AMERICA'S SBDC MINNESOTA

On Track for Success

A Workbook for Minnesota Small Business Owners

A product of the North Central Small Business Development Center at Central Lakes College

Learn more about us

Welcome

On behalf of the entire team at the North Central Small Business Development Center (SBDC), I want to extend a warm welcome to you! We are thrilled that you have chosen to partner with us on your journey towards business growth and success. At the North Central Small Business Development Center (SBDC), our mission is to help entrepreneurs and small business owners start, grow, and succeed. Whether you are just starting out or looking to take your business to the next level, we are here to help you achieve your goals.

The North Central SBDC is hosted by Central Lakes College and works throughout an 11 county and two sovereign nation region. The geographic region served by the North Central SBDC includes: Aitkin, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Todd, and Wadena counties and the sovereign nations of the Leech Lake and Mille Lacs Bands of Ojibwe.

As you begin your time as a North Central SBDC client, here are some helpful tips to make the most out of your experience:

- **Be Prepared:** Come to your meetings with a clear understanding of your business goals,challenges, and questions. This will help your consultant provide more effective assistance.
- **Open Communication:** Be honest and transparent about your business situation. The more you share, the better your consultant can tailor their advice to your specific needs.
- **Set Realistic Goals:** Work with your consultant to set achievable and realistic goals for your business. This will help guide your efforts and ensure you make progress.
- **Act on Advice:** Implement the advice and recommendations provided by your consultant. Taking action on even the smallest steps demonstrates your commitment to your business' success.
- **Respect Time:** Be punctual for appointments and respect your consultant's time. If you need to reschedule, do so 24-hours in advance. This will help build a positive working relationship.
- **Provide Feedback:** Share your feedback with your consultant. Let them know what is working well and if there are areas where you need additional support.

All consulting is completely confidential and is provided to you at no-cost. The North Central SBDC is funded in part through cooperative agreements with the U.S. Small Business Administration (SBA) and the Minnesota Department of Employment and Economic Development (DEED).

Once again, welcome to the North Central SBDC. We are excited to embark on this journey with you.

Best Regards,
Katie Heppner
Regional Director
North Central Small Business Development Center

POWERED BY SBA U.S. Small Business Administration | AMERICA'S SBDC MINNESOTA | CLC CENTRAL LAKES COLLEGE

Basic Steps for Going into Business

Before You Get Started: Useful Resources

A Guide to Starting a Business in Minnesota—published by the Minnesota Department of Employment and Economic Development. https://mn.gov/deed/newscenter/publications/allpubs2.jsp?id=1045-252763

Small Business Administration—check out their website for useful articles and publications related to starting a business. www.sba.gov

New Employer Guide—published by the Minnesota Department of Revenue. https://www.revenue.state.mn.us/new-employer-guide

Tax Guide for Small Business—published by the Internal Revenue Service. https://www.irs.gov/publications/p334

Steps for Going into Business

- [ ] **Meet with a North Central SBDC Business Consultant and determine the feasibility of your concept**. Consider the 5 Cs: Capital, Collateral, Cash Flow, Credit History, and Character.

- [ ] **Prepare a Business Plan.** A basic business plan should include:
    - Executive Summary
    - Business Description
    - Market Analysis
    - Marketing Strategy
    - Operations Plan
    - Organization and Management
    - Finances
    - Appendices (as applicable)

- [ ] **Determine the type of business organization**—Sole Proprietorship, Limited Liability Company, Partnership, or Corporation.

- [ ] **Interview and select an accountant**. An accountant is more than a “tax person.” Make sure that they have a full knowledge of cash flow, business planning, and how to obtain financing.

- [ ] **Secure the necessary capital** (bank loan, personal savings, sell stock, etc.).

- [ ] **Register your business with the Minnesota Secretary of State.** This can be done online by visiting: https://www.sos.state.mn.us/business-liens/start-a-business/how-to-register-your-business/

- [ ] **Secure any necessary business licenses and permits.** In some cases, this may include city, county, and state. Contact your local city hall or economic development authority if you’re unsure of what licenses and permits apply to you.

