

# RESOURCE GUIDE

**RESOURCE GUIDE:  
WHO, WHERE and WHY**

**BASIC INFORMATION ON  
STARTING A BUSINESS**

**STARTING A BUSINESS CHECKLIST**



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**SMALL BUSINESS REFERENCES**  
**REGULATORY INFORMATION**  
 Albany, Georgia Area

AGENCY	PHONE NUMBER	RESOURCE
Better Business Bureau 101 ½ S. Jackson St. Albany, Ga. 31701	229-883-0744	Watchdog service for fair business practice
Albany-Dougherty County 240 Pine Ave. Suite 150 Albany, Ga. 31701	229-431-2118	Business license for business based in or operating in Dougherty County
UGA-Extension Office 125 Pine Ave Suite 100 Albany, Ga. 31701	229-436-7216	agricultural, and home economics continuing education
Dougherty County Clerk of Courts 225 Pine Avenue Albany, Ga. 31701	229-431-2198	Fictitious Name registration (Trade Name)
Dougherty County Economic & Community Development 230 S. Jackson St. #315 Albany, Ga. 31701	229-430-5283	Small & Minority Business Assistance
Albany/Dougherty-Albany Community Together 230 S. Jackson St. Albany, GA 31701	229-420-4600	Assists Business with local loan options
U.S. Dept. of Labor, Wage & Hour Div., 235 Roosevelt Ave. Suite 349, Albany, Ga. 31701 A small business resource guide is available on the DOL site.	229-430-8437  www.dol.state.ga.us	Federal Employment Standards, Minimum, Wage, Overtime, Child Labor, Recordkeeping, & Family Medical Leave Act

<b>AGENCY</b>	<b>PHONE NUMBER</b>	<b>RESOURCE</b>
Department of Human Resources-Child Care in Georgia- Family Daycare/Group Day Care 200 W. Oglethorpe Blvd. Albany, GA 31701	229-430-4302	Governs licensing for Family Daycare & Group Daycare in Georgia
Stepping Stones Child Care Resource & Referral Darton College-Albany, GA	229-430-6834	Non Profit Agency- assists development of Daycare Businesses
Georgia Dept. of Labor 1608 S. Slappey Blvd. Albany, Ga. 31701	229-430-5010  www.dol.state.ga.us	Labor Availability
Georgia Dept. Of Agriculture District Office 701 Gaines Ave. Albany, GA 31701	229-430-4245	Processing, Handling and Storage or distribution of Food Products
Environmental Health Services 222 Pine Ave Room 410 P O Box 1827 Albany, GA 31701	229-438-3943	For: Restaurants/Hotels Health Permits and Inspections Business Compliance
Albany Area Chamber of Commerce 225 W. Broad Ave. Albany, Ga. 31701	229-434-8700	Service Organization for local businesses - networking & membership
Albany Planning & Development Commission 240 Pine Avenue Room 300 Albany, Ga. 31702	229-438-3900	zoning requirements; before you buy or lease check with the zoning, parking area and signage.
Albany Planning & Development Commission 240 Pine Avenue Room 300 Albany, Ga. 31702	229-438-3901	Building Inspection-the Fire Marshall inspects all buildings for compliance .

<b>AGENCY</b>	<b>PHONE NUMBER</b>	<b>RESOURCE</b>
Internal Revenue Service- IRS 235 W. Roosevelt Suite 450 Albany, GA 31701	229-430-8401 800-829-3676	Tax Forms or Fed ID # Form SS-4
The Small Disadvantaged Business Utilization Program: Director-Pinky Douglas 222 Pine Ave. PO Box 1827 Government Center Room 240 Albany, GA 31702	Office-229-878-3159 Fax- 229-878-3158 Pager- 229-431-8675	This Consortium has a goal to award a percentage of procurement contracts to successfully certified small, minority owned businesses.
SW GA Regional Development Center - 30 W. Broad Camilla, GA 31730	229-522-3552	SBA 504 & SBA 7A Working Capital Loans
Social Security Administration 235 W. Roosevelt Ave. #500 Albany, Ga 31701	229-430-8400 800-772-1213 www.ssa.gov	information-social security
State Board of Worker's Compensation 235 Roosevelt Ave. Albany, Ga. 31701	1-800-533-0682  1-800-743-5436 404-657-7284 229-430-4280	claims assistance  insurance information Fraud & Compliance local office
The University of Georgia Business Outreach Services Small Business Outreach Services 230 S. Jackson St. Suite 333 Albany, Ga. 31701-2885  <a href="http://www.sbdc.uga.edu">http://www.sbdc.uga.edu</a>	229-420-1144  229-430-3933 fax  office hours: M-F 8 am - 5 pm	continuing education classes, consulting services for small business owners and entrepreneurs

