain of an unsupportive spouse may be hard to balance against the demands of starting a business. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

Chapter 2: Making a Business Plan

Within this chapter:

- *Business Plan Outline*

A business plan is a description of your business, including your product or service, your market(s), your people, and your financing needs. You should consider that a well-written business plan plays two important roles. First, it is a useful management tool that can help you plot a course for your company's startup and initial growth. Second, it is a vital sales tool you will use to impress potential investors with your planning ability and your general competence as a manager and a business person.

Your business plan will help you answer questions crucial to your success:

- What business am I really in?
- What will I sell?
- Where is my market?
- Who will buy from me?
- Who are my competitors?
- How will I get the work done?
- How will I control the operation?

Probably the most important question of all is: What will I get from being successful in this venture?

No one can answer these questions for you. As the owner-manager of your own business, you will have to answer them and draw up your own business plan. An effective plan should emphasize the strengths of the proposed venture, but it should also anticipate and deal with any potential problems or challenges to be faced. Your consideration of each point in the outline that follows will provide the basis for answering the questions above, plus others that will arise in your effort to launch your business.

The following outline offers a generalized but fairly detailed approach for writing a comprehensive plan for your new business venture. In some situations, only parts of this outline will be appropriate for your purposes. In others, the full outline should be used. In either case, however, you should always tailor the plan to your specific situation and objectives.

Sample Business Plan Outline

In summary, your business plan should describe the following:

- *Your company and its industry*
- *Your product(s) and/or service(s)*
- *The market and your marketing approach*
- *How you will make the product or deliver the service*
- *Who is involved in the company*
- *How much money the company needs and what you will do with it*
- *How successful (financially) you predict the company will be.*

By following these guidelines, you should be able to analyze your prospective business thoroughly and construct a plan that will guide you through initial start-up. The business plan will help impress and persuade investors in your ability to manage and in the potential of your company.

Will your business unfold exactly like the plan you draw up? This is very unlikely. Nevertheless, the process of planning is important. Things may not work out exactly as you had expected or hoped. But if you have a good plan, you will be much better prepared to make mid-course corrections when needed or take advantage of unexpected opportunities when they arise. Take your time, and be as comprehensive and thorough as you can be---a lot is riding on the outcome.

EXECUTIVE SUMMARY

This section should not be a mere listing of topics. It should emphasize the high points of your proposal including the following:

- Purpose of your plan
- Summary of the market potential
- Distinctive product/service features
- Brief description of expected financial results in first year or two
- Marketing and sales activities
- Organization and personnel
- Key reasons you feel the project or venture is workable at this time

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This section of your plan should be designed to help readers locate specific sections or points of interest in the plan. Use plenty of detail -- enough to help the unfamiliar reader find his or her way around your document.

Sample Business Plan Outline

COMPANY DESCRIPTION

Ask yourself, “What business are you in (e.g., selling cars or financing sold cars)?”

- Describe the new business in detail for the uninformed. (Be crisp and concise in your writing—get right to the point!)
- Justify the new business.
- If the new business will be similar to established companies, check available statistical data to demonstrate the chance for success.
- If the new business is based on an entirely new idea, state what contracts or commitments you have from potential customers. Explain what will be needed to ensure reasonable probability of success.
- Show comments from competent advisors who have no direct stake in the outcome. (*NOTE: Be sure to seek guidance from those who may have viewpoints different from yours.*)

What are your principal:

- Products or Services? (In clear, descriptive detail here---write for the uninformed or novice reader.)
- Markets? Who will buy what you hope to sell?
- Applications? Why will your intended market want to buy what you sell?
- What is your distinctive competence? What are the chief factors that you will do especially well which will account for your success?
- Quality customer service
- Production/Service delivery efficiencies
- Personnel
- Location
- Price
- Upgraded Features
- Unique Product/Service
- What are the key success factors you will need to concentrate on to make your business successful?

Sample Business Plan Outline

MANAGEMENT AND OWNERSHIP

Planning:

What is your basic strategy? Prepare a policy statement for your company that clearly articulates what you intend to be, where you intend to be, and where you intend to go (e.g., price leader, customer service turnaround).

Define your key operational goals (sales in dollars or units, profits expected, and any other meaningful measurements that will later serve as control points).

Organization:

What will be the legal form of your business? Why?

- C Corp.
- S Corp.
- Partnership
- Proprietorship
- Limited Liability Company

How will duties and responsibilities of managers, functions, and operative employees be organized?

How many people will you need (by type of skill)?

Staffing:

Who are (or will be) your key managers?

- What are their skills? Their relevant experience? How do they relate to the key success factors for your business?
- What is their track record? How do you feel this will help your business succeed?

How do you intend to attract and compensate key people?

Will you have a Board of Directors (or Board of Advisors)? List the people who will sit with you and their area of expertise.

Where will you find and how will you attract operative personnel?

How will you compensate them? What incentive plans will you use?

Have working conditions been designed to be desirable and practical?

Do you have an established procedure for the following:

- Selecting and hiring new employees?

Sample Business Plan Outline

- Inducting and orienting new employees?
- Training and following up with new employees?

Do you have an established procedure for discipline and/or termination of unsatisfactory employees?

Which outside services will you use:

- Banker?
- Accountant, CPA, or tax advisor?
- Attorney?
- Insurance advisor?
- Other consultants?

Directing:

Which management and leadership style will be appropriate for your business?

What plans do you have to assure complete and accurate communications within your company?

How will you handle employee problems, complaints, and grievances?

How will you handle emergencies?

Control:

Do you have budgets set for the following:

- Revenue expectations?
- Expense items?
- Profit projections?

What is your basic timetable?

What are your control milestones and deadlines?

Do you have a back-up plan? (What if things don't go as you hope?)

What triggers your back-up plan? (Know in advance what you will do in a crisis; don't wait until you become emotionally involved---you won't think objectively.)

Marketing Environment:

Describe in detail how any of these might affect your business or its sales potential:

- The economy and economic forces at work
- Regulatory agencies or governmental controls over your industry or firm

Sample Business Plan Outline

- Technology and high-tech changes

Test Marketing:

Have you conducted any preliminary or test market studies?

If so, what were the results? What were the reactions of prospective customers?

Did they see a prototype or did you just describe the idea and ask for their response?

Lead Times:

How long does it take between customer order placement and product or service delivery on:

- Initial orders?
- Reorders?
- Volume purchases?

OPERATIONS

How will you accomplish production or conduct service operations?

How much will you do internally and by which methods?

How much will you subcontract:

- At start-up and for the first year?
- In future years?

What is your present capacity for production or for operations? (*How much can you produce now?*)

Is this adequate for near-term needs?

How can this be expanded when growth demands more capacity?

Is your facility designed with operations and workflow efficiency in mind?

What production or operating advantages do you have? How can you capitalize on them?

What are the critical parts or components you need to use to produce your product or service?

Do any of these parts come from a single source or sole source? Do you have back up vendors to assure continuity of supply and quality?

What are the lead times involved between the time you order the part and the time you actually have it?

What are the standard costs for production at different levels of production?

Sample Business Plan Outline

Location:

Why did you (or will you) locate in the location you have selected? Are there significant strategic or logistic reasons?

Does your location offer flexibility or opportunity for growth?

Is your location well suited for the following:

- Transportation needs and requirements (access, delivery load/unload, etc.)?
- Customer needs (can they find you and get to you easily)?
- Local zoning and laws which may affect your right or ability to do business there?

What recent developments or trends (such as population growth) might have an impact in the future on your choice of location?

Regulations and Laws:

Which regulations must be complied with in your business (federal, state, and local)? Examples: Licenses, permits, registrations

What police, health department, fire, OSHA, or other safety regulations apply to your business? What have you done (or will you do) to assure compliance?

Which regulations govern the use of a business or trade name? Your brand name? Trade marks? Patent protection? Non-competition agreements? Other significant legal protection?

Trade or Consumer Credit:

How will you evaluate and approve credit applications?

Will you use the services of a credit checking service or bureau?

What information will you need or want to collect before evaluating credit applications?

How will you monitor and control collections of accounts receivable?

What will you do if someone does not pay you? Which credit collection policies and procedures will you use?

What will you do if you must write off the accounts as bad debts?

FINANCES

- ***Present Financial Statements (Include these statements for any relevant past operating periods as appropriate.)***
- ***Balance Sheet (three years plus current)***

Sample Business Plan Outline

- ***Profit and Loss Statement (Income Statement) (Past three years, if possible, plus current)***
- ***Future (Pro Forma) Financial Statements:***
 - Year-end balance sheets for the first full year of operations
 - One-year profit and loss statements by month or by quarter at least until break-even, then yearly to cover a five-year period into the future (with detailed assumptions).
NOTE: It is common to present monthly statements for the first two years.
 - Clearly defined break-even point, including the timing of reaching break-even and the important assumption used in reaching your conclusion.
 - Other planning tools, such as the following:
 - Cash budgets
 - Cash flow projections (monthly)
 - Capital budgets (large, important purchases for equipment or buildings; other major acquisitions planned in the future, etc.)
 - Manufacturing and/or shipping plan or sales budget

Clearly identify all key assumptions which have been made in your pro formas, why you used them instead of reasonable alternatives, and give your assessment of how reliable or how valid they are likely to be. (Do a reality check.)

Sources and Uses of Funds:

How much money do you or will you need to begin operations?

How much money will you need over the next five years if the business succeeds as you are projecting?

When, exactly, will extra money be needed and how will it be used?

What will be the source of these funds?

Equity sources: Specify how much ownership you/or others will have in the business.

Debt sources: Specify how much money you will borrow.

- Which terms will you need for repaying the loan (how many years will you need the payback period to be and what size and frequency of payments)?
- Where will the money come from to meet the repayment schedule for all borrowed money?
- What collateral (if any) will you pledge as security?

Sample Business Plan Outline

- What is your back-up plan to repay debts if the business does not work out as you hoped?

Do you have any plans to offer stock for sale? (Discuss them here. Include the size of the offering, how much capital you hope to raise, and the timing of the offering).

