

Fact Book
For
Starting and Growing a
Small Business



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WELCOME

Our economic system is based upon free enterprise and the right of each person to take a chance, follow a dream and open a business. The information enclosed in this document has been compiled to answer many of the questions that arise when a person begins to think about opening a business.

Owning and operating a business is hard work. It takes dedication, patience, and an assortment of skills and money. The individuals who have worked to gather this information are supportive of your desire to follow your dream. Take the time to read the material. Knowing how to handle the many details of going into business and knowing yourself is very instrumental in the success of your business.

This information may lead to additional questions. Do not hesitate to find an answer, no matter what the question. There is help available to find the answers. Please call the Chamber of Commerce office and our staff can help identify the best resource to assist you.

We ask your help in identifying additional topics that should be included in this guide. The more information we can provide, the better we can assist you and the others who will follow.

We commend you and look forward to working with you. Please give us a call at 706-884-8671 if you have additional questions.

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NOTICE: The contents of this publication are presented for informational purposes only and should not be considered in any way legal or professional assistance. We encourage you to seek the advice and counsel of a licensed professional when dealing with legal and financial matters.

While care has been taken to provide accurate, up-to-date information, the information presented has been collected from numerous sources and is subject to errors and changes and should be further researched for updates and accuracy.

WHAT IS AN ENTREPRENEUR?

- **Someone who organizes and maintains a business venture**
- **Someone who takes on the risk and does what he/she wants in order to make a profit**
- **Someone who can coordinate the resources available to meet a need**

How can you become an entrepreneur? How can you start your own business? The LaGrange-Troup County Chamber of Commerce has designed this booklet to simplify your transition into the role of an entrepreneur. The Fact Book for Starting and Growing a Small Business will make establishing your own business easier by giving you “one stop shopping” for much of the information you will need. The LaGrange-Troup County Chamber of Commerce is determined to promote economic growth and development. We believe this begins with you. By giving you the proper tools, we can help build a strong economic foundation. We hope this booklet will be of assistance. In order to receive the maximum benefits of the information contained in this booklet, we suggest you treat this booklet as you would a workbook. Start at the beginning and work through to the end, making notes along the way.

This book would not have been possible without the dedication of many individuals and the cooperation of many organizations. We would like to thank all those who contributed in any way.

IS ENTREPRENEURSHIP FOR YOU?

There is no way to eliminate all the risks associated with starting a small business. However you can improve your chances of success with **good 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 an unreliable staff person?
- How good are you at making decisions? Small business owners are required to make decisions constantly, often quickly, under pressure, and independently.
- 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 12-hour work days, six or seven days a week if necessary?
- 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.
- 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 can make the business succeed and will help you survive slowdowns as well as periods of burnout.
- How will the business affect your family? The first few years of business startup can be hard on family life. The strain on 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.

SELF BIZ QUIZ

Are you the type person who should open their own business?
Take this short quiz and see how your score adds up.

MOTIVATION		Disagree					Strongly Agree				
1	I constantly see business opportunities or ideas with potential commercial value.	1	2	3	4	5	6	7	8	9	10
2	I like growing or building businesses or taking ideas and making something of them.	1	2	3	4	5	6	7	8	9	10
3	I regularly come up with new ideas on doing things better or more efficiently.	1	2	3	4	5	6	7	8	9	10
4	I am able to find solutions to challenges or problems.	1	2	3	4	5	6	7	8	9	10
5	I am able to find the help, assistance or resources I need to be successful.	1	2	3	4	5	6	7	8	9	10
6	I am a dynamic person providing vision, hope and energy to those with whom I work and partner.	1	2	3	4	5	6	7	8	9	10
7	I am a hard working person. I do what it takes to succeed.	1	2	3	4	5	6	7	8	9	10
8	I am able to adapt to changes & surprises quickly and successfully.	1	2	3	4	5	6	7	8	9	10
9	I am able to successfully manage risk associated with creating and growing the business.	1	2	3	4	5	6	7	8	9	10
10	I thrive on learning. I am constantly seeking new information that can help me with my business.	1	2	3	4	5	6	7	8	9	10
11	I am motivated by success and driven to do well.	1	2	3	4	5	6	7	8	9	10
12	I believe in working with others who can help me make my dream a reality.	1	2	3	4	5	6	7	8	9	10
CAPACITY RELATED TO BUSINESS SKILLS											
Consider Yourself and Other Members of Your Management Team											
13	Ability to assess market opportunities	1	2	3	4	5	6	7	8	9	10
14	Ability to develop products or services	1	2	3	4	5	6	7	8	9	10
15	Ability to provide products or services	1	2	3	4	5	6	7	8	9	10
16	Marketing and communications capacity	1	2	3	4	5	6	7	8	9	10
17	Fiscal management	1	2	3	4	5	6	7	8	9	10
18	Ability to acquire financial capital	1	2	3	4	5	6	7	8	9	10
19	Personnel or team, development & management	1	2	3	4	5	6	7	8	9	10
20	Ability to develop and sustain partnerships	1	2	3	4	5	6	7	8	9	10
21	Quality Control										
CAPACITY TO NETWORK AND PARTNER											
22	I am comfortable seeking information from others	1	2	3	4	5	6	7	8	9	10
23	I regularly network to gain information for my business	1	2	3	4	5	6	7	8	9	10
24	I have extensive resource network I am constantly building	1	2	3	4	5	6	7	8	9	10
25	I am comfortable with partnerships	1	2	3	4	5	6	7	8	9	10
26	I have two or more partnerships associated with my business	1	2	3	4	5	6	7	8	9	10
27	I have learned how to deal with the challenges of partnering	1	2	3	4	5	6	7	8	9	10
SUPPORT FROM FAMILY AND COMMUNITY											
28	I am challenged and happy in my work building a business	1	2	3	4	5	6	7	8	9	10
29	There is good balance between my work and personal life	1	2	3	4	5	6	7	8	9	10
30	Family and Friends are supportive and encourage me	1	2	3	4	5	6	7	8	9	10
31	My community is supportive of me and my undertaking	1	2	3	4	5	6	7	8	9	10
32	My community is actively helping me build my business	1	2	3	4	5	6	7	8	9	10

SCORE SELF BIZ QUIZ

Questions	Total Points		Value Factor		Points
1 -2		X	1.0	=	
3 – 12		X	.25	=	
13 – 21		X	.25	=	
22 - 27		X	.25	=	
28 - 32		X	.25	=	
TOTAL POINTS					

Scoring:

0 to 25 points Low Potential
 26 to 50 Some Potential
 51 to 75 points Moderate Potential
 76 to 100 points High Potential

Source: Center for Rural Entrepreneurship, Lincoln, Nebraska
www.ruraleship.org

CHECKLIST FOR ENTREPRENEURS

Starting your own business is not something to be rushed into. Careful, advanced planning can ensure the success of your venture. Below is a suggested one-year plan.