**\*SURROUNDING COUNTY OFFICES**

These are the larger counties listed and not necessarily a comprehensive list of all available business resources in Southwest Georgia. Please call your local chamber for further information.

<p><b>Ben Hill County-Fitzgerald</b></p> <p>Chamber/Commerce- 229-423-9357          Business License Dept. 229-426-5060</p>	<p><b>Calhoun County-</b>          Arlington/Edison/Morgan</p> <p>Southwest GA Chamber          229-732-2683          Business License-Arlington-229-725-4276          Edison -229-835-2323          Morgan - 229-849-4045</p>	<p><b>Clay/Quitman          Stewart Counties</b></p> <p>Southwest GA Chamber          229-732-2683          Business Licenses:          Ft. Gaines- 229-768-2443          Georgetown- 229-334-2578          Richland- 229-887-3323          Lumpkin- 229-838-6220</p>	<p><b>Seminole County-Donaldsonville</b></p> <p>Chamber/Commerce 229-542-2588          Business License 229-524-2118</p>
<p><b>Randolph County-</b>          Cuthbert</p> <p>Southwest GA Chamber 229-732-2683          Business License Dept. 229-732-3161</p>	<p><b>Decatur County- Bainbridge</b></p> <p>Chamber/Commerce 229-246-4774          Business License 229-248-2000          Dept. Of Labor 229-248-2618</p>	<p><b>Tift County - Tifton</b></p> <p>Chamber/Commerce          229-382-6200          Business License          229-382-6231          Dept. Of Labor          229-386-3322</p>	<p><b>Lee County - Leesburg/Smithville</b></p> <p>Chamber/Commerce 229-759-2422          Business License 229-759-6003</p>
<p><b>Early County - Blakely</b></p> <p>Chamber/Commerce 229-723-3741          Business License Dept. 229-723-3677</p>	<p><b>Grady County - Cairo</b></p> <p>Chamber/Commerce 229-377-3663          Business License 229-377-1772          Dept. Of Labor 229-377-6526</p>	<p><b>Turner County- Ashburn</b></p> <p>Chamber/Commerce 229-567-9696          Business License 229-567-3431</p>	<p><b>Terrell County - Dawson</b></p> <p>Chamber/Commerce 229-995-2011          Business License 229-995-4444</p>

<b>Mitchell County - Camilla</b>	<b>Colquitt County - Moultrie</b>	<b>Miller County - Colquitt</b>	<b>Worth County - Sylvester</b>
Chamber/Commerce 229-336-5255	Chamber/Commerce 229-985-2131	Chamber/Commerce 229-758-2400	Chamber/Commerce 229-776-7718
Business License 229-336-2207	Business License 229-890-5405	Business License 229-758-3412	Business License 229-776-8505
Dept. Of Labor 229-336-7845	Dept. Of Labor 229-890-7840		Dept. Of Labor 229-777-2120

<b>STATE OFFICES</b>		
U.S. Copyright Office	..... 800-786-9199	information on trade, patents, copyrights, trademarks, disclaimers, import & export, business & statistical information
on line web address	www.uspto.gov	
Federal Trade Commission	..... 877-382-4357	information on trade guidelines and regulations
Drugs Don't Work Program Georgia Chamber of Commerce Chuck Wade, Director www.gachamber.com	.....404-223-2277	Employers who establish drug free workplaces can reduce Workers' Compensation Insurance rates by up to 10%
Food & Drug Administration (FDA)	..... 404-253-1174	consumer protection agency for food and drugs
Georgia Insurance Commissioner	..... 404-656-2070	guidelines and regulations concerning insurance requirements in Georgia
Georgia Real Estate Commission	..... 404-656-3916	guidelines and regulations concerning the purchase of