START-UP SCHEDULE AND TIMETABLE

Provide a list of activities, in sequence, which must be accomplished to prepare for the start-up of the business. (Use a fair amount of detail, listing all the major milestones and requirements which must be met before you can launch the business.)

Provide a timetable, showing when each step is to be completed and the relationships that are interdependent. Also list important commitments which must be met.

CRITICAL RISKS AND POTENTIAL PROBLEMS

List and discuss the critical risks or other important factors which might have a negative bearing on the outcome of the start-up plan or the business venture in the foreseeable future. Discuss your actions and defenses to eliminate or mitigate the impact of negative factors.

List any potential problems that might arise. Discuss the probability that they will occur, and discuss the severity of the impact if they should occur. Present your plan to reduce or eliminate potential problems. (What will you do to see that they do not happen, or if they do happen, that the negative consequences are minimized?)

APPENDICES OR EXHIBITS

- Resumes of your key managers
- Pictures of the product or of the service to be offered
- Detailed descriptions of the product or of the prototype
- Professional references or testimonials. Show your relevant track record
- Market studies: relevant articles from trade journals, contacts or commitments from prospective customers, etc.
- Copies of relevant patents, copyrights, or other legal protection, documents, or certifications, which you are required to obtain
- Anything else which you feel is relevant and which would help make your business plan comprehensive and complete.

Chapter 3: Marketing Your Business

DESIGNING PRINTED MATERIALS

Pick one business to use on one business card. Don't mix businesses of different types. No one will take you seriously. Others will wonder what you're really good at.

Within this chapter:

- A [sample marketing plan outline](#)

Have stationery and business cards printed. When you can afford it, develop a custom logo. It can be as simple as the typeface you choose for your company name. Your logo should tastefully and consistently appear on everything your company produces. When designing your business cards, the order of importance should be phone numbers, what you do, your name, company name, address, fax number and then E-mail address. Make sure your phone number is large and easy to read.

MARKETING YOUR BUSINESS

Be able to accurately describe your business in 20 words, preferably less. Always include your "specialty" in your description. Write it out if you have to, then commit it to memory. You'll be glad you did when you introduce yourself at networking events.

Market your business constantly. It will make you look successful, even when you're not yet.

You'll need to be ready to sell your business to a lot of people in order to achieve success. According to "Sales by the Numbers:"

Individuals need about 6 or 7 exposures to a product or service before they are ready to make a "buy" decision.

You will usually need to demonstrate or explain your product or service to 5 people in order to make 1 sale.

To get 1 person to listen to your "pitch" you will need to approach 40 people. In other words, you usually need to reach 200 people to make one sale.

You must be committed to networking and advertising for the long run. Know that results don't come overnight. The same is true with advertising. Just because you don't get a response the first, second or third time you run

Marketing Your Business

Additional Resources

Further resources can be found online at the Small Business

Administration's Online Women's BusinessCenter at <http://>

www.onlinewbc.gov/docs/market/ - a stop for training and information on a wide variety of marketing, public relations and advertising topics.

your ad doesn't mean no one noticed. It only means that they don't need your product or service right now. They may set it aside for future reference or remember you when someone needs a referral.

Ask potential customers for their business! Ask your current clients or customers for referrals. Ask your customers what type of services they would like you to provide and how to make what you offer more attractive to them. Become highly skilled at listening. Your customers will tell you what direction your business should take. Your customers will also become your best sales force, and referrals are the backbone of most successful companies.

You may have chosen your business because it seemed fun, but you must also make a living.

Minimize the number of jobs you "discount" for family and friends. Remember that your time is money.

Join a professional association such as the Northwest Valley Chamber of Commerce, leads or networking groups, or other organizations that will help you promote your business. One way to find info on leads clubs is to go to <http://www.azcentral.com> and then search for "business calendar." Another is the Self-Employment Loan Fund's Professional Entrepreneurs' Group in Phoenix at their Small Business Development Center. Call 602.340.8834 or web page <http://www.selfloanfund.org/>.

In his article "Avoid These 6 Marketing Mistakes," Scott Clark cautions that...no matter what the size of your business, marketing mistakes can doom your sales performance. Great looking ads, fancy logos or flashy Web sites are worthless if they don't generate new business. Although some marketing mistakes are very subtle, a half-dozen of them contribute to a significant number of business failures each year. Make sure you avoid this sextet of manholes.

Lack of a unique selling position: Do you want your business to be a market leader as opposed to a follower? Then you must be able to define what makes your company unique through your customers' eyes. Paint a clear picture identifying why they should want to do business with you rather than with well-established competitors.

Marketing Your Business

Focusing on features rather than customer needs: Consumers want to solve needs, not buy products. Think of your customers as holding a sign that reads, “What will it do for me?” If you answer that question, you could close the sale.

Making it difficult to do business with you: When potential customers contact your business, are they greeted in a prompt and friendly manner? Are members of your sales staff sufficiently knowledgeable to provide the answers customers want? Is it easy for customers to work with your business?

Put yourself in your customers’ shoes to spot weak points within your business that may need shoring up. You, not your customers, should shoulder any effort or struggle required to close a sale.

Not eliminating customer risk: Customers wanting something and willing to part with their hard-earned money are two different issues. You can make their buying decision easier if you can eliminate any perceived risk. If you are in the service business, offer them a free consultation. If you sell products, offer them a money-back guarantee.

Not maintaining and utilizing a current customer database: Your customer list is pure gold. Keep cultivating it. Send them birthday cards or congratulatory notes whenever appropriate. Ask for referrals (and offer subsequent discounts if the referrals result in new orders).

Not using emphasis in print advertisements: Ads filled with words are a waste of money. Most consumers glance at print advertisements for only a couple of seconds. If you don’t grab them in that instant, their eyes will wander elsewhere. Use emphasis techniques for your key points (bold headlines, color, bullet lists, etc.) to capture their attention quickly and make them want to read on. Steer clear of these manholes, and you will have started to develop a customer-focused foundation for your company.

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Marketing Plan Outline

MARKETING ANALYSIS:

- What industry are you in?
- How big is it now? How big will it be in five years?
- What are its chief characteristics? (How do you describe it in a few words and where is it in the life cycle?)
- Who are (or will be) the major customer(s)?
- What are (or will be) the major applications(s) of your product or service? (How will it be used?)
- What are the major trends in the industry that might affect your business?

TARGET MARKET:

- Who are your potential customers?
- How will you identify them?
- What are their needs or wants that your product or service will fill?
- What is the extent those needs or wants are currently being met?
- How will you communicate with them? (How will they know about your product or service?)

YOUR COMPETITION

- Who are (or will be) your major competitors?
- Why are they successful? What are they doing right?
- What is the approximate market share commanded by each major competitor in your field?
- What are the trends shown by the competition in your field?
- What are the available substitutes for your products or service?
- How important are they in the total market you intend to serve?
- Why do you expect your target market to leave your competitors and available substitutes to buy from you?

Marketing Plan Outline

- What is (or will be) your distinctive difference -- the one thing that will separate you from all competitors and substitutes?

THE MARKETING MIX

Product:

- Describe in detail your product or service.
- Describe its history, its position in the industry, and any future trends.
- For what purposes are your products or services used?
- What are the important features of your product or service?
- Are any of these proprietary features?
- Are your proprietary features legally protected?
- What are the benefits to the customer of your product or service?
- What stage of the product life cycle will your product or service be in?
- What is the product classification of your product or service?
- What are your plans for future development of your product or service?
- What are your plans for a follow-up product or service to replace this one?
- What are policies regarding service and warranties?

Price:

- What is the pricing history of your product or service?
- by distribution method, or
- by geographic area or territory, or
- by any other relevant classification?
- What are the current pricing trends?
- What do you expect for the future?

Marketing Plan Outline

- What is your pricing strategy? Why did you select it?
- Introduction; to gain acceptance in the marketplace
- To maintain or to increase market share

Profit impact

- How do your nearest competitors set their price?
- What will you do in response to price changes by your competitors?

Distribution (Place) (Channels and Methods):

- Through what channels are your products and services currently sold?
- What functions do these channels perform?
- How effectively do these channels cover the potential market?
- What geographical area do you plan to serve?
- How will you physically move products from one location to another?
- How will you monitor and control your inventory?
- How will you know when to reorder stock?

Promotion:

- What exactly are your advertising plans? (How do you intend to make your target market aware of your firm and its offerings?)
- What is your advertising budget?
- What are your plans for generating publicity about your business or its products or services?
- How will you sell your product or service? Describe your sales force in detail. List who will sell, their background and training, and so on.
- Will you use any sales promotion techniques? Describe them, why you selected them, and what you expect them to do for your sales.

Chapter 4: *Selecting the Right Location*

Within this chapter:

- ***Determine important factors in the location of your business***

To find specific available sites within the City of Surprise, you can contact a commercial realtor or broker. The Economic Development Department has also compiled a list of retail and industrial site contacts:

[*Retail \(Commercial/Office\):
Commercial Site Map*](#)

[*Industrial:*](#)

[*Employment Sites Map*](#)

The choice of a location may have a profound effect on the success of your business. Therefore, this aspect of your planning should be given great consideration. From *Entrepreneur Magazine*, Rieva Lesonsky states, “One expert will tell you location is absolutely vital to your company’s success; another will argue that it really doesn’t matter where you are—and they’re both right. How important location is for your new company depends on the type of business, the facilities and other resources you need, as well as where your customers are.

“If you’re in retailing or if you manufacture a product and distribution is a critical element of your overall operation, then geographical location is extremely important. If your business is information- or service-related, the actual location takes a back seat to whether or not the facility itself can meet your needs. “

“Regardless of the nature of your business, before you start shopping for space, you need to have a clear picture of what you must have, what you’d like to have, what you absolutely won’t tolerate and how much you’re able to pay. Developing that picture can be a time-consuming process that is both exciting and tedious, but it’s essential that you give it the attention it deserves. While many start-up mistakes can be corrected later on, a poor choice of location is difficult—and sometimes impossible—to repair. “

Some of the items to research and assess include the following:

TYPES OF LOCATIONS, excerpted from Rieva Lesonsky:

Home based

You can run a home based business from an office in a spare bedroom, the basement, the attic—even the kitchen table. On the plus side, you don’t need to worry about negotiating leases, coming up with substantial deposits or commuting. On the downside, your room for physical growth is limited and you may find accommodating employees or meetings with clients a challenge.