- [ ] **Obtain Sales and Use Tax Permit and MN Business ID Number** (if applicable.) This should be printed and displayed in your business. https://www.revenue.state.mn.us/sales-and-use-tax

- [ ] **Register for IRS Business ID Number** https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online

- [ ] **Establish a bank account.** This should be separate from your personal account.
- [ ] **Obtain needed facilities**—including equipment, furnishings, supplies, and inventory.
- [ ] **Recruit personnel.** You should establish job descriptions and training programs for your employees.
- [ ] **Print business cards and create branded office materials**—including stationary, invoices, statement forms, letterhead, etc.
- [ ] **Market your business.** Implement the marketing portion of your business plan.
- [ ] **Obtain the needed business insurance.**
- [ ] **Set your opening day.** Check back in with your North Central SBDC Consultant to make sure that you are ready to go and have not missed any critical steps.

Client Loan Packaging Checklist

- [ ] Business Plan (refer to Business Plan Outline)
- [ ] Financial Statements and Project Costs (refer to Financial Data Needed).
- [ ] All applicable legal documents, such as:lease or purchase agreement, partnership agreement, sworn construction statement, appraisals, articles of incorporation, etc.
- [ ] Draft of personal financial statements of owners, officers, and any partner with 20% or more ownership (refer to Personal Financial Statement).
- [ ] Brief resume of management, owners, and officers.
    - If resume is not available, write a half-page to full-page narrative including name, address, phone number, work experience, education, and community involvement; and how all of this is applicable to the current project (refer to Resume Worksheet).
- [ ] Personal tax returns for last 2 years.

Business Plan Outline

Before starting a new business or expanding an existing business, you should develop a business plan. The business plan will serve many purposes. It will help you define the purpose of your business and organize it. It will help you determine the business' growth patterns, and it will help you anticipate problems before they arise. The business plan is an agreement on how your management team plans to carry out certain functions to achieve the identified goals and results. It will serve as means of measuring the company's performance. Lastly, the business plan is a document you will need when raising capital from banks, private investors, or other sources.

Begin your business plan with a title page. This should include the business name, the date, and your contact information. The business plan should be neatly typed in narrative form. Make sure you double-check for correct spelling, punctuation, and grammar. It should be approximately 3-5 pages, plus appendices.

Executive Summary

This is a short paragraph summarizing your business plan.

Section One: Business Description (1-2 paragraphs)

In this section, answer the following questions:

- What type of business are you planning?
- What products or services will you sell?
- What type of opportunity is it—new, part-time, expansion, seasonal, year-round?
- Why does it promise to be successful?
- What are the growth opportunities?

Section Two: Market Analysis

The market analysis describes your competition and the overall market conditions of your business. In this section, consider and answer the following:

- Define your product. Use only one or two sentences. This can be a recap from the business description.
- Does your idea offer something not currently available or being offered? OR Can it serve an existing market in which demand exceeds supply?
- Competitive Analysis—describe the industry that your business is a part of.
    - Economic climate of the industry: What has been the growth/decline in the last 5 years? 10 years? 20 years? What elements have effected these changes?
- Describe your competitors.
    - List your competitors (name, corp. address, phone, web address)
    - How many companies are in competition (locally, statewide, nationally)
    - How much product do they produce?
    - How do they distribute or who do they serve? To whom (and where)?
    - What are their prices?
    - What is their packaging?
    - How do they advertise?
    - Can it be competitive based on quality, selection, price, or convenience?
- Product Differentiation
    - What makes your product better/different than your competitors?
    - What are your strengths and weaknesses and how does this compare to your competitors?
    - What your threats and opportunities and how does this compare to your competitors?
- Place/Distribution
    - Where can the customer find your product?
- Price
    - Determine your selling price.
    - What is the market demand?
    - Is your price competitive?

- Identify your target audience. The smaller and more specific that your target audience is defined, the easier it will be to reach them
  - List potential customers (by type)
  - Describe these customers—use demographics and psychographics, such as how old they are, where they live, what they like to do, how much expendable income they have. Write a sentence describing the typical person.
  - How many people are in each customer type (locally, statewide, nationally)?
  - What common characteristics does this group have?
  - Does the customer type have any special needs?
  - Does the target audience have a common problem that your business solves?
- Market Objectives—this defines what you want to accomplish. These should be results-oriented goals.
  - Objectives should be measurable, set within a timeframe, and realistic/achievable.