Commission		real estate and operation of real estate businesses
State of Georgia Withholding Number	.....404-417-2311  www2.state.ga.us/department/dor	All employers are required to have a State withholding number. This number is used to identify & deposit State of Georgia Income Tax withheld from employee checks. This application can be faxed or mailed.
Sales & Use Tax Registration Application Centralized Taxpayer Registration Unit P O Box 740001 Atlanta, GA 30334-0001  LOCAL: GA Dept of Revenue 1105-D W. Broad., Albany, GA Website:	.....404-968-0480      .....229-430-4241  www.etax.dor.ga.gov	Businesses that sell retail or wholesale products or provide certain types of service are required to collect and remit sales tax on behalf of the State.  Sales & Use Tax; Georgia Income Tax
Georgia Employer New Hire Reporting Form P.O. Box 38480 Atlanta, GA 30334-0480	.....1-888-657-9585	new reporting regulations for all Georgia employers (new hires)
Housing & Urban Development (HUD)	.....404-331-4576	guidelines and regulations for housing and urban development
NPEC (Non-public Post-secondary Education Commission)	.....770-414-3300	authorize and oversee the operation of all post-secondary educational school in GA

Occupational Safety & Health Administration (OSHA) Atlanta Office 2400 Herodian Way Suite 250 Smyrna, GA 30080	..... 770-984-8700  ..... 404-562-2300	Environmental Safety in the work place.  Regional Atlanta Office #4
Incorporation The Secretary of State Business Information and Services Division 315 West Tower 2 Martin Luther King Jr. Dr.,SE Atlanta, GA 30334-1530	..... 404-656-2185 ..... 404-656-2817  sosweb@sos.state.ga.us	How to Incorporate  web site address
Secretary of State First Stop Business Information Center State Office Towers Building #2 Martin Luther King Jr. Dr. Atlanta, GA 30334  South Georgia The Secretary of State Office Jo Wingate, Director 238 E. 2 <sup>nd</sup> St. P. O. Box 983 Tifton, Ga. 31793	404-656-7061 phone 800-656-4558 phone 404-657-6380 fax  sosweb@sos.state.ga.us  229-391-3732	First Stop Shop  Trademark & Service Mark web site address  South Ga. Service Location
United States Department of Agriculture (USDA)	..... 706-546-2162	Labeling and consumer protection

<p>Small Business Administration Atlanta District Office 1720 Peachtree Road, NW 6th Floor Atlanta, GA 30309</p> <p>SBA website</p>	<p>..... 404-331-0100 .... 404-347-5211 TDD ..... 404-331-0101 ..... 800-733-2894</p> <p>..... 1-800-827-5722 1-800-8-ASKSBA</p> <p>..... 800-359-2227</p> <p>www.sba.gov</p>	<p>Small Business Administration- small business assistance, loans Fax line Toll Free Hot Line</p> <p>Small business information and assistance</p> <p>Loan Office Disaster Loan Office</p> <p>SBA On-Line Information</p>
<p>U.S. Dept. Of Labor Georgia Bureau of Apprenticeship &amp; Training</p>	<p>..... 404-562-2323</p>	<p>governs the use of employees in apprenticeship positions</p>
<p>Governor's Small Business Center's web site</p>	<p>www.doas.georgia.gov</p>	<p>Provides links for state and local governments, vendors, non-profit organizations and the general public.</p>
<p>FEDERAL</p>		