Businesses must comply with the same license and permit requirements as a commercial location, including applicable sales tax licenses, trade or professional licenses, residential zoning and homeowner’s association rules.

Selecting the Right Location

Among the factors to consider in obtaining approval is whether you will increase traffic substantially, the ease of access for your clients and suppliers, and if there is any pollution created, including excessive noise.

[City of Surprise Home Based Business guidelines are on page [13](#).]

Retail

Retail space comes in a variety of shapes and sizes and may be located in enclosed malls, strip shopping centers, free-standing buildings, downtown shopping districts or mixed-use facilities. You'll also find retail space in airports and other transportation facilities, hotel lobbies, sports stadiums, and a variety of temporary or special event venues.

Mobile

Whether you're selling to the general public or other businesses, if you have a product or service that you take to your customers, your ideal location may be a car, van or truck.

Commercial

Commercial space includes even more options than retail. Commercial office buildings and business parks offer traditional office space geared to businesses that do not require a significant amount of pedestrian or automobile traffic for sales. You'll find commercial office space in downtown business districts, business parks, and sometimes interspersed among suburban retail facilities. One office option to consider is an executive suite, where the landlord provides receptionist and secretarial services, faxing, photocopying, conference rooms and other support services as part of the space package. Executive suites help you project the image of a professional operation at a more affordable cost than a traditional office and can be found in most commercial office areas. Some executive suites even rent their facilities by the hour to home based businesses or out-of-towners who need temporary office space.

Industrial

If your business involves manufacturing or heavy distribution, you'll need a plant or warehouse facility. Light industrial parks typically attract smaller manufacturers in nonpolluting industries as well as companies that need showrooms in addition to manufacturing facilities. Though industrial parks are generally newer and often have better infrastructures, you

Selecting the Right Location

Additional Resources

For City of Surprise demographic info, go to the [Economic Development Department home page](#).

Also contact:

- *The U.S. Census Bureau 800-253-1882 www.census.gov. Its Fact Finder may be useful—[click here](#)*
- *Arizona Department of Commerce, Community Development Division: [Community Profiles](#), [County Profiles](#)*
- *The Northwest Valley Chamber of Commerce*
- *Local libraries*
- *[City of Surprise web page](#)*

may also want to consider any free-standing commercial building that meets your needs and is adequately zoned.

BUY OR LEASE

One of the first decisions you must make is whether to purchase property and construct a new building, modify an existing building or lease a site. There are many issues to consider in making this decision. You should consult with an attorney, accountant and real estate professional for assistance and information.

CLIENT BASE

Where are your current and targeted customers located? Use a map and pins to identify client locations. This information will assist you in selecting a site.

TRAFFIC COUNT

Determine the traffic passing potential sites. You can make this study or, in many cases, the city, county or state traffic engineers will provide official counts of auto traffic. Commercial real estate agencies often have considerable research data on this subject.

THE RIGHT SIDE OF THE STREET

Some retail products and services are most attractive to customers on their way to work - like coffee and pastry shops. Some chambers of commerce have very detailed studies of traffic, existing business data and other valuable information. Contact the Northwest Valley Chamber of Commerce at 623.583.0692 or www.northwestvalley.com.

DEMOGRAPHICS

What changes are taking place in that area? Is the population age shifting? What is the income level? Does the local population fit your target market profile? Sources of information may include the US Census Bureau, Arizona Department of Commerce, Northwest Valley Chamber of Commerce, and City of Surprise websites.

TYPE OF LOCATION

Commercial locations include individual or stand-alone buildings, neighborhood strip centers with a few stores, “power centers” with a ma-

Selecting the Right Location

major tenant and several complementary businesses, and regional malls, usually with three or more major anchor stores.

NEARBY STORES

Are neighboring stores compatible or complementary to your business? Will they help attract business to your establishment?

PARKING

Does the site provide adequate parking for your customers and employees? Will your customers have to compete with employees of the area businesses to find a place to park? Is the parking lot easy to enter and exit? What is its overall condition? Is it well illuminated at night? Is adequate parking provided for handicapped customers?

CONDITION OF THE BUILDING

Carefully check the condition of the building and calculate the modifications required to meet your needs. Do the building and property meet current zoning and other local requirements? Has the owner maintained the building and property or is the location in need of repair? What do other tenants say about the owner's willingness to make repairs and do preventive maintenance?

TOTAL COST OF THE LEASE

Cost of the lease is calculated a number of ways. Some items to consider include:

- Exterior building maintenance
- Tenant improvements
- Common area expenses
- Insurance
- Utility costs
- Security services
- Taxes
- Flat lease rate and/or percentage of your business revenue
- Increase in lease based on changes in the consumer price index

For an online article
"Understanding Rental
Rates" from
Cityfeet.com—click [here](#).

Selecting the Right Location

Additional Resources

To find out about zoning restrictions within the City of Surprise, go to the [city web page](#) then Home > City Departments > Community Development > Planning & Zoning > [municipal code](#). Search for the type of business. For further information on zoning, contact the City of Surprise Planning and Zoning Division at 623.875.1088 or lisa.padron@surpriseaz.com.

The City of Surprise Small Business Assistance Program (SBAP) can be of assistance – contact us at 623.875.4326 or econdev@surpriseaz.com.

TERMS OF THE LEASE

Lease terms can be confusing to the business owner. Many commercial brokers provide a glossary of terms commonly used in leasing space to businesses. Other considerations include dispute resolution, required hours open for business, and whether future expansion is possible at reasonable rates.

HISTORY OF THE SITE

Why is the potential location available? How long has the site been vacant? What caused the previous tenant to leave? If several businesses have failed at that site, you may wish to carefully consider your odds for success.

DEALING WITH ZONING RESTRICTIONS

Find out, first of all, whether there are any zoning restrictions in your area. If there are, make sure you talk to someone well-versed in the intricacies of zoning restrictions, which can be complex, to say the least.

Keep the following general questions in mind as you investigate restrictions in your area:

- How is my property zoned--as residential, commercial, industrial or agricultural? Based on that, what are the specific limitations?
- Are there restrictions on vehicular traffic or parking?
- Are there restrictions on the use of outdoor signs?
- What are the restrictions on having employees and customers on the premises?
- Am I allowed to sell items on the premises?
- Are there restrictions on indoor or outdoor storage of materials?

PROFESSIONAL REPRESENTATION

You should obtain professional assistance in negotiating a commercial lease. Leasing agents or brokers fall into two categories — those who represent building owners and those who represent tenants. Lease negotiations may directly affect the success or failure of your business. You should obtain the professional assistance of your own broker, attorney, accountant, insurance agent, banker and architect. While many of these items may not seem important when you are beginning to look for a site, they are extremely important for the long-term success of your business.

Chapter 5: Choosing a Legal Structure

Within this chapter:

- *Determine which form of business structure is most appropriate for your operations*

Establishing a business in the City of Surprise is a simple process. The first step is to determine which form of business structure is most appropriate for your operations. To do this, an analysis of the various legal and tax-related implications associated with the forms of business structure must be conducted. In Arizona, as in all states, several business structures exist. The four most common are:

- sole proprietorship
- general and limited partnership
- limited liability company
- corporation

The following information provides a brief description of each business structure, including general advantages and disadvantages. In addition, it is recommended that an attorney and/or certified public accountant should be consulted for further information and advice on selecting the appropriate structure for your business. Once you have determined the legal structure of your business, the next step is to complete the necessary registration requirements including those set forth by the City of Surprise.

SOLE PROPRIETORSHIP

The sole proprietorship is the simplest and most common form of business organizations. A sole proprietorship is defined as a business that is owned by one individual. The owner is personally responsible for all debts of the firm. Profits are considered as personal income and taxed accordingly.

Advantages:

- Minimum legal restrictions
- Ease of formation/disposition
- Low start-up costs
- Sole ownership of profits
- Maximum freedom in decision-making

Disadvantages:

- Unlimited liability
- Less available capital than in other types of business organizations
- Relative difficulty in obtaining long-term financing
- Income tax cannot be deferred by retaining profits. All profits subject to self-employment tax.

Choosing a Legal Structure

Additional Resources

H&R Block Small Business Resources article on legal structure for small business:

http://www.hrblock.com/sbr/resources/article_bus_struc.html

If the business is going to be a sole proprietorship operating under a name other than your own, you should register the business name (commonly known as “doing business as” or “DBA”) with the Arizona Secretary of State’s Trademark and Trade Name registration office and the Maricopa County Recorder’s office. (See end of chapter for contact information.)

Obtain a business name registration form from an office local stationery or legal-forms store and remit it with the required fee(s) to the Maricopa County Recorder.

GENERAL PARTNERSHIP

A general partnership is an association of two or more persons joined together to carry on trade or business for profit. As in the sole proprietorship, partners are personally responsible for all debts of the firm. The partnership’s existence is usually formalized through preparation of a partnership agreement. Formal partnership agreements should be prepared by, or at least reviewed by, an attorney. In general, partnership agreements outline each partner’s share of income, gain, loss, deductions, credits, and methods to dissolve the partnership under various situations including death of one or more partners.

Advantages:

- Ease of formation
- Direct rewards
- Broader management base

Disadvantages:

- Unlimited liability of general partners
- Divided authority in decision-making
- Difficulty in disposing of partnership interest
- General partners are liable for actions of other partners
- Fringe benefits to partners not tax free

General partnerships transacting business in Arizona under a fictitious name, or a designation not showing the names of the partners, should register the business name “doing business as” or “DBA” with the Arizona Secretary of State’s Trademark and Trade Name registration office and the Maricopa County Recorders office.