Section Three: Marketing Strategy

This section describes how you are going to advertise your business, generate new customers, and reach your identified target audience. In this section, consider and answer the following:

- Business unique concept. This states your business' unique elements that are of value to consumers. Keep this in mind when developing marketing content.
- Promotion/Communication Methods. List the types of methods that will reach your target audience. Consider the following:
  - Social Media (Facebook, Instagram, TikTok, X, etc.)
  - Personal Selling (word-of-mouth and referrals)
  - Advertising (TV, radio, newspaper, magazines/newsletter, direct mail, email, social media, billboards)
  - Public Relations (newspaper/magazine featured articles, blogs)
  - Sales Promotions (contests, coupons, displays in stores, samples)
  - Collateral Materials (logo/corporate identity, brochure/flyer, displays, packaging)
- Measurement Tools. How will you track the effectiveness of your promotional methods and what are your marketing timelines/goals?
- Marketing budget. How much of your overall budget will you set aside for marketing?

Section Four: Operations Plan

This section describes the basics of how your business is going to operate. In this section, consider and answer the following:

- Geographic Location
  - Where will the business be located?
  - What factors will influence your choice of location?
  - How will your building contribute to your marketing strategy?
- Facilities and Improvements
  - What features will your location have?
  - What will your building layout feature?
- Labor Force
  - How many employees will you need?
  - What will they do?
  - What are your plans for employee hiring, salaries and wages, benefits, training, and supervision?
- Hours of Operation
- Seasonality/Yearly Operating Cycle
- If manufacturing, describe the manufacturing process including:
  - Vendor listing
  - Order lead time
  - Process time for finished product
  - Inventory management

Section Five: Organization and Management

This section describes how your business is organized and who is a part of the leadership and management team. In this section, consider and answer the following:

- Business Structure
  - What legal form of ownership (i.e. sole proprietorship, LLC, partnership, corporation) and why?
  - If applicable, Articles of Incorporation and date established.
  - Key Management Personnel
  - If incorporated, who will be your Board of Directors?
  - Who will manage the business?
  - What qualifications will you look for in a manager OR how are you qualified to be the manager?
  - Who/How will you manage finances and recordkeeping?
- List management compensation and ownership
- Supporting Professional Services
  - What consultants or specialists will you need?
  - Why will you need them?
- Laws and Regulations
  - What licenses and permits will you need?
  - What regulations will affect your business?

Section Six: Finances

This section describes what amount of funds your business needs and how these funds will be spent. In this section, consider and answer the following:

- If seeking capital, how much is requested?
- What will be the use of these funds?
- Include as appendices, the following as applicable:
  - Projected income statements
  - Cash flow statements
  - Balance sheets
  - Financial assumptions

Appendices (as applicable)

This section is your opportunity to add additional information that cannot fit into your business plan, or that needs to be explained more in-depth. This includes:

- Additional documents or information, such as resumes, legal agreements, market research data, and product/service images.

One Page Business Plan

Feeling overwhelmed? Start small with your business plan. A one-page plan is a simple, easy to understand version of a full business plan. It includes key sections like Business Name, Target Audience, Marketing & Sales Strategy, Revenue Streams, Startup or Operating Costs, Milestones, and Key Partners.

You can make your own by folding a blank piece of paper into sections or drawing boxes to label each heading. Keep answers short and focused. If you're using Microsoft Word, open a new document, type each heading in bold, and write 2-3 bullet points under each one.

This one-page plan helps you stay focused, share your idea quickly, and easily update as your business grows.

Financial Data Needed

New Business Start-Up

- [ ] Insurance quotes (building, contents, liability, worker compensation)
- [ ] List of personal assets owned, debt-free, that will be used as business assets
- [ ] What assets do you need to buy to start your business (provide bids and estimates for all project costs)?
  - Building and land
  - Equipment
  - Inventory
- [ ] Sales Information
  - Product/services offered
  - Potential pricing structure
  - Competition pricing/sales information

Existing Business

- [ ] Month-by-month sales for past 2 years
- [ ] Three-year Income Statements and Balance Sheets or Business Tax Returns
- [ ] Year-to-date Income Statement and current Balance Sheet (within 90 days)
- [ ] Workers compensation insurance percentage
- [ ] List of existing assets (this would be the asset report from your tax return)
- [ ] Bids and estimates for all projected costs
  - Building and land
  - Equipment
  - Inventory
- [ ] Debt Schedule (refer to Schedule of Business Debts, page 6)
- [ ] Aging of accounts payable and accounts receivable

Revenue and Expense Worksheet

The purpose of this worksheet is to capture the revenue and expense streams of your business for years one and two. Estimate income streams and expenses to the best of your ability. Attach notes, figures, or narratives showing how you arrived at your estimations. Estimates can be monthly or yearly but, keep them consistent for the entire worksheet.