<p>US Department of Commerce  Patent &amp; Trademark Office  2121 Crystal Dr., Suite 0100  Arlington, VA 22202</p> <p>Department of Commerce  Commissioner of Patents and  Trade  General Information Services  Division  Washington, DC 20231</p>	<p>..... 703-305-8341  703-308-5258 fax</p> <p>.....1-800-786-9199</p>	<p>Patents and Inventions</p> <p><a href="http://www.uspto.gov">www.uspto.gov</a></p> <p>Small business information  and assistance</p>
<p>Department of Labor  Office of Small Business  Programs</p> <p>Web site</p>	<p>..... 202-606-4000</p> <p><a href="http://www.dol.gov">www.dol.gov</a></p>	<p>business information and  assistance</p>

<p>Internal Revenue Service P.O. Box 25866 Richmond, VA 23289-5866</p> <p>IRS - Internet Web Site: WWW: <a href="http://www.irs.gov">http://www.irs.gov</a></p> <p>E-Filing, State E-Filing Electronic Federal Tax Payment System (EFTPS) SSA On Line Wage Reporting Service</p> <p>IRS Albany Location Albany Towers 325 Roosevelt Ave. Albany, GA 31701</p> <p>Internal Revenue Service Small Business Affairs Office CSB, Room 1211, ICC 1111 Constitution Avenue, NW Washington, DC 20224</p>	<p>..... 800-829-3676</p> <p>..... 770-455-2660</p> <p>..... 800-829-1040</p> <p>..... 770-455-2360 Atlanta Office</p> <p>..... 800-829-3676</p> <p>..... 800-829-4477</p> <p>229-430-8401</p>	<p>Tax forms or Fed. I.D. Number (Form SS-4)</p> <p>Fax request for Fed. I.D. Number (Form SS-4)</p> <p>General Tax information; Employer concerns - FICA (Social Security), FUTA (Federal ID Number)</p> <p>CD-ROM of Tax forms - order from Government Printing Office</p> <p>TeleTax - recorded tax info &amp; automated refund information</p> <p>Federal Tax Assistance</p> <p>Small Business Affairs office of the Internal Revenue Service</p>
<p>Library of Congress</p>	<p>.....202-707-3000</p>	<p>Copyrights</p>

Social Security Administration 6401 Security Blvd. Baltimore, MD 21235	.....800-772-1213 .....800-325-0778 TDD	information - social security Telephone for Deaf & Disabled
Veterans Affairs	.....800-827-1000 .....800-669-8477	benefits information  VA life insurance information & service
<b>OTHER OFFICES (NOT OTHERWISE CLASSIFIED)</b>		
Universal Product Code (UPC)	.....937-435-3870	issuing & control for UPC bar codes
US Business Advisor	<a href="http://www.business.gov">http://www.business.gov</a>	one-stop web site link to the services and information that government provides for businesses
Georgia Tech Research Institute 125 Pine Ave. Suite 220 Albany, GA 31701	.....229-430-4188	Offers help with Procurement and Patents
For Credit Information:  Equifax P O Box 105873 Atlanta, GA 30348	.....1-800-685-1111	Obtain free credit reports (2 per Year)

<p>Experian Attn: NCAC P O Box 949 Allen, TX 75013-0949</p> <p>Trans Union P O Box 390 Springfield, PA 19064</p>	<p>.....1-888-397-3742</p> <p>.....1-800-888-4213</p>	
<p>The Georgia Center for Non-Profits</p> <p>Additional websites for non-profits:</p>	<p><a href="http://www.gcn.org">www.gcn.org</a></p> <p><a href="http://www.nonprofitgeorgia.org">www.nonprofitgeorgia.org</a></p> <p><a href="http://www.fdncenter.org">www.fdncenter.org</a></p>	<p>Free Non-Profit Grant Writing Assistance</p> <p>free non-profit start up kit</p> <p>grant research site</p>
<p>Export Assistance Center 285 Peachtree Center Ave. Suite 200 Atlanta, GA 30303-1229</p>	<p>.....1-888-976-7842</p> <p>..... 404-657-1900</p> <p>FAX..... 404 657-1970</p> <p><a href="http://www.georgia.org">www.georgia.org</a></p>	<p>One stop shop for Export Assistance, Combining marketing assistance and financial assistance under one roof. Integrate all pertinent state and federal resources</p>