Choosing a Legal Structure

Additional Resources

Arizona Secretary of State's Trademark and Trade Name Office

Phoenix Customer Service Center

14 N. 18th Ave just across street from the Capitol Executive Tower

Mailing Address

1700 West Washington, 7th Floor

Phoenix, AZ 85007-2888

Phone (602) 542-6187 or 800.458.5842

Web site www.azsos.gov/business_services/trademarksandtradenames.htm

Email trades@azsos.gov

LIMITED PARTNERSHIP

This is similar to the general partnership with several major differences. Some of these differences include:

At least one person must be identified as a general partner and be responsible for the operation and liability of the organization

Limited partners are not active managers of the business and are not liable for the organization's debts, etc.

If the business is a limited partnership, domestic or foreign, you are required to register with the Arizona Secretary of State's Trademark and Trade Name registration office and the Maricopa County Recorders office

To qualify for S Corporation status, a corporation must meet the following requirements:

- Must be a domestic corporation, shareholders must be citizens or residents of the United States
- It must have only one class of stock
- It must have no more than 75 shareholders
- Only individuals, estates, certain trusts, and certain charities may be shareholders
- All shareholders consent to the corporation's election of S Corporation status
- The corporation has a permitted tax year

IRS Form 2553, Election by a Small Business Corporation, is filed to indicate the choice of S Corporation status. The corporation must qualify as an S Corporation at the time it files Form 2553.

Due to the complexities involved with meeting and maintaining S Corporation status, please consult an attorney or your Certified Public Accountant.

Advantages:

- Limited liability
- Avoids double taxation of profits
- Profits passed through are not subject to SE tax as in a partnership

Choosing a Legal Structure

Arizona Corporation Commission

1300 W. Washington Street

Phoenix, AZ 85007

(602) 542-3230

www.cc.state.az.us

<http://www.cc.state.az.us/corp/filings/forms/packets.htm>

Maricopa County Recorder's Office:

Main Office (Downtown)
111 S. Third Ave., Phoenix
AZ 85003

Phone: 602-506-3535

Southeast Office (Mesa)
222 E. Javelina, Mesa AZ
85210

Phone: 602-506-3535

<http://recorder.maricopa.gov>

Disadvantages:

- Less flexibility in choosing a tax year
- Less flexibility in who can be shareholder
- Contribution limits to a qualified retirement plan are based on employee/shareholder wages, not overall profits such as a sole proprietor
- Fringe benefits not tax free to employee shareholders who own more than 2% of the corporation

For more information on S Corporations, obtain IRS Publication 589 Tax Information on S Corporations from the:

IRS Forms Distribution Center

Rancho Cordova, CA 95743-0001

(800) 829-3676

To incorporate your business, contact the Arizona Corporation Commission.

LIMITED LIABILITY COMPANY (LLC)

LLC's are created and regulated under laws of each individual state. An LLC is allowed to possess the limited liability characteristics of a corporation, but is treated as a partnership for federal tax purposes.

Advantages:

- Same pass through features of an S Corporation which avoids double taxation of profits.
- Flexibility of a Partnership without the restrictions of an S Corporation
- Can have more than one class of stock
- Number of members not limited
- Any entity can be a member
- Flexibility in profit/loss allocation
- Limited liability protection for all members.
- Any LLC member can participate in management without being exposed to personal liability.

Choosing a Legal Structure

Advantages, continued:

- Contribution of property to an LLC is tax free regardless of how much control the contributing partner has.
- Liquidation of an LLC as a partnership is generally a tax-free event.
- Not required to file annual reports with Corporation Commission

Disadvantages:

- LLC must have 2 members to file as a partnership for federal tax purposes. A single-member LLC files a Schedule C as a sole proprietor.
- Earnings are generally subject to self-employment tax.
- State law may limit the life of an LLC.
- Lack of uniformity in LLC statutes. Businesses that operate in more than one state may not receive consistent treatment.
- Conversion of an existing business to LLC status could result in tax recognition on appreciated assets.
- Fringe benefits to partners not tax-free

To register a Limited Liability Company, domestic or foreign contact the Arizona Corporation Commission. (See end of chapter for contact information.)

NON-PROFIT CORPORATIONS

There are over a dozen different types of corporations approved by the Internal Revenue Service (*IRS*) as Non-Profits. These organizations are usually developed and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition (*under certain restrictions*), or the prevention of cruelty to children or animals. The organization must be a corporation, community chest fund or foundation. A sole proprietorship or partnership will not qualify.

Other organizations that may qualify include: civic leagues, social welfare organizations, labor, agriculture and horticultural organizations, business leagues, social and recreation clubs, fraternal beneficiary societies, etc.

For a free IRS booklet on this subject, call (800) 829-3676 and request publication 557. To register a non-profit corporation, contact the Arizona Corporation Commission.

More information from the ASU Center for Nonprofit Leadership and Management:

http://www.asu.edu/copp/nonprofit/asst/asst_ask_faq_how.htm

Chapter 6: Protecting Intellectual Property

Within this chapter:

- *Trademark, copyright and patent registrations*

Many intangible assets of a business should be legally protected. Trademark, copyright and patent registrations can help a business protect the things that give it a competitive advantage in the marketplace.

According to Richard Schell's "...Guide to Intellectual Property Law,"... making decisions about intellectual property assets involve much the same process as deciding about any other property used in business. How much protection the innovator might need and how much he or she might want to spend for it is ultimately a business decision. Intellectual property protection of a hot commodity can be worth millions; but all the protection in the world won't save a dud and make it into a product worth protecting.

Intellectual property controls the ownership of ideas and their expression. Four main areas of law protect intellectual property: patent, copyright, trademark, and trade secret.

PATENTS

Patent law is the form of intellectual property most people immediately think of because it controls mechanical inventions, plants and processes. Under this arrangement, society receives the benefits of innovation and the inventor gets an exclusive monopoly on the idea for a period of years. Patents are expensive, time-consuming and relatively difficult to accomplish as a do-it-yourself project. Inventors should be aware that U.S. law provides that, after disclosing the idea, the inventor must patent the idea within one year or lose the chance for patent protection for the invention.

A host of free or inexpensive services should be explored before paying out any money for patent information. The best place to start is the US Patent and Trademark Office at <http://www.uspto.gov/>, or the Maricopa College Small Business Development Center at <http://www.dist.maricopa.edu/mccdsbdc/>

COPYRIGHTS

A second type of government protection of intellectual property, copyright, closely resembles patents. Both require registration and are meant to encourage progress in society by offering innovators what amounts to protection of

Protecting Intellectual Property

Additional Resources

Intellectual Property Seminars are offered regularly by the Phoenix SCORE (Service Corps of Retired Executives). See its web site at <http://www.scorephoenix.org/workshop.html>

Q: Where can I get information about international patents, trademarks and/or copyrights?

A: Several Arizona law firms have specialists in international patents, trademarks, copyrights, intellectual property protection, etc. To contact one of these law firms, call the State Bar of Arizona (602-252-4804).

the expression of their ideas for a period of years. However, unlike patents, copyright protection requires far less time and expense. For example, a form of copyright exists the moment the product is created. However, this right only offers modest protection compared to those rights, which are available with federal registration.

However, patents and copyrights differ significantly...While a patent can protect an idea regardless of whether the idea is used, copyrights can only protect the expression of an idea in a tangible medium. For example, a copyright could be registered for a book about a specific cowboy's life, but it could hardly be used to stop anyone from ever writing a book about the Old West.

Copyrights also differ from patents in that different government agencies issue them. The United States Patent and Trademark Office (USPTO) does not issue copyrights. Instead, the United States Copyright Office issues copyrights. See <http://www.copyright.gov>

TRADEMARKS AND SERVICE MARKS

Trademark law makes up the third major way to protect intellectual property. "Trademarks" protect products while "service marks" protect services. Trademarks differ fundamentally from copyrights and patents. Trademark law has its roots in what is known as competition law - establishing rules to govern fair competition between businesses in the marketplace. If one business could just steal the good will and reputation of a competitor by passing off his or her goods as those of the competitor, that would be unfair. Courts began to enforce rights in the ownership of the reputation or goodwill of the business. Therefore, trademark protection fosters competition and safeguards the consuming public from confusion in the marketplace.

While copyrights and patents are very much federal law, many states offer state trademark protection. State trademark protection usually does not cost as much as federal registration but neither does it offer as much protection. However, it might be a cost effective way to buy some amount of protection. The Patent Office contact information can be used for the trademark office as well.

Protecting Intellectual Property

TRADE SECRETS

Trade secret law provides the business owner with a way to keep methods or processes used in his or her business secret from competitors. Unlike patents, copyrights, and trademarks, trade secrets are not federally regulated. Trade secret law is entirely a creature of state laws. Most business owners immediately think of a non-compete agreement as the way to protect secret processes or information. The business owner who hopes to swear others to perpetual silence regarding his or her improved process should immediately get a lawyer in their state to discuss the options. Non-compete agreements can be an effective tool, but these agreements have been hotly contested in state courts. Terms of the agreement governing length, enforceability and geographic limits are often subject to litigation.

Chapter 7: Securing Financing

Within this chapter:

- ***Finding the Money You Need***
- ***How Small Business Loans Are Reviewed***
- ***How to Write a Loan Proposal***

Finding the Money You Need

One key to a successful business start-up and expansion is your ability to obtain appropriate financing. Raising capital is the most basic of all business activities. Many new entrepreneurs quickly discover that raising capital may not be easy; in fact, it can be a complex and frustrating process.

However, if you are informed and have planned effectively, raising money for your business will not be a painful experience. This information summary focuses on ways a small business can raise money and explains how to prepare a loan proposal.

There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

Personal savings: The primary source of capital for most new businesses comes from savings and other forms of personal resources. While credit cards are often used to finance business needs, there may be better options available, even for very small loans.

Friends and relatives: Many entrepreneurs look to private sources such as friends and family when starting out in a business venture. Often, money is loaned interest free or at a low interest rate, which can be beneficial when getting started.

Banks and credit unions: The most common source of funding, banks and credit unions, will provide a loan if you can show that your business proposal is sound.

Venture capital firms: These firms help expanding companies grow in exchange for equity or partial ownership.

