



SURPRISE | arizona

Doing Business In Surprise

Chapter 9

November 2005

Doing Business In Surprise - November 2005

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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.

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.

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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

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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.

Sources

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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.

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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.



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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.