**UNIVERSITY OF GEORGIA  
BUSINESS OUTREACH SERVICES  
SMALL BUSINESS DEVELOPMENT CENTER  
NETWORK**

<b>State Office -Athens</b>	<b>(706) 542-6762</b>
<b>Albany</b>	<b>(229) 420-1144</b>
<b>Americus</b>	<b>(229) 931-2091</b>
<b>Athens</b>	<b>(706) 542-7436</b>
<b>Atlanta (Georgia State)</b>	<b>(404) 651-3550</b>
<b>Atlanta (Clark Atlanta)</b>	<b>(404) 880-8483</b>
<b>Augusta</b>	<b>(706) 737-1790</b>
<b>Brunswick</b>	<b>(912) 264-7343</b>
<b>Carrollton</b>	<b>(770) 838-3082</b>
<b>Columbus</b>	<b>(706) 649-7433</b>
<b>Dalton</b>	<b>(706) 272-2707</b>
<b>Decatur</b>	<b>(404) 371-7399</b>
<b>Dublin</b>	<b>(478) 274-2496</b>
<b>Gainesville</b>	<b>(770) 531-5681</b>
<b>Gwinnette</b>	<b>(678) 407-5385</b>
<b>Kennesaw</b>	<b>(770) 423-6450</b>
<b>Macon</b>	<b>(478) 751-6592</b>
<b>Morrow</b>	<b>(770) 961-3440</b>
<b>Rome</b>	<b>(706) 295-6326</b>
<b>Savannah</b>	<b>(912) 651-3200</b>
<b>Statesboro</b>	<b>(912) 681-5194</b>
<b>Valdosta</b>	<b>(229) 245-3738</b>

**Part II**

**OVERVIEW  
FOR  
STARTING  
A  
BUSINESS**

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Business Consultant  
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## **Creating a Successful Business**

Creating a successful business is the dream of many Americans. Although starting a successful business does not take magic, it does require a great deal of diligent effort.

The business startup process can be confusing and cumbersome. Fortunately, there is quality, free assistance for businesses available throughout Georgia through the Georgia Small Business Development Center (SBDC) Network.

There are no defined steps that have to be followed in a set order when starting a business, although there is a logical sequence in the major procedures. This sequence includes determining the feasibility of the project, covering the various legal issues, examining the financial considerations, and assembling it all into a written document called a business plan.

### **Feasibility**

First among these steps is determining the feasibility of the project to be undertaken. There must be a demand for the proposed product, and determining this demand can be determined through a combination of secondary and primary information.

Secondary information is data that someone else has already collected. The public libraries are excellent sources for secondary data, as is the internet. Trade associations for the type business being entered are also very good sources. This research may save the entrepreneur a lot of time and money if he can find what he needs.

Primary data is first-hand information, such as results of a survey the producer conducts, experience gained within an industry, and results of discussions with individuals within the industry. Primary data also includes information gained from talking with family, friends, and acquaintances regarding the potential of the business. The more knowledge the business owner has about his market, the better equipped he is to make the tough decisions that will impact his business.

Since the making of money is the driving force behind starting most for-profit businesses, financial considerations must be examined in the feasibility question. Once it has been determined that there is a demand for a product, a break-even analysis is an effective way to determine basic financial feasibility.

The break-even (BE) point is the sales level a business must attain to cover its costs without making a profit – zero profit, yet zero loss. Look at the following example:

A product has a sales price of \$10, while the cost of materials and labor to produce and process it is \$4 (called Cost of Goods Sold - CGS). Subtracting CGS from the selling price leaves a gross profit (GP) of \$6, or 60% of the selling price.

Expenses which do not rise or fall with the sales volume, such as rent, utilities, insurance, etc., are called fixed expenses. Dividing the total fixed expenses by the gross profit percentage equals the breakeven point. Assuming the fixed expenses in this example total \$10,000, then 10,000 divided by .60 (GP) equals a breakeven point of \$16,667. This is the sales level the company must achieve before it becomes profitable.