ONE YEAR BEFORE START-UP

- Refine your ideas in writing. Determine exactly where you want to go.
- Decide what business you want to start. Be specific in your business definition.
- Assess the impact on your family and personal life. How will this affect your relationships? Will your family support the use of finances and time?
- Begin research. You must determine if there is a need for your product or service. This research can be performed by students, professionals, or even on your own.
- Build your personal skills by taking formal management/business courses. Contact LaGrange College or West Georgia Technical College for options.
- Contact the Small Business Development Center for assistance in writing a business plan and other business start up services.
- Contact the Georgia Department of Labor for information on educational seminars on labor/safety issues.

SIX MONTHS BEFORE START-UP

- Determine the focus on your business. What do you want to specialize in? It is easier to excel at one area than at many.
- Start writing your business plan.
- Define your target markets. Who is your intended clientele? Who should you aim your advertising towards?
- Research business and trade organizations. Most areas of business have agencies and organizations set up to facilitate business. Take advantage of what these groups have to offer.
- Start looking for the best location for your business. Do you need little or lots of space? Would your business be better suited downtown or in a rural part of the county? Is a storefront location needed or can you work from your home? Location can make or break a business. Conduct the search on your own or contact a real estate agent.
- **WARNING:** Do not sign any leases or purchase documents.

FOUR MONTHS BEFORE START-UP

- Name your business. Be careful in deciding on a name and be aware that someone may already be using the name. Have a few back-up ideas. You can

check to see by contacting the Georgia Office of the Secretary of State if anyone is using a name.

- Make a final selection of the business location. Make sure that the location you choose is within your budget and also fits into your business plan. Cheaper rent may cost you more in the long run. Remember: Location, location, location.
- Select outside advisors. This will be a very hectic time. It will be beneficial to have people you can call on to listen to your ideas, problems, and plans to provide feedback. These people should be able to provide you with guidance, constructive criticism, and feedback. They should be people experienced and knowledgeable in business.
- Set up a network of mentors. Select people who can help you by giving you insight and ideas.
- Choose your business' legal form. Will you be a partnership, sole proprietorship, or corporation? Legal form should be chosen very carefully as it can impact your business in many ways.
- Set up bookkeeping, accounting and office systems. How are you going to operate your office? If you are going to keep your own books, make sure your skills are adequate. Will you need to hire a bookkeeper/bookkeeping firm?
- Seek outside demographic information on your targeted customer base. Gather secondary information.
- Continue working on your business plan.

THREE MONTHS BEFORE START-UP

- Determine your cash needs. How much money do you need for start-up? What will be your monthly variable and fixed costs? What is your break-even point? These are all questions that must be answered. You must estimate your cash flows.
- Review preliminary financial objectives. How much profit do you expect to make? Are you planning on making investments? What is your intended cash flow?
- Decide on your pricing strategy. After determining your variable and fixed costs, decide what your markup rate will be. You will also need to consider demand and competitive factors in setting your price.
- Forecast sales. Contact the SBDC or others in your field to help you forecast accurately.
- Determine your company's employee needs. How many people do you need on your staff? This is important to decide as it effects your requirements for insurance, cash flow, etc.
- Project your cash flow. Write out an estimated statement of all revenues and expenditures. This statement should cover one calendar year. Also project your net cash flow for the entire year.
- Continue working on and refining your business plan.

TWO MONTHS BEFORE START-UP

- Prepare the marketing plan. How are you going to market your project and how much will it cost? Are you going to use publicity? Are you going to use paid advertisement? You must decide how you will go about introducing your business to the public.
- Get your business license. (See occupational tax)
- Review non-financial objectives (public image, legal questions). How do you want the public to see your business? Are you a family establishment or geared more towards adults? What form is your business taking: Do you have all legal documents needed?
- Prepare a preliminary balance sheet. Contact the SBDC for assistance.
- Secure necessary financing. Whether through a private lender or through other sources, you must obtain the necessary amount of start-up capital.
- Secure insurance coverage if applicable. (See Labor/Safety)
- Determine advertising, promotion, and public relations strategies.
- Order opening inventories. Talk to your suppliers for estimated opening needs.
- Complete improvements to your facility.
- Start your hiring process. (See Labor/Safety)
- Refine your business plan. It is suggested you not proceed with the following steps unless you have received a firm commitment for all necessary funds.

ONE MONTH BEFORE START-UP

- Fine-tune your cash flow budget.
- Prepare for your grand opening. The LaGrange-Troup County Chamber of Commerce can be of assistance in planning your events. Be creative but practical.
- Set up your office, display areas, etc. Have everything exactly as you want it. The last few days before opening are not the time to do this. The look of your store or office sets the tone for your business. You should put thought and time into it.
- Review your final checklist.
- Hire your staff. (See Labor/Safety)
- Make sure everything works. It is better to find out that your equipment does not work in advance. In that case, you can make any necessary repairs and be ready to open your doors on time.
- Implement marketing, promotion, and opening plans. This will be a good time to start advertising in local newspapers, radio, and television if your budget permits. Remember: Word of mouth is your most powerful publicity! It's also the least expensive. Spread the word.

START-UP AND AFTER

- Budget your time. As a new business owner your time will be precious. Schedule your time wisely. It is important to get the maximum out of time you

- have available. You might consider reading some time management materials or speaking with someone who you think manages time wisely.
- Continuously update your product/service. What is good about your product? Make it better. What doesn't work with your product? Eliminate the problem as much as possible. If people patronize your business for the original product, an improved product can only increase that.
 - LISTEN to your customers, advisors, and vendors. The customers are your cash flow. It is important to gather their opinions and put them to use. Their ideas can be helpful in updating your product. LISTEN to your advisors. You asked them to advise you for a reason. Let them guide you. LISTEN to your vendors. These vendors have been in the business much longer than you have. They can possibly provide you with money-saving or moneymaking ideas.
 - Check cash flow budget against actual performance.
 - Maintain good communication with your bankers and vendors. By keeping the lines of communication open you are helping yourself. Should you need their help in the future, you will be more likely to receive it.
 - Continue to improve the 5 C's of credit (Character, Collateral, Capacity, Capital, and Condition)
 - Work with investors. Make sure you are in contact with them. Make sure that you understand the conditions of your repayment. When are payments due? Make sure you fulfill all obligations to investors. You may need to call them again someday.
 - Check cost of living budget. If you are drawing money from the company for living expenses, be sure to take only what is necessary. Stick tightly to your budget.
 - CONSIDER DELAYING YOUR OFFICIAL GRAND OPENING/RIBBON CUTTING UNTIL YOU'VE BEEN IN BUSINESS FOR A COUPLE OF WEEKS. If you do, you can make sure that you've worked the "bugs" out and that all is running smoothly.

THE BUSINESS PLAN

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

The following outline of a typical business plan can serve as a guide. You can adapt it to your specific business. Breaking down the plan into several components help make drafting it a more manageable task.

You can also go to the Internet Google and type in "Business Plan" to get free samples of business plans. The public library may have software available with Business Plan details.

Introduction

- Give the detailed description of the business and its goals.
- Discuss the ownership of the business and the legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

Marketing

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

Financial Management

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- Develop an expected return on investment & monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.
- Discuss your breakeven point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements that address alternative approaches to any problem that may develop.