	YEAR 1	YEAR 2
Revenue		
Gross Sales/Revenue		
Cost of Goods Sold (COGS)		
Purchases		
Freight on Purchases		
Direct Labor		
Total Cost of Goods Sold (COGS)		
Gross Profit (Gross Sales - COGS)		
Expenses		
Wages: Office		
Wages: Shop		
Outside Services		
Supplies		
Repairs and Maintenance		
Advertising-Promotion		
Car, Delivery and Travel		
Accounting and Legal		
Rent		
Telephone		
Utilities		
Insurance		
Taxes (Real Estate, etc.)		
Other Expense (Specify)		
Commission		
Trucking/Shipping		
Equipment Rental		
Miscellaneous		
Short Term Principal Payments		
Other Start-Up Costs		
Total Expenses		
Net Profit (Gross Profit - Total Expenses)		
Less Owner Withdrawals		
Net Profit Remaining for Loan Payment		

Summary of Project Costs

Use of Funds

Land Cost ____________________________________
Building Cost ____________________________________
Equipment ____________________________________
Inventory ____________________________________
Improvements ____________________________________
Bank Closing ____________________________________
Other ____________________________________
Other ____________________________________
Other ____________________________________
Other ____________________________________
Cash as Working Capital ____________________________________

Total Uses of Funds: ____________________________________

Equity Sources

Cash $__________________
________________ $__________________
________________ $__________________
________________ $__________________
________________ $__________________

Total Equity Source $__________________

Sources of Funds

Bank $__________________
$__________________
$__________________
$__________________

Other Equity $__________________
$__________________
$__________________
$__________________

Total Sources $__________________

Marketing Plan Checklist

☐ **Define Your Target Audience**
- Identify who your ideal customers are
- Consider demographics, behaviors, location, and pain points
- Create simple buyer personas to guide messaging and outreach

☐ **Clarify Your Brand Identity**
- Develop your Unique Value Proposition: This describes what makes your product or service different and better than competitors
- Choose brand colors, fonts, tone of voice, and logo
- Ensure consistency across all platforms and materials

☐ **Create a Google Business Profile**
- Claim and verify your Google Business Profile (www.google.com/business)
- Add accurate business hours, contract information, photos, and services
- Encourage reviews from happy customers to build credibility

☐ **Build a Simple Website**
- Use platforms like Wix, Squarespace, WordPress, Shopify, etc.
- Include key pages like Home, About, Products/Services, and Contact
- Make it mobile-friendly and include clear call-to-actions (CTAs)

☐ **Set Up Social Media Accounts**
- Focus on 1-2 platforms where your audience is most active
- Post regularly with a mix of promotional, educational, and behind-the-scenes content
- Engage with followers and respond to messages/comments

☐ **Develop a Content Market Strategy**
- Create a blog, video, or social posts that answer customer questions and build trust
- Make a content calendar to plan out what you are going to promote and when
- Need help? Ask a generative AI tool like ChatGPT to help you come up with content ideas tailored to your business

☐ **Build an Email List**
- Use a signup form on your website, social media pages, and/or in-person to build a contact list
- Decide how you will store the email addresses. Consider low-cost tools like MailChimp or Constant Contact.
- Send regular updates or offers to your contact list

☐ **Launch Local and Online Advertising**
- Test low-cost ads on Facebook, Instagram, or Google Ads
- Use clear offers, strong visuals, and compelling Call-to-Actions
- Monitor ad performance and adjust based on results

☐ **Collect and Use Customer Feedback**
- Ask for reviews, testimonials, and product/service feedback
- Use the feedback to improve your offerings and messaging
- Share positive reviews on your website and social media

☐ **Track Key Metrics and Adjust**
- Monitor traffic, leads, conversions, and ad spend
- Refine your strategy to maximize what works and drop what doesn’t

First Time Employer Checklist

☐ Obtain Necessary Identification Numbers

- Federal Employer Identification Number (FEIN): Register with the IRS to acquire an FEIN, essential for reporting federal taxes
- Minnesota Tax ID Number: Apply through the Minnesota Department of Revenue for this 7-digit number, used for state tax reporting
- Unemployment Insurance (UI) Employer Account Number: Register with the Minnesota Unemployment Insurance Program for unemployment tax purposes