Your Financing Options

The owner of a new business must plan carefully to capitalize his or her business according to its needs. One of the major causes of small business failure is inadequate start-up capital. An entrepreneur needs to identify the actual start-up capital needed to launch the business and the ongoing cash flow needed through the break-even point. The sum of these two plus a reserve add to the total capital needed to open the doors of a new firm.

Securing Financing

You should ask yourself exactly why you need the money. Know exactly how you plan to spend the money and what you plan to buy to start your business. Keep this fact in mind while you are making your plans: most businesses do not generate profit for several months or years. You need to have enough in reserve to pay all the business expenses plus your personal living expenses while raising your business to a profitable level. This should be planned in advance so short-run cash shortages do not pull you under. Never underestimate the importance of starting with enough money. It is certain to take more than you expect, and yes, it is much more difficult for the small business owner to raise financing for his or her new ventures.

The owner who borrows too little up-front money may quickly see the business close because of lack of capital to keep the operation running. According to SCORE (*Service Corps of Retired Executives*), the most hazardous period for a new business is the first two years. Early failure is often due to insufficient working capital.

SOURCES OF CAPITAL

When you plan the capital requirements of your new firm, you can consider two different forms of money: equity and debt.

Equity:

Equity is ownership in the business. Equity can come from you or from someone else. Since it is ownership, it implies a degree of risk and a degree of control over the conduct of the business. If you sell an equity share to someone else, the buyer could lose his or her money if the business does not work out. On the other hand, if the business is successful, all owners will share the profits. And it is likely that an investor will want to have some say in the way the business is run. If you are not willing to give up some control, then a silent partner may be right for you. If you do this, however, be sure to get your agreement in writing.

Sources of Equity Capital:

Yourselves: You are the most likely source of start-up capital for your business. Use your savings, cash value of life insurance, or the proceeds from selling other personal assets to open your business. Perhaps a mortgage on the equity in your home may be an option.

Securing Financing

Other individuals: Once you have exhausted your own resources, consider relatives, friends, or other local investors. The investor wants a high return for low risk. If your risk is high, you will likely have to show a very high return to attract an investor.

Be sure about what you are getting. Is it a loan, which must be repaid, or an equity share, which gives the investor an ownership stake in the company? If you form a corporation, you can sell stock. A stock offering is an area you should discuss with a competent attorney since it involves federal and state securities laws that can include criminal penalties. Stock is not the only product considered to be a security. Any time you accept money in return for an equity or debt interest in an enterprise, you may be selling a security subject to federal and state securities laws. A security can include a limited partnership interest and even a promissory note.

As a prospective new business owner, you will find that banks generally will not lend the full amount needed to start a business. They want the owner to have a serious financial stake in the outcome. Most banks today want you to come up with a third to one half of the start-up funds. This will mean that you have a strong commitment to making the business work. Banks and other lenders are not usually risk takers; they like security and certainty. Realize this fact and present your loan request professionally. Be businesslike in your dealings with potential lenders.

Debt:

Debt is a loan that you obtain, usually in the business name. As such, it must be repaid. While there can be many sources of debt capital, remember that in every case you must pay the loan back according to the terms you agreed on before you took out the loan. Remember that loans usually involve an extra charge or cost known as interest, that is, the price you pay for the use of someone else's money.

Sources of Debt Capital:

Trade Credit: Some suppliers will put inventory into your business and bill you 30 days later. Suppliers can be a real help in starting your business, but be certain to pay on time or you may lose the credit privilege.

Leasing: Leasing can offer advantages to the new business. Low down payments and fixed monthly costs can add to predictability and help the

More information from the ASU Center for Nonprofit Leadership and Management:

http://www.asu.edu/copp/nonprofit/asst/asst_ask_faq_how.htm

Securing Financing

businessperson converse cash in the beginning. Check with your tax advisor about possible tax consequences.

Bank Loans: Banks lend for either short or long term. Be sure you know what you want. Normally, banks tie the terms of a loan to the assets bought by the funds; short-term needs receive short-term funding.

Term Loan: A conventional bank loan with a lump sum paid to the borrower and the monthly payments, plus interest, repaid until the loan is paid off.

Revolving Line of Credit: A fund which can be borrowed against and paid again and again; the debt goes up and down periodically. A line of credit is useful if your business is seasonal or if you have long lags between making a sale and collecting the payment.

Short-Term Financing: Usually through notes and paid on a revolving or non-revolving basis within one year. These notes are repaid through inventory turnover or by converting receivables to cash within the time frame of the note provided

Intermediate-Term Financing: Ranges from one to ten years, and is usually repaid in fixed monthly payments or fixed principal payments plus interest. These loans are repaid from operating cash flow. This type of financing is generally used to purchase capital assets such as equipment.

Long-Term Financing: Provided for periods of longer than ten years. The most common example is real estate financing, where repayment is made on a prearranged schedule over a long period of years.

SBA Guarantee Program: The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. It provides short and long-term loans to eligible, creditworthy, start-up and existing small businesses that cannot obtain financing on reasonable terms through normal lending channels. The SBA provides financial assistance through its participating lenders in the form of loan guaranties, not direct loans. Loans are available for most business purposes, including the purchase of real estate, machinery, equip-

Securing Financing

ment, and inventory, or for working capital. The SBA generally can guarantee a maximum of \$1,000,000 under this loan program. See <http://www.sba.gov/financing/>.

Franchising: If you are buying a franchise, the business can sometimes be a source of funds if the franchiser has a working relationship with a lender. If the lender has confidence in the franchiser and the system, it may be willing to fund a new franchise operation.

Government Sources: These sources are sometimes available. Contact the Arizona Department of Commerce to see if your idea qualifies for Industrial Revenue Bonds, Urban Development Action Grants, Arizona Enterprise Development Corporation programs, or other Revolving Loan Programs.

Commercial Finance Companies: These companies can make short or long-term loans to buy inventory and provide funds for accounts receivable or purchase equipment.

Loan Proposals

How Small Business Loans Are Reviewed

When reviewing a loan request, the lender is primarily concerned with repayment. Loan officers judge loan applications based on what is commonly referred to as the five C's of Credit:

CHARACTER

Lenders will order a copy of your credit report and look at debt repayment trends. They want to know simply if you pay your bills and if you pay them on time. If there are blemishes on your report, explain them. (See the end of this chapter for more information on credit reporting.)

CASH FLOW

Lenders will look at historical and projected cash flow statements to determine whether you will be able to repay the loan and still have money to adequately run the business. Include written justification for your projections in your loan proposal.

Securing Financing

TOP TEN REASONS FOR DECLINE

- *Borrowers that have no formal business plan*
- *Borrowers that are not prepared*
- *Borrowers with inadequate financial data*
- *Borrowers that are too optimistic*
- *Borrowers that wait for a crisis to react*
- *Borrowers that demand an answer immediately*
- *Borrowers that frequently overdraw their checking account*
- *Borrowers that are not sensitive to economic conditions*
- *Borrowers that want to grow too quickly*
- *Borrowers that surprise their banker*

COLLATERAL

Collateral is an asset (something you own) which a lender may claim to satisfy a loan in the event the loan is not repaid according to the required terms. Often the assets purchased with the loan may serve as collateral. If the business does not have enough collateral, the bank will look to personal assets.

CAPITALIZATION

Capitalization refers to the basic resources of the company including owner.

CONDITIONS

Factors that affect the success of the company yet are external to the business will also be considered by the lender. Examples include government regulation, competition, and industry trends.

What to Take to the Lender

Business financial statements, or tax returns and personal financial statements are required from all owners and guarantors.

Applications from start-up businesses must include a business plan. Loan requests to purchase an existing business must include a copy of the sales agreement and a financial statement on the existing business, as well as a statement of benefit to the business as a result of the purchase. Sale of a business among family members may be eligible; the relationship of a buyer and seller must be disclosed on the application.

Chapter 8: Dealing with Taxes, Licenses, and Permits

Within this chapter: Taxes & Permits:

- [Federal](#)
- [State](#)
- [Local](#)

[Eating and Drinking Permits](#)

[Liquor License](#)

[Planning & Zoning](#)

[Fire Permits](#)

[Small Business](#)

[Environmental Permitting](#)

Additional Resources Federal Taxes, Internal Revenue Service

210 E. Earll Dr. Phoenix,
AZ 85012

Phone: (602) 207-8031
(800) 829-1040

Web site: www.irs.gov

Forms Distribution Center:

Rancho Cordova, CA 95743-
0001

Phone: (800) 829-3676

Federal Income Taxes

All business must obtain a federal tax I.D. number and file withholding taxes with the U.S. Internal Revenue Service. For some forms of business ownership, such as a sole proprietorship, your tax I.D. number is your social security number. For other forms, such as corporations, you will obtain a new tax I.D. number from the IRS. For current and prior year forms, instructions and publications, the Internal Revenue Service can assist business owners with specific questions concerning federal tax rules and regulations.

State Taxes

The State of Arizona requires additional business licenses and employer identification numbers based on the type and structure of a business.

Business should use an Arizona Joint Tax Application to apply for Transaction Privilege Tax, Use Tax, and Employer Withholding and Unemployment Insurance. The application is “joint” because it is used by both the Departments of Revenue and Economic Security and allows you to apply for any of the listed licenses and registrations on a single application. The application is available from the forms link at the Arizona Department of Revenue website.

The Arizona Department of Revenue’s **Small Business Workshops** are an easy way to learn more about your business tax liability and how to report the taxes. The workshop is a basic overview of completing the Joint Tax Application, reporting and factoring tax, state and city taxes, resale certificates, business classifications, employment taxes and Use tax. Attendees receive a workbook containing valuable information on the taxes that apply to most business classifications. Department of Revenue seminars, workshops, and special events are listed at <http://www.revenue.state.az.us/seminar.htm>.