Operations

- Explain how the business will be managed on a day-to-day basis.
- Discuss hiring and personnel procedures
- Discuss insurance, lease or rent agreements, and issues pertinent to your business.
- Account for the equipment necessary to produce your products or services.
- Account for production and delivery of products and services.

Concluding Statement

- Summarize your business goals and objectives and express your commitment to the success of your business.
- Once you have completed your business plan, review it with a friend or business owner.
- When you feel comfortable with the content and structure make an appointment to review and discuss it with your lender. The business plan is a flexible document that should change as your business grows.

SOURCE: www.sba.gov

FEASIBILITY & MARKETING STRATEGY

Is your Business Idea Feasible?

Answer the following questions regarding your idea. Give complete, well thought out answers to these questions. If you are unsure about (or answer no to) any of the following questions, then you should rethink your idea.

- What type of business do you plan to start?
- What kind of product or service do you plan to offer?
- Will your product or service satisfy a need yet unfilled?
- Will your product or service have a competitive edge based on price, location, quality or selection?

Researching Your Markets

It is recommended that you research the potential market demand for your product or service. First, determine what questions you need answered. The following are ideas on where to find the information you need.

Primary Data:

- Your experience
- Experiences of people you know
- Survey potential customers to determine their wants/needs. Observe similar businesses
- Interview these business's owners
- Interview suppliers, vendors, bankers

Secondary Data:

- Visit your public library
- Contact trade associations (i.e. trade shows and trade journals)
- Contact the SBDC and the LaGrange-Troup County Chamber of Commerce. See the Resource Directory for contact information.
- Use various search engines on the Internet (i.e. Yahoo, Google, MSN, Lycos, Alta Vista, etc.)

Marketing Your Business

In order to properly market your product, you need to answer the following questions. This information can be used to help you develop your marketing plan. Contact the SBDC for more information on constructing this plan.

- Who are my customers? (This determines your target market)
- Where are they?
- How many are there? (This indicates your market size)
- What are their needs?
- Who are my competitors?
- How does my competition do it? (One method of marketing/dealing with competition is the end-run strategy. In this strategy you adopt your competitors' strategy with the intention of making it better)
- How can I reach them? (The distribution of your product is very important. Where your product is located can affect how well it sells)
- How much will they pay? (The pricing of your product is also very important. You must take into consideration what your competitors charge)
- What are the market trends? (What are people buying? It is important to be aware of what market trends are. This relates back to knowing your customers' needs. Try to distinguish between trends and fads)
- What are the technological trends? (One obvious answer to this question is the Internet. Will you be using technology? How can it be used to help your business? Do you need to advertise on the Internet? Do you need a network of computers for your business? If you are in a business related to technology, it is imperative that you stay abreast of any changes)

DETERMINING CASH NEEDED TO START A BUSINESS

Estimate of monthly expenses
based on sales of
\$ _____ Projected per year

Estimate of cash
needed to start
(_____ # months)

Monthly Costs

Salary of Owner/Manager		
All other salaries/wages		
Rent (building/equipment)		
Advertising		
Office Expense		
Telephone and Fax		
Internet Service		
Other Utilities		
Insurance		
Taxes, inc. Soc. Security		
Maintenance/Repairs		
Legal/Professional Fees		
Loan Payments		
Miscellaneous		
SUBTOTAL		

One Time Start Up Costs***

Fixtures & Equipment	
Decorating & Remodeling	
Installation of Fixtures/Equip.	
Starting Inventory	
Deposits for Utilities	
Legal/Professional Fees	
Licenses & Permits	
Adv/Promotion for Opening	
Other	
TOTAL ESTIMATE OF CASH NEEDED FOR START UP	

***To determine these amounts, get estimates from suppliers, contractors, professionals and/or government authorities to ensure accurate amounts

DEMOGRAPHIC INFORMATION

A variety of free demographic information is available on the Internet or through the local Chamber of Commerce office. This information breaks down population by different categories such as age, sex, race, income and education. It can be used to help identify the number of people who may use your business or service.

www.fedstats.gov

www.factfinder.census.gov

www.dca.state.ga.us

www.georgiafacts.net

<http://quickfacts.census.gov>

PROCUREMENT: DOING BUSINESS WITH THE GOVERNMENT

Through the Governor's Small Business Center, learn how to become a registered vendor with the State of Georgia and its many agencies. Visit the Governor's Small Business Center website for more information, a list of current bid opportunities and to register online.

Source: Governor's Small Business Center – www.doas.state.ga.us

LEGAL ASPECTS OF STARTING A BUSINESS

Deciding what form of legal entity your business will take is an important decision. This will have an impact on the future of your business including your protection under the law, and the rules and regulations (for example, federal and state taxes) that will apply to you.

It is recommended that you contact an attorney, CPA, or other qualified individual before you enter into any of these four forms of business. Speaking with someone informed about the legal entities of business will reduce the risk of mistakes in the business setup. You can probably do the necessary paperwork and procedures yourself, but it makes sense to leave it up to the professionals. Also, contact the Small Business Development Center for more information.

THERE ARE FOUR BASIC FORMS THAT A NEW BUSINESS CAN TAKE:

- Sole Proprietorship
- Partnership (General or Limited)
- Corporation (C or S)
- Limited Liability Company (LLC)

A **sole proprietorship** is usually owned and operated by one person. Under the law, it is not actually considered a legal entity. It is instead considered an extension of the person who owns the business. This individual has sole ownership of assets, but is also solely liable for the debts of the business. All personal assets are reachable by creditors or judgements.

A **partnership** can be formed in two ways. A general partnership is comprised of two or more individuals who join to start a business. Each person has proportional ownership of the business assets and proportional liability for business debts. Each person also has authority in running this business. A partnership agreement can be drawn up to address each person's particular liability. However, despite this document, creditors may collect from each and every member of the partnership (this may include personal assets).

A **limited partnership** is made up of one or more general partners as well as one or more limited partners. Limited partners contribute capital and share in profit/losses. These limited partners, however, take no part in the running of the business and are not held liable for the organization's debts.

Whether taking part in a general or limited partnership, it is advisable that you draw up a partnership agreement. This document will detail each partner's right and their responsibilities. Partnerships are required to file both federal and state income tax. While the partnership is not typically taxed, each partner reflects profits or losses for the partnership on his/her personal tax returns.

A **corporation** is an entity, which must be approved by the State of Georgia through the Office of the Secretary of State. A corporation must file federal, state, and local taxes on its operations. One advantage to a corporation is the protection from liability afforded to shareholders. However, when an organization is small, creditors may require personal guarantees of predominate owners. Another advantage to the corporation is the ease of raising capital through the sale of common or preferred stock. There are two types of corporations: C and S.

The C corporations have their own tax identification numbers and pay their own taxes. The S corporation is the opposite. It is not taxed as if it is a corporation at all. Instead it is taxed similarly to a partnership. Its gains and losses are reflected on the personal income tax of the shareholder. The S corporation is a pass-through entity for tax purposes. (The distinctions between S and C corporations can be complicated. It is very important that you consult with someone who is knowledgeable on the subject before making a decision.)