☐ Classify Your Workers

- Determine whether your workers are employees or independent contractors, as this affects tax obligations and compliance requirements

☐ Obtain Workers' Compensation Insurance

- Secure coverage through your insurance company to protect employees in case of work-related injuries or illnesses

☐ Verify Employment Eligibility

- Complete federal form I-9 for each employee to confirm their authorization to work in the U.S. Retain this form for your records

☐ Set Up Payroll Systems

- Establish a system to withhold federal and Minnesota state taxes from employee wages
- Ensure compliance with Social Security, Medicare, and unemployment taxes

☐ Obtain Employee Withholding Forms

- Have each employee complete Form W-4MN to determine the correct Minnesota income tax withholding

Source: https://mn.gov/deed/business/starting-business/basics/hiring-checklist.jsp

☐ Report New Hires

- Report all new employees to the Minnesota New Hire Reporting Center within 20 days of their start date

☐ Display Required Workplace Posters

- Post mandatory state and federal labor law posters in a visible location for employees

☐ Understand Wage and Overtime Laws

- Familiarize yourself with Minnesota's wage and overtime regulations to ensure fair compensation practices

☐ Maintain Accurate Records

- Keep detailed records of employment, payroll, and tax documents as required by law

☐ Stay Informed on Employment Laws

- Regularly review updates from the Minnesota Department of Employment and Economic Development and the Minnesota Department of Revenue to remain complaint with any changes in employment laws and tax regulations

Don't Go It Alone!

- **Attorney:** Helps ensure compliance with employment laws by drafting contracts, developing workplace policies, review employee handbooks, and advising on legal responsibilities like worker classification and termination procedures
- **Accountant:** Assists with setting up payroll systems, managing tax obligations, maintaining accurate financial records, and ensuring compliance with tax filing requirements
- **North Central SBDC Consultant:** Provides no-cost, personalized guidance on hiring practices, financial projections, business planning, and connects employers with local resources and training to support successful business growth

10 Cost-Smart Strategies for Startups

Start Small, Then Scale
Focus on a minimum viable product (MVP) or service. Prove demand with a simple version before investing a full build-out.

Use Sweat Equity
Leverage your own time and skills (or those of your co-founders or network) instead of hiring early on.

Barter and Trade Services
Offer your services or products in exchange for things like web design, legal help, or marketing support.

Work from Home or Shared Spaces
If you're able, save on rent by using a home office or coworking space rather than a dedicated office.

Tap Free and Low-Cost Tools
Use platforms like Canva, Google Workspace, Mailchimp, Wave, etc. for branding, communication, marketing and bookkeeping. Avoid big software expenses when you can.

Host a Pop-Up of Trial Event
Instead of a full launch, test your concept through a one-day pop-up, local market booth, or virtual soft opening to gather feedback and build buzz.

Limit Inventory and Go Just-in-Time
If you're in retail or manufacturing, avoid overstocking. Start with limited quantities and order based on demand.

DIY Marketing
Build your brand using organic methods like social media, community engagement, content marketing, and your Google Business Profile.

Collaborate with Complementary Businesses
Form partnerships with businesses that serve the same audience to cross-promote and share resources.

Reinvest Profits
Instead of pulling profits out early, channel revenue back into what's working, like better tools, small marketing boosts, product improvements, or customer service. Strategic reinvestment can drive sustainable growth without outside funding.

Setting SMART GOALS

Setting SMART goals is a powerful way to bring clarity and focus to your business objectives. SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound—a framework that ensures your goals are clearly defined and realistically attainable. Instead of vague intentions like "grow the business," a SMART goal might be "increase online sales by 15% in the next 3 months by launching a targeted email campaign." This approach helps you track progress, stay motivated, and make informed decisions as you work toward meaningful, results-driven outcomes.

Small Business Glossary

Accountant: A person who helps you keep track of your money, prepare taxes, and plan for business costs.

Balance Sheet: A snapshot of what your business owns (like cash and equipment) and owes (like loans or bills) at a specific time.

Bookkeeping: The process of recording all the money your business earns and spends. It helps you stay organized and know how your business is doing financially.

Brand Identity: How your business looks, sounds and feels to customers (like your logo, colors, and style).

Breakeven Analysis: A way to figure out how much you need to sell to cover your costs. After you "break even," you start making a profit.

Business Plan: A written guide that explains what your business will do, how it will make money, and how it will grow.