### **Business Trade Name**

A business trade name in Georgia must comply with the Fictitious Name Act. This law requires a business name to either disclose the ownership of the business, or the trade name must be registered with the clerk of superior court in the county in which it is licensed. This filing must also be published in the legal organ of the county once a week for two weeks.

### **Legal Forms**

One of the first legal issues a business should resolve is the legal form under which it will operate. In Georgia the four basic options are sole proprietorship, partnership, corporation, and limited liability company. Each of these has advantages and disadvantages and can impact the efficiency of the business.

Determining the legal form a business should take is based on a number of issues, such as the number of owners, taxes, liability exposure, and future plans for the business. In determining the best overall option for a business it is recommended that an accountant and an attorney be consulted.

A sole proprietorship is the most common form of business, the least expensive to set up, and the simplest legal form to operate. It has one person ownership, and the owner and the business are inseparable. They are taxed as one entity and face the same unlimited liability.

A partnership is similar to a sole proprietorship but has more than one owner. Although it shares the same advantages and disadvantages of a sole proprietorship, a partnership has an additional disadvantage. Each partner can be held liable for the actions of the other partners, thereby increasing his personal liability. Partnerships file an informational tax return only. The individual partners pay their share of the taxes on their personal returns.

A corporation can be owned by one or more persons and is a separate legal entity from the individuals who own it. This arrangement limits the owners' liability to the amount invested in the business. This limited liability is a big potential advantage of incorporating a business. However, a corporation is much more complicated than a sole proprietorship or a partnership in starting and operating due to the regulations that it must adhere to.

When corporations are created, they are regular "C" corporations. "C" corporations pay income taxes on profits. The shareholders then pay income taxes again on their distributions from the profits of the company. In effect, this is a double taxation, a big concern to shareholders.

A "C" corporation can avoid this double taxation by filing form 2553 with the Internal Revenue Service, electing to become an "S" corporation. "S" corporations are pass-through entities and do not pay income taxes. This election allows the total income of the "S" corporation to be taxed to the individual shareholders instead of taxing the corporation first. This is a tax matter only. Both "C" and "S" corporations provide the same advantages of being a legal entity separate from the individual and of limiting the liability of the owners.

The newest legal form of operating a business in Georgia is the Limited Liability Company, or LLC. The LLC combines some of the favorable aspects of both partnerships and corporations. It has the limited liability of the corporation with the pass through taxation of the partnership. While this arrangement is very similar to an S corporation, an LLC operates without some of the limitations an S corporation must contend with. The right legal form for a business is determined by the specifics of each situation. Liability issues, company goals, and tax implications must be considered when choosing the correct form. Switching from one form to another depending upon the changing of circumstances is allowable sometimes, but not always. It is advised that professional help be sought when making this decision.

## **Licensing**

Businesses are required to obtain an occupational tax certificate in the county in

which the business is located. The cost of the tax certificate is based on the actual or projected revenue of the business and/or the number of employees. This certificate will allow the business to operate legally statewide, however some local governments issue other licenses and permits. Thus, it behooves a business owner to check with the local officials whenever he enters a different county to do business.

Additional state licenses are required for some types of businesses such as child care centers, restaurants, nursing homes, and hotels. The Georgia Secretary of State's office should be contacted for state license information.

### **Employment Taxes**

A business must obtain an employer identification number (EIN) by filing an IRS Form SS-4 with the Internal Revenue Service, if it has employees or operates as anything other than a sole proprietorship. This EIN is used in communications with the Federal government and in handling payroll and business taxes. A sole proprietor with no employees may use his social security number in lieu of an EIN in most cases. The state of Georgia has a similar tax number to be used for Georgia payroll withholding taxes.

Employers must withhold payroll taxes from employees' pay. Withheld Federal taxes and the appropriate coupon or form are deposited in a federal reserve bank, usually on a monthly or quarterly basis. Georgia taxes and forms are mailed to the Georgia Department of Revenue in Atlanta monthly or quarterly.