In order to incorporate your business, contact the Office of the Secretary of State. You will then reserve your corporation name. The incorporation process must be completed within 90 days. The Office of the Secretary of State will instruct you in the completion of all documents needed. You will be required to pay an incorporation fee every year by April 1.

The Office of the Secretary of State

214 State Capitol
Atlanta GA 30334
404-656-2881
www.sos.state.ga.us

This incorporation process includes publishing your intent to incorporate in the local newspaper's legal publication. To publish your intent to incorporate, contact:

LaGrange Daily News

105 Ashton St.
LaGrange GA 30240
706-884-7311

An attorney can usually perform the necessary procedures for you for several hundred dollars. How much it will cost depends on the attorney and your business.

A **limited liability company (LLC)** is one that is owned by one or more persons known as members. It is a mixture of other forms of organization. This form combines some of the best features of partnerships, corporations, and S corporation's. Similarly to a

corporation, you must reserve a name and file the articles of incorporation. You and your fellow members should write an operating agreement to control the conduct of the business.

An LLC shields the personal assets of members as if they were shareholders in a corporation. It also eliminates double taxation. Because an LLC is a somewhat new organizational form, it is unclear how the partnership tax rules will apply. You may not be able to conduct interstate trade as an LLC. Many state and foreign governments have not yet approved this form. In addition, an LLC may not have a perpetual life. While this form of organization is gaining popularity, you must take great care in the establishment of an LLC to insure pass-through tax treatment.

LICENSING AND PERMITS INFORMATION

Business License (also called an Occupational Tax)

If you plan to operate a business in the state of Georgia, you must obtain a city or county business license. In some cases such as home-based businesses and some county areas outside the incorporated city limits, no license is needed. You should discuss the details of your situation with the licensing department. The fee for a license is contingent on the location, type, and size of your business. Around Troup County, occupational taxes vary.

If your business will be located within the LaGrange city limits:

City of LaGrange Business License Office
City Hall
200 Ridley Ave.
LaGrange GA 30240
706-883-2060

If your business will be located outside the city limits:

Troup County Government Center
100 Ridley Ave.
LaGrange GA 30240
706-883-1650

If your business will be located within the Hogansville city limits:

City of Hogansville
301 E. Main St.
Hogansville GA 30230
706-637-8629

If your business will be located within the West Point city limits:

City of West Point
730 1st Ave.
West Point GA 31833
706-645-3505

ZONING

Once you have chosen a tentative location for your business, contact the zoning department to determine the permitted uses of that location. There might be special restrictions on that area. **DO NOT INVEST ANY MONEY IN A LOCATION UNTIL ZONING HAS BEEN THOROUGHLY RESEARCHED!!!**

The Zoning Department can help you determine if your location and type of business are in compliance with ordinances. You will be required to submit your business plans to the zoning office to determine if the business complies/can be adapted to comply with the following:

- 1- Current zoning classification
- 2- Building setbacks
- 3- Off-street parking availability and service entrance requirements
- 4- Buffer yards or required screening
- 5- Lot area minimum
- 6- Sign regulations

Sign permits are required for erecting and placing any mounted or freestanding signs. Applications are filed through the zoning office. For specific information about signage, call the Zoning Office in the city you wish to locate in. If your plans do not/cannot meet these specifications, you can discuss options with the zoning office. If you find the current zoning classification of your potential location does not allow for your business, you may file an appeal for rezoning. In order to file this appeal, contact the Zoning Office. An answer on this appeal can usually be expected 4-5 weeks after submission of your application packet.

BUILDING CONSTRUCTION & RENOVATION

A building permit must be obtained for both new construction and renovations of and additions to existing buildings. Before you may construct a new facility or renovate an existing one, you must have this permit. Once you have obtained a building permit, complied with the regulations pertaining to the area you are in, and construction is complete, the facility will be inspected. You will then apply for a Certificate of Occupancy. Without this certificate, it is illegal for your business to reside in the facility.

LaGrange Building Inspector

Lee Newman
City Hall
200 Ridley Ave.
LaGrange GA 30240
706-883-2060

Hogansville Building Inspector

Randy Jordan
400 E. Main St.
Hogansville GA 30230
706-637-8629

West Point Building Inspector

Bobby Williams
City Hall
730 1st Ave.
West Point GA 31833
706-645-3505

County Building Inspector

Michael Dobbs
Administration Building
900 Dallis St.
LaGrange GA 30240
706-883-1650

TRADE NAME REGISTRATION

In the State of Georgia, every person, firm, or partnership that conducts business has two options regarding trade name registration: 1) the business name must include the last name of the individual owner of the business. 2) If using a fictitious name (one not including the last name of the individual owner), the fictitious name must be registered in the office of the clerk of the Superior Court of the county where the business is located. A corporation or limited liability company will not need to file this registration, as it will already be registered with the office of the Secretary of State. The fee for Trade name registration is approximately \$100.00

The Clerk's office will provide any paperwork that needs to be completed. Similar to publishing your intent to incorporate a business, you must publish a notice of your Trade name registration in the local newspapers. You must also file the required affidavit. Notice of the filing of the trade name registration must be published once a week for two weeks in the legal section of the publication. Prices vary. In order to run your legal advertisement, contact:

LaGrange Daily News
105 Ashton St.
LaGrange GA 30240
706-884-7311

Failure to register a trade name will not nullify contracts signed by the unregistered entity. The court, however, is authorized to assess court costs against the parties who have failed to register the trade name or partnership name at the time an action is filed. Thus the trade name registration prevents a company from having to pay all court costs in an action by or against a company. If you have a question as to whether your business needs to register a trade name, contact the Clerk's office.

TRADEMARK AND SERVICE MARK

Trademarks and Service Marks may be registered, if desired. The registration is for 10 years and a small fee is required. These are also Federal trademarks laws. These apply where interstate shipments are involved and are obtained from the U.S. Patent Office. A product must be sold, shipped and invoiced interstate prior to getting such protection from the Patent office. Information and applications can be obtained from:

Special Services Division
Secretary of State
214 State Capitol
Atlanta GA 30334
404-656-2881

To file your Trade name registration, contact:

Clerk of Court
900 Dallis St.
LaGrange GA 30240
706-883-1740

Federal Licensing

Most new small businesses most likely will not require any type of federal licensing to conduct business, unless you will be engaged in one of the following activities:

- Rendering investment advice
- Making alcohol products
- Making tobacco products
- Preparing meat products
- Making or dealing in firearms

You would need a Federal permit also to start large operations such as television station, radio station, common carrier, or producer of drugs or biological products. The aforementioned businesses are all heavily governmentally regulated. For information on federal licensing for these types of businesses, contact:

The U.S. Department of Alcohol, Tobacco, and Firearms
2600 Century Parkway Suite 3430
Atlanta GA 30345
404-679-5130

The U. S. Federal Drug Administration
60 8th Street
Atlanta GA 30309
404-347-4265

The U.S. Federal Communications Commission
3575 Kroger Boulevard
Duluth GA 30096
888-225-5322

State Licensing

Many licensing regulations should be considered when establishing a business or practicing certain regulated occupations in Georgia. Contact the Secretary of State's office for a listing of all occupations that require state licensing. You can find a complete list of occupations requiring state licenses in Appendix 1. Before applying, you would be well advised to check the current licensing regulations through the office of the Secretary of State, the county and the city.