Another source of information is the online brochure “Business Basics -A Guide to Taxes for Arizona Businesses,” found online at <http://www.revenue.state.az.us/brochure/622.pdf>

Dealing with Taxes, Licenses, and Permits

Additional Resources

Arizona Department of Revenue (ADOR)

2902 W. Agua Fria Freeway
Phoenix, AZ 85027

Phone: (602) 255-2060

Forms by Phone: (602) 542-4260

Web site:
www.revenue.state.az.us

Forms by Fax: (602) 542-3756

City of Surprise Tax & Licensing Division

12425 W. Bell Rd
Surprise, AZ 85374

Phone: (623) 875-4250

Email:
staciem@surpriseaz.com

LOCAL BUSINESS TAXES, LICENSES, AND PERMITS

The City has a business license requirement handled through the Business Licensing Division of the City as well as a transaction privilege tax and license requirement handled for the City by the Arizona Department of Revenue.

Business License

The business licensing is required solely for the privilege of operating/ conducting business within the City limits of Surprise. Business license costs vary, depending on the type of business. Applications can be obtained either in person at the Surprise Tax & Licensing Office or they can be mailed by phone or an email request. Processing of the application generally takes up to two weeks and businesses cannot operate until they are approved for licensing. For more information on City licensing please review City Ordinance Title 5.04 on the City website:

www.surpriseaz.com.

Transaction Privilege Tax and License

This is a tax on the “privilege” of doing business, but is often passed on to the business’ customers as “sales tax.” Various business activities are subject to transaction privilege tax and must be licensed, including retail sales, restaurants/bars, hotel/motel (transient lodging), commercial leasing, amusements, personal property rentals, contracting, owner/builders, severance (mining, timbering), transportation, printing, publishing, utilities, communications, air/railroad, and private cars/pipelines.

Businesses must maintain adequate records and documentation to support income and deductions. Privilege taxes are due and payable on or before the 20th of the month succeeding the period in which the tax accrues.

City Privilege Tax

The Department of Revenue collects this tax for Surprise. Apply through

Dealing with Taxes, Licenses, and Permits

Additional Resources

Environmental Services
Division

Restaurant and Food-Related
Businesses)

1001 N. Central Ave., Suite
300

Phoenix, AZ 85004

Phone: (602) 506-6970

Fax: (602) 506-6862

Web Site:

www.maricopa.gov/envsvc

E-mail:

webmail@mail.maricopa.gov

v

the Arizona Joint Tax Application. Businesses pay the license fee for cities in which they do business in addition to the applicable state license fees.

Transaction Privilege Tax (TPT) is imposed on the seller for doing business in the state, although the tax is usually passed on to the customer.. A transaction privilege tax license must be issued for each location at which business is conducted. Businesses with multiple locations or business lines can opt to license and report for each location separately or have a consolidated license (and report aggregate sales). Use the Arizona Joint Tax Application to apply for your transaction privilege tax license. The cost for each license/location is \$12.

Transient Occupancy Tax

This is a 1% tax on motel and hotel owner/operators, in addition to the TPT privilege tax. Apply through the Arizona Joint Tax Application with the Department of Revenue.

EATING AND DRINKING PERMITS

If you are opening a restaurant or any other type of establishment that serves food and drink, an Eating and Drinking Permit is required from the Maricopa County Environmental Services Department. Your business also must comply with Maricopa County rules and regulations established for food handlers and food facilities.

Chapter VIII, Section 1, Regulation 3 of the Maricopa County Environmental Health Code states that “No person shall operate a food establishment, food service establishment or a food catering establishment without a valid permit to do so from the Department or otherwise than in compliance with the applicable regulations in the Environmental Health Code. The permit shall be posted in a conspicuous place on the premises of the food establishment.”

The definition of a Food Establishment is “—an operation that stores, prepares, packages, serves, vends, or otherwise provides food for human consumption: Such as a restaurant; satellite or catered feeding location; catering operation ...that relinquishes possession of food to a consumer directly, or indirectly...”

Information is available at www.maricopa.gov/envsvc, including:

Dealing with Taxes, Licenses, and Permits

- Environmental Health Code
- Detailed Plan Review Guidelines
- Food Service Manager / Food Service Worker Information

Liquor License Applications are obtained from:

Arizona Department of Liquor Licenses and Control

800 W. Washington St., Suite 500

Phoenix, Arizona 85007

Web Site: <http://www.azll.com/overview.htm#approval>

Phone: (602) 542-5141

Fax (602) 542-5707

Further information is available on the City of Surprise website

www.surpriseaz.com.

Choose "city departments," then "fire department," then "fire protection" for information on fees and local amendments.

STATE LIQUOR LICENSES

The State of Arizona regulates liquor licenses. First, the State Department of Liquor Licenses and Control forwards a copy of your application to the City for processing. When an application is received by the City, a Public Notice will be posted at the business location for 20 days, and the application will go before the City Council for consideration. The City of Surprise has 60 days after the filing date with the Department of Liquor Licenses and Control to recommend approval or disapproval of the application. The City then informs the State Liquor Board of its decision. Finally, the State Liquor Board acts upon that recommendation.

PLANNING AND ZONING PERMITS

Any activity that involves construction, remodeling, new signage, etc., will be regulated by the Community Development Department of the City of Surprise. For more information, contact:

Planning and Zoning

City of Surprise

12425 W. Bell Rd., Bldg. D

Surprise, AZ 85374

Phone: 623-875-4337

Web page: <http://www.surpriseaz.com> Go to City Departments -- Community Development – Planning and Zoning Division.

LOCAL FIRE CODES

The Surprise Fire Department is responsible for ensuring compliance to local fire codes by local businesses. Compliance with fire codes is achieved in two ways:

Dealing with Taxes, Licenses, and Permits

1. Through the plan review of construction or development plans. Questions regarding this process should be directed to the Fire Plans Examiner located in building Permits and Inspections. The Plans Examiner's phone number is (623) 594-5696.
2. Through an ongoing business inspection program performed by the Surprise Fire Prevention Office. Questions concerning these inspections and code requirements call (623) 583-8225.

SMALL BUSINESS ENVIRONMENTAL PERMITTING

Small businesses are affected by the many requirements of 1990's Clean Air Act Amendments (CAAA). Many companies often cannot afford to hire environmental experts to interpret complex regulations or complete complex applications. Because the costs of not complying are so high, the State of Arizona has a **Small Business Environmental Assistance Program** (SBEAP) to provide technical and environmental compliance support to companies employing fewer than 100 employees.

The free SBEAP program is available to help businesses comply through education and technical assistance, not enforcement. The program assists businesses with the Maricopa County air quality permits applicant process, work site evaluations, compliance solutions and pollution prevention strategies. It also provides emission inventory assistance, pollution prevention information and guides and industry-specific workshops.

ARIZONA ENVIRONMENTAL REGULATIONS

Arizona has a special program to ensure that small businesses comply with environmental rules and regulations. The Compliance Assistance Program is separate from the inspection and enforcement divisions of the Arizona Department of Environmental Quality and is designed to relieve concern in dealing with a state regulatory agency for answers to environmental questions.

The Compliance Assistance Program is a free service to businesses that includes the following:

- Informal on-site visits to identify potential problems before they

Maricopa County SBEAP
1001 N. Central Ave. #500
Phoenix, AZ. 85004

Web Site: [http://
www.maricopa.gov/sbeap/](http://www.maricopa.gov/sbeap/)

Richard Polito, SBEAP
Manager

Phone: 602-506-5102

Email
rpolito@mail.maricopa.gov

Dealing with Taxes, Licenses, and Permits

*Arizona Department of
Environmental Quality*

1110 W. Washington St.

Phoenix, AZ 85007

*Phone: (602) 771-2300,
(800) 234-5677*

Fax: (602) 771-2382

*Web Site: [http://
www.azdeq.gov/](http://www.azdeq.gov/)*

*Small Businesses can
contact each environmental
program for assistance:*

- *Air Quality
Compliance at (602)
771-2324*
- *Drinking Water
Compliance at (602)
771-4445*
- *Hazardous Waste
Programs at (602) 771-
4153*
- *Southern Regional
Office at (520) 628-6733*
- *Northern Regional
Office at (928) 779-0313*
- *ADEQ Ombudsman
(602) 771-4881*

become an issue with ADEQ inspectors,

- Pollution prevention guidance such as information on process changes or product substitutions to reduce or eliminate emissions,
- Guidance documents that provide straight forward easy-to-read information explaining rules and compliance requirements,
- Permit application assistance in terms of the types of permits that are required and assistance in preparing the applications,
- Conferences and workshops that address general and industry-specific environmental topics, and
- Phone consultation with staff members to answer environmental questions.

The Program also can provide consultations, pre-application conferences, coordination of reviews and approvals, and expedited permit reviews.

Chapter 9: Purchasing Business Insurance -- "Risk Management"

Within this chapter:

- *What is risk management?*

According to Hilton Martin, president of the Insurance Group at Pelition, a Denver-based company offering risk mitigation services ... Many small businesses only have access to the bare minimum in terms of service and protection [against potential liability], and this puts many companies at a greater risk for loss. The struggle for small-business owners is knowing what your risks are and understanding whether or not you have the necessary level of protection.

One way to confront this challenge is to customize your company's insurance policies to cover the specific needs of the business. It's important not to settle for a standard policy that may cause you to pay for services you don't really need, or not have the necessary coverage for your business if something goes wrong.

There are several steps you should take to come to the right conclusion:

Step One -- Consider the Possible Risks

Take the time to consider all the things that could possibly impair your business process. Obviously, no two businesses are the same, so the risks each small-business owner faces can be fairly unique. To make this task a bit easier, here are four common areas to consider:

1. Loss of property.
2. Loss of personnel.
3. Loss of income.
4. Loss due to liability or a lawsuit.

Think through each of these potential losses and how your business may be vulnerable. Begin to visualize where you may be at risk.

Step Two -- Manage the Risk

Once the risks have been identified, you need to decide how you'll handle each possible situation. This will help in determining which risk management technique should be employed to fit the company's specific needs.

The basic approaches when managing risk include:

Risk avoidance. Many businesses often come to the realization that their way of doing things may be unduly exposing the company, and they take steps to eliminate their risk by changing or eliminating certain processes or practices.

Purchasing Business Insurance -- "Risk Management"

Additional Resources

US Small Business Administration's SMALL BUSINESS INSURANCE & RISK MANAGEMENT GUIDE, available at <http://www.sba.gov/library/pubs/mp-28.txt>

In other words, one way of handling risk is to stop doing something you've been doing, or are going to do, that may harbor more risk than you are willing to accept. For example, if your company has an employee who is a bad driver, don't let him drive for the company. Just keep the accident from happening in the first place.