Withholding amounts are determined for Federal and state of Georgia purposes based on withholding charts within publications each distributes. Federal Social Security and Medicare taxes are withheld at a flat rate of 7.65 percent, plus the employer must match this amount.

Employers must also pay a state unemployment tax (SUTA) through the Georgia Department of Labor and a Federal unemployment tax (FUTA), both of which are based on gross payroll. Normally, this amounts to 2.7 percent SUTA and .008 percent FUTA. SUTA is normally paid quarterly, while FUTA is normally paid annually in January.

### **Self Employment Tax**

Self employment tax is that tax the entrepreneur pays as his own Social Security and Medicare contributions. This amounts to 15.3 percent of the profits of the business and is calculated on a Form 1040 ES. This amount is the same as an employee's FICA

contribution along with the employer's match. The 1040 ES also is the form on which a business owner calculates his estimated income tax to be paid on the profits of the business.

## **Sales Tax**

The Georgia Department of Revenue issues a tax identification number for businesses that sell or rent tangible items. Sales tax is collected on these sales at the rate for that particular county and submitted to the state of Georgia, usually on a monthly basis.

## **Cash Needed to Start a Business**

The old line about it taking money to make money is so true. Every new business will require some amount of funding to begin operations. The question is what that amount should be.

Determining how much money is needed to launch a successful venture is a very important procedure. This is a critical thought process when one considers that many potentially good businesses fail because they are initially undercapitalized.

To calculate the money needed, begin with two lists. First, list the items that money will be needed for before opening the business, such as equipment, deposits, initial inventory, land, remodeling, etc. Next, list the recurring monthly expenses the business will have once it begins operations. Total the amount of these monthly expenses. Estimate the number of months it will be before the business can afford to pay its own bills. Six months is the time period usually chosen, but this depends largely on the type of business being started.

If six is the selected number of months, the total of the monthly expense list should be multiplied by six. This figure is then added to the total of the pre-opening list of expenses. The resulting figure is a good estimate of the amount of money the business needs to get open and to operate until a customer base is built up.

Keep in mind the figure just arrived at is an estimate only. In order to get a more accurate number, financial projections must be done to take into account such things as timing of cash flows from accounts payable and accounts receivable. These projections will be incorporated into a business plan and should be done with the assistance of someone skilled in accounting, such as an accountant or an SBDC consultant.

## **Finding the Money**

Money to start a business usually doesn't come from the bank. It usually comes from the personal resources of the entrepreneur. However, there are a number of sources of funding that may possibly be used in a startup venture. Family, friends, banks, partners, vendors, venture capitalists, and private investors (angels) have all been used successfully to fund businesses. Each of these avenues of financing has pros and cons that should be considered, and each lender/investor will also want to see a good business plan before putting his money into a startup project.

A much talked about agency to finance a startup business is the U. S. Small Business Administration (SBA), which is a department of the federal government. SBA's role in financing businesses is normally in a guarantor capacity – SBA would guarantee to a lending bank up to 85 percent of the outstanding balance of a loan should the loan go into default. This guarantee often entices a bank to make a loan that it would normally feel is too risky to make.

Be aware that SBA does not generally provide grants or low-interest loans to start businesses. The “free government money” that everyone has heard about to start businesses is a myth. If grants were as common as some people suggest, would not everyone be seeking them, and at least some getting them? Focus instead on developing a good business plan to attract lenders or investors.

### **Business Plans**

Lenders know that starting a small business is a risky venture, and as such they have requirements a potential borrower must meet, such as:

- A written business plan
- Good credit and character
- Borrower's investment of usually 10 to 30 percent of the project cost
- Assets of at least the loan value to secure the loan (collateral)

The business plan is a critical part of these requirements. It will help the entrepreneur in two primary ways: assist in the strategic planning for the business, and act as a tool to present (and hopefully sell) the business idea to the lender or investor. A business plan usually has three main sections encompassing narrative information, financial data, and supporting documents.