For information, contact:

Georgia Secretary of State
Licensing Boards Division
166 Pryor Street SW
Atlanta GA 30303
404-656-3900

***The Office of the Secretary of State offers a timesaving booklet entitled Consolidated Registration Information for Businesses. This book is more familiarly known as the BLUE BOOK. This book contains important phone numbers, addresses, and Internet addresses of offices and departments essential to your business.*

Bulk Sales Law

If you plan to purchase an established Bulk Sales business, you as the purchaser must comply with the Bulk Sales Law. It is required that, at least five days before the actual purchase, each creditor must be notified personally of the proposed sale. In counties of over 200,000 population, it is necessary to publish this intent to purchase one time, not less than seven days prior to the completion of the purchase. By all means, consult your attorney.

HEALTH PERMITS

If your business is to involve food processing, handling, storage, or distribution, you must obtain permits from the Troup County Health Department, which handles the permits for the entire county and city. If you are unsure if your business needs a permit, contact the Health Department or the Ga. Dept. of Agriculture

Troup County Health Department
107 Medical Dr.
LaGrange GA 30240
706-845-4085

Ga. Dept. of Agriculture
19 Martin Luther King Dr. SW
Atlanta GA 30334
404-656-3600
www.agr.state.ga.us

TAXES

PROPERTY TAX STRUCTURE

Property tax rates represent local tax liability per \$1,000 of fair market value and apply to real and personal property. Assessed value is 40% of appraised value.

The millage rate for the City of LaGrange and Troup County is 29.66 mills.

Both the City of LaGrange and Troup County have adopted 100% inventory tax exemption and a 1% local option sales tax, both of which have the effect of decreasing the property tax rates. The sales tax rate in Troup County is 7%.

THE BREAKDOWN OF LOCAL TAXES FOR 2004-2005 IS AS FOLLOWS:

	LaGrange & Troup County	LaGrange (DT District)	West Point	Hogansville
State	0.25	0.25	0.25	0.25
County	10.56	10.56	10.56	10.56
School	18.85	18.85	18.85	18.85
City	0.00	0.00	9.74	7.95
Other		4.00		
Total Mill Rate	29.66	33.66	39.40	37.61

FREEPORT EXEMPTION:

The “Freeport” or inventory tax exemption was passed by referendum on November 7, 1978, and applies to the following types of inventory.

- (1.) Manufacturer’s raw material and goods in process inventory
- (2.) Finished goods held by the original manufacturer
- (3.) Finished goods destined to be shipped outside Georgia (This applies to warehouse, distribution, or manufacturing operations.)

Both the City of LaGrange and Troup County have implemented the freeport tax and offer 100% exemption.

Goods destined for shipment within the State of Georgia do not fall into this category and are taxed at a rate of 40% of market value.

STATE OF GEORGIA

Sales and Use Taxes

Every business that sells tangible personal property, such as merchandise, to customers is required to obtain a seller's permit. This is issued from the state sales tax agency. (There are some businesses, however, that are exempt from this requirement.) Typically, a separate permit must be obtained for every business in which the property subject to sales tax is sold. If selling to a retailer, wholesalers and manufacturers usually do not have to collect sales tax on the goods they sell. This, however, is contingent on whether the retailer has a valid seller's permit and can provide you with a "resale certificate".

Similarly, retailers are not required to pay sales tax on items you purchase for resale. You may purchase blank resale certificates at office supply stores. If state law requires that your business collect sales and use tax, you must keep detailed records of your gross receipts from sales/rentals. These records must include all sales/rentals whether or not you believe them to be taxable. Your records must also include evidence of all deductions you claim on sales/use tax returns. In addition, you must record the total purchase price of all tangible personal property acquired for sale, lease, or consumption. Sales tax forms must be filed monthly. The taxes must also be paid on a monthly basis. You can contact the Georgia Department of Revenue to petition for special permission to pay/file quarterly. Sales tax in Troup County is 4% - state sales tax and 3% local option sales tax for a total of 7%.

Contact:
Georgia Department of Revenue
Sales & Use Tax Division
Atlanta GA 30303
404-417-3209

State Excise Taxes

In addition to federal excise tax, you may be responsible for collecting state excise tax as well. The categories are comparable to the federal categories. Alcoholic beverages, tobacco products, motor carriers, and trucks with more than two axles are included in the taxed categories. You should contact the Georgia Department of Revenue for complete information.

For information on state excise taxes, contact:
Georgia Department of Revenue
Alcohol & Tobacco Division
Atlanta GA 30303
404-417-3206
800-659-1855

STATE UNEMPLOYMENT TAXES

This tax on payroll is payable on the first \$8,500.00. It applies to all businesses. Employers are classified in accordance with their actual experience in the payment of contributions and with respect to unemployment benefits charges against their accounts so that contribution rates will reflect such benefit experience. An employer rate for any calendar year shall be determined on the basis of his record as of the computation date for each calendar year. Quarterly unemployment reports must be filed and returned to:

Georgia Department of Labor
P O Box 740234
Atlanta GA 30374-0234
404-232-3001

Georgia Department of Labor
1002 Longley Place
LaGrange GA 30240
706-845-4000

WORKMEN'S COMPENSATION INSURANCE

Firms with three or more employees must carry workmen's compensation insurance either with a licensed insurance company or as a self-insurer.

Contact:
State of Georgia
State Board of Workmen's Compensation
270 Peachtree St. NW
Atlanta GA 30303-1299
404-656-3818 or 404-656-3875
800-533-0682
www.state.ga.us/sbwc/

MINIMUM WAGE AND OVERTIME WAGES

Obtain regulation regarding the minimum wage law as well as overtime wage laws. Even if you don't fall under federal minimum wage and overtime law, you are still subject to Georgia minimum wage law requirements.

Contact:
Georgia Department of Labor
1002 Longley Place
LaGrange GA 30240
706-845-4000

Estimated State Income Taxes

The State of Georgia also requires that you pay estimated state income taxes. The payment dates for estimated state tax are the same as those for federal payments. The Form 500ES should be completed for sole proprietorships or partnerships. A 9% per year penalty can be imposed for failure to file an estimated return or failure to pay the correct amount of tax.

FEDERAL

Federal Excise Taxes

There are some forms of business on which the U.S. government requires additional taxation. This will be a tax that you are responsible for collecting. This tax does not come out of your pocket. Typically, it is added to the sale price of your product or service. Form 720 Quarterly Federal Excise Tax Return is used to file most federal excise taxes. Federal excise taxes can be broken into nine general categories of products and services.

They are:

- Motor vehicle use tax (vehicles greater than 55,000 lbs. gross weight)
- Retailers tax (certain types of fuels)
- Retail excise tax on the sales of the following: Heavy trucks/trailers, tires and tubes, recreation equipment (e.g. fishing/hunting supplies), firearms and ammunition.
- Air transportation tax (if you are transporting people by air, you have to collect this tax)
- Communications taxes (e.g. on telephone or teletype services)
- Wagering taxes
- Taxes on U.S. mined coal
- Environmental taxes (imposed on petroleum products, various chemicals, and hazardous wastes)
- Alcohol, firearms, ammunition, and tobacco taxes

Be sure to contact to IRS for complete information on federal excise taxes.