Assumption of risk. This approach works for situations where a business is willing to take its chances that certain things won't go wrong, or if they do, the risk is worth the consequences.

Self insurance. Businesses that recognize where their risk lies will often set aside funds to cover any potential losses from these specific risks.

Transfer of risk by contract. Transfer-ring risk is a good way for companies to avoid blame if something should go wrong. This approach often takes place between general contractors and subcontractors in order to get deals done, or between landlords and tenants. If a company is transferring risk, or having risk transferred to them, an attorney should review the contract to understand how much liability is being assumed or transferred. You also can transfer risk by contract with an insurance policy, since an insurance policy is definitely a contract between the insurance company and the insured, and is transferring risk in exchange for premiums paid.

"Hold harmless" agreements. This is another dimension to risk transfer where an agreement is signed so one party can't hold another party culpable for any mistakes they might cause. Sometimes it's a fair approach, but an attorney and insurance broker should still review the contract.

Step Three -- Handle Losses

If something does happen that puts a company at risk, how a business is prepared to handle its losses is paramount to survival. There are two things to consider when handling losses:

Loss prevention. Prevention employs all the techniques that keep accidents or losses from happening in the first place. A good safety program with employee safety meetings, safety practices and communication are critical to keeping injuries from occurring.

Loss reduction. If an accident happens, a business owner must respond proactively in order to keep a loss from getting worse. For example, if a worker is injured on the job, make sure they're getting immediate medical

Purchasing Business Insurance -- "Risk Management"

attention. Ignoring the problem will only make it worse and expose a company even more. Dealing with it rapidly and openly is always the best policy.

Chapter 10: Hiring Employees

Within this chapter:

- *Understanding the Fair Labor Standards Act*

BEFORE YOU BEGIN . . .

DECIDE IF IT'S TIME TO HIRE AN EMPLOYEE.

According to Lisa Kanarek, home office expert, you should answer the following questions to see if you need to get extra help for your business.

- Are you constantly extending deadlines at the risk of losing clients?
- Are you frequently bogged down by simple tasks that could be handled by someone else?
- Are there specialty tasks that could be handled more efficiently by someone else, such as graphic design, Web design or marketing?
- Are you working longer hours than ever to catch up on routine tasks that could be delegated?

If you answered yes to any of the questions above, consider the following options:

Ask for a little assistance from your friends or family. The key word is "little." Hiring friends or relatives on a part-time or full-time basis as opposed to a per-project basis may lead to stress within your relationship. Be sure to compensate fairly so that the person doesn't feel "used."

Hire an employee. You can pay the person a salary or by the hour, depending on how many hours a week you need him or her. Keep in mind that you'll also be responsible for health benefits and paid vacation time. This option is limited by the amount of space you have and whether you need to be zoned to have an employee work in your home office.

Use a temporary service. Temporary employment agencies provide basic services by sending a skilled person to your office for temporary, temp-to-hire or long-term assignments . . . [I]n most cases a temp is ideal for such basic tasks as data entry, answering the phone, running errands and other non-specialized tasks. Again, make sure your neighborhood is zoned for employees and that you have room in your home office for a worker.

Outsource work to a freelancer. By obtaining the services of a freelance professional on a per-project basis, you can use their talents without having to pay employee benefits. While this is more costly than hiring a temporary employee, you'll get specialized services from an experienced professional.

Hiring Employees

Additional Resources

Hire a business support service. The rules here are similar to those of hiring a freelancer. Business support services offer word processing, database management, bookkeeping, editing and proofreading, graphic services and Internet research.

If you will be hiring an employee, you will want to write a job analysis and description. Entrepreneur Magazine's *Start Your Own Business* book explains how to begin this process.

Job Analysis

Begin by understanding the requirements of the job being filled. What kind of personality, experience and education are needed? To determine these attributes, sit down and do a job analysis covering the following areas:

- The mental/physical tasks involved (ranging from judging, planning and managing to cleaning, lifting and welding)
- How the job will be done (the methods and equipment to be used)
- The reason the job exists (including an explanation of job goals and how they relate to other positions in the company)
- The qualifications needed (training, knowledge, skills and personality traits)

If you're having trouble, one good way to get information for a job analysis is to talk to employees and supervisors at other companies with similar positions.

Job Description & Specification

Use the job analysis to write a job description and a job specification. Drawing from these concepts, you can then create your recruitment materials, such as a classified ad.

The job description is basically an outline of how the job fits in to the company. It should point out in broad terms the job's goals, responsibilities and duties. First, write down the job title and whom that person will report to. Next, develop a job statement or summary describing the position's major and minor duties. Finally, define how the job relates to other positions in the company. Which are subordinate and which are of equal responsibility and authority?

Hiring Employees

Additional Resources

For more information, call 602-542-4515 or visit the Industrial Commission's Web site at www.ica.state.az.us

For information, contact the Arizona Industrial Commission, www.ica.state.az.us, or 800 W. Washington St., Phoenix, AZ 85007, 602-542-4515; or the State Compensation Fund at <http://www.statefund.com/>, or 3031 N. Second St., Phoenix, AZ 85012-2855, 602-631-2000.

For a one-person business hiring its first employee, these steps may seem unnecessary, but remember, you are laying the foundations for your personnel policy, which will be essential as your company grows. Keeping detailed records from the time you hire your first employee will make things a lot easier when you hire your 50th.

The job specification describes the personal requirements you expect from the employee. Like the job description, it includes the job title, who the person reports to, and a summary of the position. However, it also lists any educational requirements, desired experience and specialized skills or knowledge required. Include salary range and benefits. Finish by listing any physical or other special requirements associated with the job, as well as any occupational hazards.

Writing the job description and job specifications will also help you determine whether you need a part- or full-time employee, whether the person should be permanent or temporary, and whether you could use an independent contractor to fill the position.

How to Write a Job Ad

Entrepreneur Magazine's *Start Your Own Business* offers further advice on writing a job ad. Look at your job specifications and pull out the top four or five skills that are most essential to the job. Don't, however, list requirements, other than educational and experience-related ones in the ad. Nor should you request specific personality traits (outgoing, detail-oriented) since people are likely to come in and imitate those characteristics when they don't really possess them. Instead, focus on telling the applicants about the excitement and challenge of the job, the salary, what they will get out of it and what it will be like working for you.

Finally, specify how employees should contact you. Depending on the type of job (professional or nonskilled), you may want to have the person mail, fax or e-mail a cover letter and resume, or simply call to set up an appointment to come in and fill out an application.

Screening Candidates

Two important tools in prescreening job candidates are the resume and the employment application. If you ask applicants to send in a resume, that will be the first tool you use to screen them. You will have qualified candidates fill out an application when they come in for an interview. If you

Hiring Employees

Additional Resources

don't ask for a resume, you will probably want to have prospective employees come in and fill out applications, then review the applications and call qualified candidates to set up an interview.

In either case, it is important to have an application form ready before you begin the interview process. You can buy generic applications forms at most office-supply stores, or you can develop your own application form to meet your specific needs. Make sure any application form you use conforms to Equal Employment Opportunity Commission (EEOC) guidelines regarding questions you can and can't ask.

Your application should ask for specific information such as:

- Name, address and phone number;
- Educational background;
- Work experience, including salary levels;
- Awards or honors;
- Whether the applicant can work full or part time as well as available hours;
- Any special skills relevant to the job (foreign languages, familiarity with software programs, etc.).

Chapter 11: Home Based Business Considerations

Within this chapter:

- *Getting Started*
- *Some Tips*

Fifteen years ago, going to work meant traveling from home to a plant, store or office. Today, many people do some or all of their work at home.

For years, millions of people squeezed extra hours into their workweek by taking work home from their full-time jobs. However, today millions are independent home-workers who work exclusively at home. Every day, people are striking out and achieving economic and creative independence by turning their skills into dollars.

Garages, basements and attics are being transformed into the corporate headquarters of the newest entrepreneurs - the home-based businessperson.

GETTING STARTED

Before you dive headfirst into a home-based business, it is essential that you know why you are doing it. To succeed, your business must be based on something greater than a desire to be your own boss. You have to plan and make improvements and adjustments along the road.

As you ask yourself the following questions, remember there are no best or right reasons for starting a home-based business, but it is important to understand what this venture involves.

Working under the same roof where your family lives may not prove to be as easy as it seems. It is important that you work in a professional environment. One suggestion is to set up a separate office in your home to create this professional environment. Ask yourself these questions:

- Can I switch from home responsibilities to business work?
- Do I have the self-discipline to maintain schedules?
- Can I deal with the isolation of working from home?
- Am I a self-starter?

Home Based Business Considerations

Additional Resources

FINDING YOUR NICHE

Choosing a home business is like choosing a spouse; your decision must be approached with a great deal of care. Before you invest your time, effort and money, take a few moments to answer the following questions. They'll help separate sound ideas from those with a high potential for failure.

- Does your home have the space for a business?
- Can you identify and describe the business you plan on establishing?
- Can you identify your businesses product or service?
- Is there a demand for your product or service?
- What advantages do you have over your competitors?
- Do you have the talent and expertise needed to compete successfully?
- Can you successfully run the business from your home?

KEEPING A FEW KEY THINGS IN MIND

No one can tell you what type of home business will be satisfying and profitable for you. Ultimately, it's a decision only you can make. Consider your experience, knowledge, skills, contacts, location, time, products, interests, equipment and potential customer base. Pursue one of your hobbies, talents and/or passions! When you do something you really enjoy, you will stay motivated.

Don't quit your "day job" to go into business for yourself. Start your home business part-time. Take on several small projects to accumulate experience and references.

Be able to identify who needs you and would pay for your services. You want to match up what you enjoy doing and do well with what people are willing to buy.