The narrative section of a business plan will begin with an introduction that will give the general overview of the plan, with the goal being to entice the reader to want to study the remainder of the package. The narrative then moves on to providing

information on various areas of importance to the business, such as the market, personnel, competition, location, etc.

The financial section of a business plan consists of projections of profit/loss statements, cash flows, balance sheets, and breakeven calculations. It also includes a listing of the sources and uses of the funding and a capital equipment list. This part of a proposal is of major importance in determining the feasibility of a project.

The supporting documents section of a business plan usually will contain personal financial statements of the principles, three years of income tax returns, and resumes. In addition, this area may contain floor plans, letters of intent, professional certifications, or other pertinent documentation.

### **Resources for Assistance**

The successful businessman never stops seeking knowledge. Fortunately, there is a great deal of information available to help start and operate a business. Public libraries have volumes of information on various business topics, as do most bookstores. With the advent of the internet, most people can now access more business information from home than they can possibly study. Two outstanding web sites for entrepreneurs are [www.irs.gov](http://www.irs.gov) and [www.sba.gov](http://www.sba.gov). Both these sites have tremendous amounts of information available for small businesses.

As mentioned earlier, the Georgia SBDC Network has nineteen offices throughout Georgia. In 2001 SBDC consultants helped over 1,200 new Georgia businesses start, and worked with over 5,700 individuals seeking business assistance.

The Georgia SBDC Network is a partnership program between The University of Georgia, the U.S. Small Business Administration, and other colleges and universities from around the state, working together to provide business assistance and community economic development support to all counties in the state of Georgia.

SBDC business consultants provide free professional individualized consultation, and confidentiality is guaranteed. Consultants have earned advanced degrees in business or management and have extensive practical experience. SBDC consultants can help:

- Develop and update business plans
- Identify sources of capital
- Set up record-keeping systems and analyze financial records
- Identify foreign markets for products or services

- Conduct specialized research geared to specific needs of the business owner
- Create marketing strategies and advertising campaigns
- Explore suitable ways to conform to government regulations
- Increase opportunities to sell to federal, state, and local governments
- Analyze statistical and demographic data from reports

For information from the Albany SBDC office, call (229) 420-1144 or go online at [www.sbdc.uga.edu](http://www.sbdc.uga.edu).

## **Part III**

# **Checklist for Starting Your Own Business**

THIS IS NOT AN INCLUSIVE LIST OF STEPS TO START YOUR OWN BUSINESS.  
THE ORDER OF THE STEPS WILL NOT APPLY TO EVERY SITUATION.  
CONTACT YOUR LOCAL SMALL BUSINESS DEVELOPMENT CENTER  
FOR ASSISTANCE WITH THESE STEPS.

- Consider the feasibility of the business you want to start. This can be done in conjunction with preparing a written business plan with the assistance of the Georgia Small Business Development Center.
  - Research your potential market for demand.
  - Prepare a break-even analysis
  - Prepare financial projections for the first three years of operations
  
- Decide on a business trade name.
  
- Decide which legal form of business best fits your business.
  
- Secure financing (personal resources, banks, family, investors, etc.) for start up expenses, as well as an initial 6 month period.
  
- Select an attorney, accountant/bookkeeper, and insurance agent.
  
- Lease, rent or buy location for the business. Check with zoning.

- Call to set up your electrical service and a business phone.
- Obtain local business license and any applicable state license(s).
- Apply for applicable tax identification numbers from the following:
  - Internal Revenue Service
  - Georgia Department of Revenue
  - Georgia Department of Labor
- Purchase necessary equipment, furniture, inventory, signs, etc. for the business, as well as
- Hire employees, if necessary.
- Start your advertising campaign and/or marketing efforts. Be sure to include your opening date.
- OPEN YOUR BUSINESS.
- Join your local chamber of commerce, who will hold a ribbon cutting ceremony on your behalf. They will take a photo and publish information about your company in the local newspaper or the chamber newsletter.
- Notify local newspapers and television stations about your business. Sometimes, they will offer to interview you for a public interest story.

- Your SBDC Consultant will be happy to meet with you during this process and during the lifetime of your business to give you advice and assistance.