Internal Revenue Service
Atlanta District Office
401 W. Peachtree St. NE
Atlanta GA 30303
800-829-3676

Federal Income Taxes

The amount and way you pay federal income taxes will be dependent on the legal form in which your business is organized.

For a sole Proprietor or a member of a Partnership: In either of these arrangements, you will be required to make estimated federal income tax payments. These individual payments are due in four installments. These payment deadlines are April 15th, June 15th, September 15th and January 15th for one whose tax year is the calendar year. Any amount left unpaid will be due April 15th of the following year. The Form 1040-ES is used to file these taxes. 90% of your estimated tax must be paid during the course of they year.

For a corporation: The Corporation is responsible for paying estimated corporate taxes if it has taxable income. These taxes can be due as soon as the fourth month of the corporation's first tax year. The proper form for filing these taxes is the Form 8109. You must deposit these payments in a bank licensed to accept federal tax payments. The corporation will be issued a coupon book. These coupons will carry the corporation's tax ID number and are to be used with all federal tax payment deposits.

All forms necessary to file any of the estimated taxes mentioned above are available at your local IRS office. A coupon book will be mailed to you upon receipt of your Form SS-4 (the form filed requesting a tax ID number).

For more information, contact:
Internal Revenue Service
Atlanta District Office
401 W. Peachtree St. NE
Atlanta GA 30303
800-829-3676

Employer Taxes

There are taxes that as an employer you are responsible for both withholding from employee wages as well as paying yourself. For more complete information on employer taxes, see Labor and Safety Regulation Information in on page 33.

Federal Tax Identification Numbers

Your federal tax identification number is the number used to file your taxes. It acts in a similar capacity to your social security number on your personal income taxes. In fact, if you are a sole proprietorship you will probably use your social security number. In partnerships and corporations you will need a Federal Tax ID number. To determine whether you need a tax ID number, contact the Internal Revenue Service. It should be acquired prior to opening a bank account.

Internal Revenue Service
Atlanta District Office
401 W. Peachtree St. NE
Atlanta GA 30303
800-829-3676

Federal Unemployment Taxes

Federal Unemployment Insurance Tax is the employer's responsibility. This is not withheld from employee wages. Consult the Employer's Tax Guide for more information on the various taxes that you will be required to pay. The Employer's Tax Guide is a booklet designed to help you with all aspects of taxation. Contact the Georgia and US Departments of Labor and Revenue to

receive the Employer's Tax Guide and other relevant information. See contact information below.

If you are a sole proprietor, you are not required to pay withholding. You are however required to pay self-employment tax. Contact the Internal Revenue Service for complete details.

PATENTS AND INVENTIONS

Publications concerning patent laws, trademarks and inventions are available at the Federal Bookstore and Department of Commerce. Patent Attorneys and agents are listed in your local yellow pages. Patents are registered at:

U.S. Department of Commerce
Patent & Trade Marks Office
2021 Jefferson Highway
Washington DC 20230
703-557-3158

UTILITIES

Establishing Electric, Gas, Water, Sewer, and Garbage Service

To establish electric, gas, water, sewer, and garbage service in an existing location within the City of LaGrange, Hogansville or West Point, you must contact the Customer Service at the appropriate Utility Department. You will be required to sign a service contract and pay a deposit. This deposit is refundable at the closing of your final bill. The amount of your deposit is dependent on the size of your business and its estimated use. To sign up for service you must present a copy of your lease agreement or closing statement and Drivers License or valid Georgia ID with SS#.

To establish utility service in a new facility in the Cities of LaGrange, Hogansville or West Point, you must contact the Customer Service at the appropriate Utility Department. You will speak to a customer service representative who will inform you as to the steps you must take.

While each provider in the county has specific policies and procedures, each system is similar. The minimum amount that you can expect to spend for a deposit is about \$50.00. Please do not rely on this estimated figure. Contact the appropriate office for a better idea of a specific amount.

To establish Water, Sewer, Gas or Electric in the City of LaGrange, contact:

Utility Department – Customer Service, City Hall
200 Ridley Ave.
LaGrange GA 30240
706-883-2030

To establish garbage service in the City of LaGrange, contact:

Sanitation Department
115 Hill St.
LaGrange GA 30240
706-883-2002

Additional information can be found at www.lagrange-ga.org

To establish Electric service in the unincorporated areas of Troup County, contact:

Diverse Power
1400 S. Davis Rd.
LaGrange GA 30241
706-845-2000

To establish utility service within the City of Hogansville, contact:

City of Hogansville
103 E. Main St.
Hogansville GA 30230
706-637-8629

To establish utility service within the City of West Point, contact:

City of West Point
730 1st Ave.
West Point GA 31833
706-645-3505

LABOR & SAFETY REGULATION INFORMATION

Educating Yourself on Labor/Safety Issues

The Georgia Department of Labor is available to provide consultation to new businesses in the state. The local and state departments offer educational seminars and presentations throughout the year. These classes cover a wide range of labor-related topics such as labor laws, labor issues, prevailing wages, unemployment insurance, benefits, and employment services. It would be advisable to contact the local Georgia Department of Labor (GDOL) office regarding these classes. These seminars are intended to provide you with all the information you need to prepare you for the employment aspects of running a business. You should begin these classes up to one year before your intended start-up. At these seminars you will be provided with a section of the instructional workbook. After attending a certain number of these seminars, you will have the entire workbook. The Georgia Department of Labor or the U.S. Department of Labor can help walk you through all of your employment and labor problems.

Georgia Department of Labor
1002 Longley Place
LaGrange GA 30240
706-845-4000

U.S. Department of Labor
1375 Peachtree St. NE
Atlanta GA

OSHA

The issuing and enforcing of occupational and safety health regulations is handled by the United States Department of Labor. The Occupational Safety and Health Administration (OSHA) is the federal agency, which administers these policies. The requirements put forth by OSHA include posting notices to employees and maintaining accurate records of employee injuries. OSHA will provide you with information on all requirements as well as related publications. OSHA policies and regulations must be posted in the workspace where all employees may see.

In addition to OSHA, the US government also supports the Employment Standards Administration, Mine Safety and Health Administration, Veterans Employment and Training Service and the Pension and Welfare Benefits Administration. Each of these departments is designed to protect both the employer and employee. Similar to OSHA, each issues and enforces a unique set of requirements and regulations.

Occupational Safety and Health Administration
U.S. Department of Labor
1375 Peachtree Street NE
Suite 587
Atlanta GA
404-374-3573
www.osha.gov

DRUG FREE WORKPLACE

Your business can become eligible for 7.5% discount on your Workers' Compensation Insurance Premiums. This is possible through the DRUGS DON'T WORK PROGRAM. Contact the Georgia Chamber of Commerce website listed below for more information on this program.