Stay away from come-on ads or "seminars" luring you with the prospect of making big money from home. As they say, if it sounds too good to be true, it usually is. When checking out one of these companies, remember, the Better Business Bureau is not a government agency; they preach, "Investigate before you invest." They only issue "reliability" reports on businesses and attempt to warn about scams and how to avoid them. Be

Home Based Business Considerations

cautious of references provided to you by the company in question, as they might not be actual consumers of their product or services. Before attending any seminar, trade show, conference or exhibit touting any home business opportunities, ask around as to whether it is worth the time and financial investment. Some are; some are not.

Check out businesses providing products or services similar to the one you are considering. How many competitors will you have? How are their businesses run? What do you think of their services or product? Who are their customers? What could you do better ... or differently? Can it be done at home?

Conduct preliminary marketing research to help you nail down your target market. Start by asking you friends, relatives, neighbors, business associates, who they feel your target market might be.

If you find that your market is limited, switch to or add another product or service that will attract a broader base of customers. Or, conversely, find out what it is that appeals to a narrow market and offer a service or product that is highly specialized and compensated, and in demand because of its scarcity.

As soon as you've decided you want to start a home business, change your lifestyle. In other words, gear down financially. You'll find that you'll need to begin investing money into your new business venture and the sooner the better.

Once you make the transition to full-time home based business, you should either have enough income saved to sustain for at least 18 months, ideally for 2 years or have a part-time job. It normally takes that long for a business to establish a steady client base.

Network and make lots of connections. Let everyone know what you do. You can't start this process too soon.

Find a mentor or business coach---even if it's a friend with an optimistic attitude and some common sense advice. Connect with others who work at home.

You will work just as hard (probably harder) for yourself than you ever did working for someone else. Most home business owners are workaholics

Home Based Business Considerations

Additional Resources

and burnout is not uncommon. People won't take you seriously. They can't believe you can actually work at home and get any "real" work done, or wonder why you don't have a "real" job." Can you really make a living at that?"

Isolation can be tough. You should enjoy your own company and like to work alone. Those who have enjoyed an atmosphere of corporate peer support may have more difficulty making the transition to a home based operation. A home business may give you more time with your children, but you'll need to line up day care alternatives for the times when you need a break.

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APPENDIX A: Useful Contacts and Websites

Office of Economic Development—City of Surprise

12425 W. Bell Rd., Bldg. D-100
Surprise, AZ 85374
Phone: (623) 875-4273
Fax: (623)875-5049
Web site: www.surpriseaz.com
E-mail: econdev@surpriseaz.com

Determining where to start is not always easy. If you aren't sure who to contact or what steps to take, Surprise's Economic Development Department is a great place to begin.

The Economic Development staff will be happy to assist you in determining a path to start your business, expand an existing business, or find a new location. The Economic Development Department offers business firms an ombudsmen service to assist with the City's development process, increase understanding of regulations and assess project needs. Staff can also provide introductions to other departments or additional resources.

The Economic Development Department has services designed for both new and existing businesses—from small entrepreneurial operations to Fortune 500 firms. Services include confidential consultations, assistance with site selection, introduction to private and public sector development and real estate representatives and providing demographic information to assist potential new business owners.

Surprise's Office of Economic Development actively promotes and preserves the economic strength of the city to ensure that Surprise is the preferred location for new, existing and expanding organizations.

Northwest Valley Chamber of Commerce

12801 W. Bell Rd., Suite 14
Surprise, AZ 85374
Phone: (623) 583-0692
Fax: (623) 583-0694
Web Site: www.northwestvalley.com
E-mail: chamber@northwestvalley.com

The Northwest Valley Chamber of Commerce is a private, not-for-profit business organization providing a wealth of information for any size business. For more than 42 years, the Northwest Valley Chamber of Commerce has been a leading advocate for businesses. The Chamber also acts as an ombudsman for resolution of public policy issues that affect the business community at a local, county or state level.

As one of the largest Chambers in metropolitan Phoenix, members are given many opportunities to market their businesses and to enhance their business skills through individual counseling, group workshops and networking activities. The chamber also hosts monthly seminars and events to assist our members.

APPENDIX A: Useful Contacts and Websites

Maricopa County Regional Library - Surprise

16089 N. Bullard Ave.
Surprise, AZ 85374
Phone: 623-544-6371

Web Site: maricopa.gov/library

The Surprise Library is a great business resource and contains various business materials, government and legal documents and “how to” publications on such topics as how to start a business, how to get a loan and how to write a business plan. The Northwest Regional Library is located in the Surprise Recreation Complex in the City of Surprise. This 23,000 sq. ft. facility is the District’s newest “state of the art” Regional Library with a collection of over 40,000 items in all formats and offers over 60 Internet-accessible computers throughout the building. It is a model of the latest technology in the library and information field in terms of customer service with self-checkout, self-check in and Smart Library Cards.

Arizona Department of Commerce

1700 W. Washington St., Suite 600 Phoenix, AZ 85007
Phone: (602) 771-1100 Toll free: (800) 528-8421 Fax: (602) 771-1209
Web site: www.azcommerce.com E-mail: webmaster@azcommerce.com

The Arizona Business Assistance Center, a division of the Arizona Department of Commerce, provides a variety of resources to assist anyone interested in starting, expanding or relocating a business in the state. The Arizona Business Assistance Center has three components and are located at the Arizona Department of Commerce.

Arizona Business Connection

Web site: <http://www.commerce.state.az.us> “Small Business Services” page; then go to “Arizona Business Connection - [Walks you through what you need to know to start or expand your business](#)”.

Phone: (602) 771-1196 Toll free: (800) 542-5684

The Arizona Business Connection’s Web site provides regulation and licensing information for starting a business. At this Web site, you may also create a customized information package to print at your convenience. This office also produces the free publications, Guide to Establishing and Operating a Business, Small Business Book and Entrepreneur’s Encyclopedia, available at the Chamber of Commerce and Regional Library. To obtain copies of these publications, visit the Library or call (623) 544-6371 or drop by the Northwest Valley Chamber of Commerce at 12801 West Bell Rd., Ste. 14, Surprise, AZ 85374. Phone (623) 583-0692

Fax (623) 583-0694. Web page chamber@northwestvalley.com

APPENDIX A: Useful Contacts and Websites

Office of Minority/Women-Owned Business Enterprise Services

Phone: 602-262-6790

<http://www.azcommerce.com/mwbedir/>

The Office of Minority/Women-Owned Business Enterprise Services acts as a resource and advocate for women and minorities who own businesses by helping them market their products and services to state agencies and other companies. The office publishes a directory of women and minority-owned businesses that is distributed to state agencies, local corporations and financial institutions.

Small Business Advocate—Governor's Council on Small Business

1700 West Washington, Suite 220 Phoenix, AZ 85007

Email: gcsb@azcommerce.com

Telephone: 602-771-1173

Fax: 602-771-1209

The Small Business Advocate maintains ongoing communication between the Governor's Office and small business. The advocacy office works with chambers of commerce and other groups to develop policies and programs relevant to small business, supports state legislation that benefits the business community, and interacts with state agencies to improve relationships between state departments and the small business community.

Arizona Secretary of State's Trademark and Trade Name Office

Phoenix Customer Service Center

14 N. 18th Ave just across street from the Capitol Executive Tower

Mailing Address 1700 West Washington, 7th Floor Phoenix, Az 85007-2888

Phone (602) 542-6187 or 800.458.5842

Web site www.azsos.gov/business_services/trademarksandtradenames.htm

Email trades@azsos.gov

Arizona Corporation Commission

1300 W. Washington Street Phoenix, AZ 85007 (602) 542-3230

www.cc.state.az.us

<http://www.cc.state.az.us/corp/filings/forms/packets.htm>

Maricopa County Recorder

Main Office (Downtown) 111 S. Third Ave., Phoenix AZ 85003

Phone: 602-506-3535

Southeast Office (Mesa) 222 E. Javelina, Mesa AZ 85210

Phone: 602-506-3535

<http://recorder.maricopa.gov>

Arizona Department of Revenue (ADOR)

2902 W. Agua Fria Freeway Phoenix, AZ 85027

Phone: (602) 255-2060 Forms by Phone: (602) 542-4260

Web site: www.revenue.state.az.us Forms by Fax: (602) 542-3756

"Business Basics: A Guide to Taxes for Arizona Businesses," is found online at <http://www.revenue.state.az.us/brochure/622.pdf>



SURPRISE
ARIZONA

Beyond Expectations

**City of Surprise
Economic Development
Department**

12425 West Bell Road
Building B

Phone: 623.875.4273

Fax: 623.875.5049

E-mail: econdev@surpriseaz.com

City of Surprise

Small Business Assistance Program (SBAP)

Interested in starting your own business? We'll help you get your business started and serve as an on-going resource. We'll work with you as long as you need help.

Through the SBAP, Surprise offers one-on-one coaching and counseling to existing and would-be entrepreneurs, helping them establish business plans and access private and public resources. Our Economic Development staff is complemented by a network of volunteers with business expertise. Go to www.surpriseaz.com—Economic Development Department—or call 623.875.4273 for more information.



12801 West Bell Rd., Ste. 14,
Surprise, AZ 85374

Phone: 623.583-0692

Fax: 623.583-0694

Email: chamber@northwestvalley.com

Welcome Business Partners!

The Northwest Valley Chamber of Commerce encourages you to become a business partner with the Chamber and become active in one of the most vibrant business organizations in metropolitan Phoenix.

The Chamber is adept at providing assistance with marketing your product or service, finance options for your business, leads, seminars and workshops, several networking options as well as events to showcase your products.

Chamber members are at the very heart of the region's success. Through their commitment to the community, they create a partnership between local businesses and residents. Chamber members provide more than membership dues. They are volunteers, leaders and advocates for optimum quality of life in the Northwest Valley.

Long before there were thousands of rooftops in the area, there was the Chamber of Commerce. Early business owners recognized the potential of the Northwest Valley and banded together to create a thriving economy and a great place to live. We thank the early pioneers in the region. They created the strong base for the growth and accomplishment that was to follow years later.

Join us; won't you? We're always looking for people who share our values and goals: pursuing all of the good things in life, right here in the Northwest Valley. Stop by the Chamber office any weekday and learn a lot about local life.