Capital: Money used to start or run a business. It can come from savings, loans, or investors.

Cash Flow: The money coming into your business (sales) and going out (bills and expenses). Good cash flow means you can pay your bills on time.

Collateral: Something valuable to you promise to give a bank if you can't repay a loan, like a car or a building.

Content Marketing: Sharing helpful information (like blog posts or videos) to get people interested in your business.

Credit History: A record that shows how well you've paid back money you've borrowed in the past.

Demographics: Information about your customers like age, gender, income, or where they live.

Email List: A group of people who have signed up to hear from your business through emails like newsletters or promotions.

Employer Identification Number (EIN): A special number the government gives your business to use for taxes, like a Social Security Number for a business.

Google Business Profile: A free online listing where people can find your business hours, location, and reviews when they search on Google.

Inventory: The products or materials a business keeps to sell to customers.

Limited Liability Company: A type of business that protects the owner if the business gets into financial trouble. Note: Does not exclude you from personally guaranteeing loans.

Marketing Strategy: Your plan for how you'll let people know about your business and get them to buy from you.

Net Profit: The money your business earns after paying all costs and expenses.

Personal Guarantee: A promise you make to pay back a loan for your business using your own money if the business can't. It means you're personally responsible if something goes wrong.

Profit and Loss Statement: A report that shows how much money your business made, spent, and earned during a certain time.

Sales Promotion: Short-term deals or offers (like coupons or contests) to get customers to act quickly.

S-Corporation: A special type of business that avoids some taxes. It protects the owner's personal money and shares income with them. Note: Does not exclude you from personally guaranteeing loans.

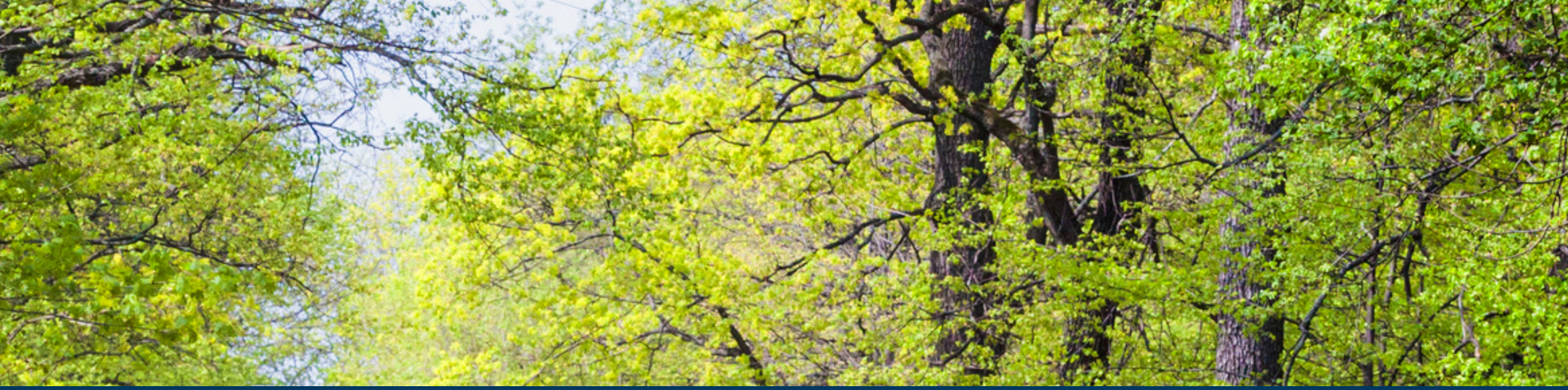
SMART Goals: Goals that are Specific, Measurable, Achievable, Relevant, and Time-bound. They help you stay focused and track progress.

Sole Proprietorship: A business owned by one person who keeps all the profits but is also responsible for all the risks.

Target Audience: The specific group of people who would be most interested in buying from you.

Unique Value Proposition: A short message that says what makes your business better or different from others.

Website Call-to-Action (CTA): A button or link on your website that tells visitors what to do next, like "Buy Now" or "Sign Up."



The North Central SBDC at Central Lakes College

218-855-8145

sbdc@clcmn.edu

Central Lakes College
501 West College Drive
Brainerd, MN 56401

Funded in part through a Cooperative Agreement with the U.S. Small Business Administration, Minnesota Department of Employment and Economic Development and regional support partners.