Georgia Chamber of Commerce

Atlanta, Georgia

www.gachamber.com/affiliates/drugs

U.S. Department of Labor

1375 Peachtree Street NE

Suite 587

Atlanta GA 30367

404-347-3573

www.dol.gov

Georgia Department of Revenue

P O Box 38027

Atlanta GA 30374-0001

404-656-4071

APPLICATION, HIRING & TERMINATION PROCESS

There are basic ground rules to hiring and firing employees. There are legal requirements to acquiring or terminating employees. If handled incorrectly, personnel issues can result in legal problems. These legal problems can be large enough to shut your business. It is important to make sure all your bases are covered. In addition to the do's and don't listed below, contact the Georgia Department of Labor for more on correct hiring and firing policies.

Application and Hiring

DON'T:

- *Ask obvious questions.* Do not ask questions regarding sex, age, race, etc. or anything related to these areas. These are sensitive areas and cannot be used as discriminating factors. Some applicants may believe that all gathered information is used. It is for this reason that you should not ask these questions. It is best to avoid these topics so as to eliminate all possibility of legal problems.
- *Write on the job application form.* Any notes taken during interviews should be made on photocopies or other paper. This allows you to preserve the original application without marring it for your permanent records.

DO:

- *Limit your interview questions to job duties.* There is no reason to ask questions that do not apply to the responsibilities of the position. You may ask if an applicant has any barriers to completing the duties. Do not ask questions like "Do you have children?" or "Are you married?" Small talk is acceptable if the interviewer is careful. Do not venture into conversation that might produce seemingly discriminatory information.
- *Make sure all company procedures follow employment statutes.* Have your advisors or attorney review your system for application, hiring, and termination before you begin hiring and periodically thereafter.
- **EDUCATE YOURSELF!!!!!!** The best way to prevent problems is to be familiar with the law. When you are in doubt about any issue concerning labor or safety, contact the Georgia Department of Labor. See the Resource Directory for contact information.

TERMINATION

DO'S:

- *Review company policies.* If you have not yet developed company policies regarding application, hiring, and termination, call the GDOL. Make a checklist

of your procedures. Make sure that you have followed the rules in the firing process. If you have not completed your checklist, **YOU SHOULD NOT TERMINATE THE EMPLOYEE YET**. Take care to finish all steps in the process to alleviate any questions and possible legal repercussions.

- *Have a stated code of expected employee behavior.* Many employers face problems due to unclear expectations of conduct. It is easier to prove reasons for termination if such a code is in place. This documentation will be helpful if you are faced with paying restitution because it will show that you had sufficient cause to terminate the employee.
- *Conduct an exit interview.* This allows you to tie up any loose ends. Final paychecks can be issued, and company property (e.g. keys, paperwork, and files) can be returned. Ask the employee what he/she liked or disliked about your company. Ask for feedback on aspects of your company of which this person has knowledge. This person might be a bit more forthcoming with problems or constructive criticisms than someone who still works there.
- *Keep termination of an employee between you (management) and the employee.* The fired employee will appreciate your discretion in this matter. Termination should not be discussed with other employees. Privacy can help you avoid harsh feelings and legal repercussions.
- *Have employees sign a release.* If you are offering the fired employee severance pay or anything else of value, have him/her sign a release of liability to the company. This may protect you in case of legal action.

Where to Find Your Labor Force

There are many resources through which one can find employees. The first things that typically come to mind are the classified advertisements in local newspapers. You can place ads in these publications for week long and even month long periods. Contact the publication you wish to use for more specific information. The Georgia Department of Labor is an agency that can assist you in finding employees. For more information on how the GDOL can help you, call 706-845-4000. There are many temporary personnel agencies located in the area also that have access to employees. Consult the yellow pages for a list of these companies.

Other places you might contact are LaGrange College and West Georgia Technical College.

FINANCING INFORMATION

When starting a business, one important consideration is where to obtain capital to bank your venture. Most start-up businesses require a capital contribution by the entrepreneur, usually 20%. The remaining financing may be available from local banks or may require private investors. There are several Small Business Administration loan programs available to businesses, all of which require bank participation. These loan programs, however, are not guaranteed. They are all subject to change based on the SBA's current budget.

- **SBA Low Doc.** This program provides financing for small businesses through guaranteeing a percentage of the bank's loans to the business. The maximum loan is \$150,000 and not more than an 80% guarantee. The loan administered by the bank is termed "Low Doc" because documentation has been greatly reduced and red tape is at a minimum. Eligible expenditures are for land and building, machinery and equipment, inventory, and working capital.
- **SBA Guaranteed Loan Program 7 (A).** This program provides financing to small businesses through guaranteeing a percentage of the bank's loan to the business. Eligible expenditures are for land and building, machinery and equipment, working capital, and some restructure of existing debt. The maximum SBA will guarantee is \$750,000 and not more than 75% of the total loan.
- **SBA 504 Loan Program.** This program provides financing for small business through a low interest, fixed rate, long-term loan. The Small Business Administration takes a second lien position behind the bank. Eligible expenditures are for land and building, long-life machinery and equipment. The minimum SBA will finance is \$125,000, and the maximum is \$1,000,000. Job creation is a requirement of the program.

While each of these programs has specific requirements for eligibility, there are certain standards that must be met for all loan programs. A loan applicant must be of good character; show the ability to operate a small business successfully, and have a reasonable amount of his/her own resources to invest to withstand possible losses. In addition, the following will likely be required:

- Credit Report
- Collateral adequate to secure the debt. List of collateral and its value
- Appraisals required on real property used as collateral
- Personal guarantees required of those persons (or companies with 20% ownership)
- Secondary collateral may be required
- Personal financial statements & financial statements of business (if applicable)

How to Apply

You must first seek financing from a bank or other private source. If that is available at reasonable terms, the SBA cannot make a loan. Take your business plan to your banker and discuss your financial requirements with him/her. His/her involvement is essential. Then, call the Small Business Development Center at 706-880-8353 to discuss the projects eligibility for SBA assistance.

SPECIAL CASES

Downtown LaGrange – LaGrange’s historic downtown area represents an opportunity to the potential entrepreneur. Downtown is experiencing rejuvenation due to recent efforts to beautify and develop the area. If you are planning to open a full-service restaurant, you should be aware that special food service permitting will apply. Those intending to sell alcohol need to be aware of distance requirements from schools and churches. However, when developing downtown, one may qualify for tax incentives and grants. The Downtown LaGrange Development Authority Office can assist potential business owners with information regarding historic preservation requirements, building and zoning requirements, façade grants, state and federal tax incentives, and other topics regarding development in the downtown area. The Downtown LaGrange Development Authority will be there to help you with the entire process of starting business downtown. Contact the Downtown LaGrange Development Authority for assistance.

Downtown LaGrange Development Authority

Kim Bartlett, Exec. Dir.
111 Bull St.
LaGrange GA 30240
706-882-7344

Seven Sure-Fire Ways to Sabotage a Loan Proposal

In today's financial environment, banks have plenty of cash to lend but find themselves in a regulatory squeeze requiring that they issue loans only to the best applicants. "Best" is defined as being closest to zero risk. Gone are the days of the "character" loan to help you get over a crunch or a "confidence" loan to fuel projected growth. A business start-up loan you ask? You better rely on persistence.

If you are going to obtain a business loan, you need now, more than ever, to do your homework. Do not try to take shortcuts with your friendly loan officer. Cover all the bases your first time out!

This is a quick list of seven common errors or omissions found in failed loan requests.

1. Many applicants have not prepared the required documentation to support the loan proposal. The most common is the omission of a sound business or strategic plan. Not every business loan requires a business plan, especially if the business has a history of a strong cash flow. However, most banks require existing businesses to produce two or three years of financial projections along with a description of the project and history of the business. A new business will need a full business plan to explain the cash requirements and management issues of the business. For existing and new businesses, if a loan officer asks to see a three-year plan and it is not available, management looks bad.
2. Many small business owners actually go to a bank not knowing how much money they need to borrow. Nothing is more frustrating to a lender when he or she hears, "Well, how much can I get?" Always be specific about the loan amount and provide a detailed schedule showing how you intend to use the borrowed money and clearly demonstrate the need. Do not borrow more than you need.
3. If you do not document how you intend to pay the loan back, the deal is dead. Ordinarily, business loans must be paid back through continuing cash flow. To demonstrate repayment, three years of Historical Statement (Balance Sheet and Profit& Loss) are mandatory. Cash flow projections showing the impact of the loan for the first 12 months are a must. Make sure your financials are credible. Poorly prepared statements, especially internally prepared statements, are the kiss of death.
4. Many applicants are not realistic about how much and what type of asset-based collateral is needed to put their request over the top. Don't expect to obtain a long-term loan (five years +) secured by inventories or receivable (current assets). You must be prepared to reach into your personal net worth and put up the hard stuff, mostly real estate. If you show reluctance to offer what you have "doubt" about your confidence and commitment to the enterprise creeps into the application, and the process gets tougher. Don't

overstate the quick sale value of collateral; be realistic. Eventually, you will have to get appraisals, and if they come in short, you will have wasted everybody's time.

5. Aggressive tax strategies that result in no year-end tax obligations because no profit is claimed by the firm will result in no evidence of repayment ability in your application. Federal tax returns, both personal and business are the final determinant of company performance and management integrity. Always claim 100 percent of your income, and whatever you do, don't plead to your banker, "It's done all of the time." You've just revealed that there is a huge contingent tax liability looming out there that could result in the business being closed when you're sent "up the river."
6. You should not ask the bank to do it all. Some applicants neglect the net worth component of the balance sheet. If the loan request puts the bank in over four times your net worth, the application is on shaky ground. High debt compared to your stake in the business gives the bank excessive control over the operation, and they don't want to own your company anyway. Keep things reasonable in owner's draw or officer's salary. Don't raise the possibility that the company is being milked. Before you submit your loan application, go to the library or go to your local SBDC and find the latest edition on the Robert Morris and Associates' (RMA) Annual Statement Studies. The Statement Studies contain composite balance sheets and income statements for more than 360 industries. This is valuable information for comparing your company to the industry, and more than likely your banker will evaluate your business based on this book or another similar source such as Dun and Bradstreet.
7. Don't be reluctant to tap into the vast amount of help to get a first class loan proposal pulled together. A good loan package or accountant will charge for this service, but it will be money well spent if you're not sure you can tackle the job yourself. This statement is especially true if government programs are involved, i.e., the U.S Small Business Administration. Preparing and submitting a business loan proposal can be a complex process, but with a common sense attitude and help from the Small Business Development Center, it will be a fruitful experience. Banks are in the business of lending money; keep that in mind. If you get turned down, keep on trying. Your project may be the perfect loan for a banker down the street.

Source: Tony O'Reilly, Executive Director of the Small Business Assistance Corporation in Savannah GA.

INTERNATIONAL TRADE

International trade can be difficult, but also can provide tremendous opportunities. Most start-up businesses will not be participating in international trade. However, if you choose to export or import goods, the following contacts may provide you with valuable information. The United States Export Assistance Center can provide you access to all federal exporting resources. The Georgia Department of Economic Development has an International Trade office. You may contact them at the following address:

Georgia Department of Economic Development

75 Fifth St. NW
Suite 1200
Atlanta GA 30308
404-962-4114

United States Export Assistance Center

233 Peachtree St. NE
Atlanta GA 30303
404-657-1900

RESOURCE DIRECTORY

When starting a business, it is important to have a diverse base of information sources. One way to insure success is through education. The more you know about your field, the better off your business will be. The following is a list of potential resources for information.

LaGrange-Troup County

- **City of LaGrange:** Main number is 706-883-2010
- **West Georgia Technical College:** Located at 303 Fort Dr. Phone Number 706-845-4323
- **Georgia Department of Labor:** LaGrange Office located at 1002 Longley Place, Phone Number 706-845-4000
- **Troup County Government Offices:** Located at 100 Ridley Ave. Phone Number 706-883-1610
- **Small Business Development Center:** Only open on Tuesdays in LaGrange. Offers a wide range of free business consulting services for potential business owners including assistance in starting a business, obtaining financing, and developing marketing and managerial plans. Located at LaGrange College. Phone Number 706-880-8353
- **Small Business Development Center, Columbus Office:** 1030 First Avenue, Columbus GA 31901. Phone Number 706-649-7433
- **LaGrange-Troup County Chamber of Commerce:** Promotes economic growth in the county through a variety of programs and services. Can serve as your connection to the existing economic and political community. Located at 111 Bull St. Phone Number 706-884-8671. www.lagrangechamber.com
- **LaGrange Memorial Library:** Located at 115 Alford St. Phone Number 706-882-7784.
- **LaGrange College:** Located at 601 Broad St. Phone Number 706-880-8000
- **Downtown LaGrange Development Authority:** Located at 111 Bull St. Phone Number 706-882-7344
- **City of West Point:** Located at 730 1st Ave., West Point GA 31833. Phone Number 706-645-3505

- **City of Hogansville:** Located at 301 E. Main St., Hogansville GA 30230. Phone Number 706-637-8629

Appendix I

Appendix II

GLOSSARY OF TERMS

- Assets** – Resources, owned or controlled by a company, that have future benefits. These benefits must be quantifiable in monetary terms.
- Balance Sheet** – A list of a company’s assets, liabilities, and owner’s equity at a particular point in time.
- Break Even** – The unit volume where total revenue equals total cost; there is neither profit nor loss.
- Capacity** – The amount of goods or work that can be produced by a company given its level of equipment, labor, and facilities.
- Capital** – The funds necessary to establish or operate a business.
- Cash Flow** – The movement of money into and out of a company; actual income received and actual payments made out.
- Cash Flow Statement** – A presentation of the cash inflows and outflows for a particular period of time. These flows are grouped into major categories of cash from operations, cash investing activities, and cash-financing activities.
- Collateral** – Assets pledged in return for loans.
- Conventional Financing** – Financing from established lenders, such as banks, rather than from investors; debt financing.
- Debt Financing** – Raising money for a business by borrowing, often in the form of bank loans. (See Conventional Financing above)
- Debt Service** – Money being paid out on a loan; the amount necessary to keep a loan from going into default.
- Disbursements** – Money paid out.
- Equity** – Shares of stock in a company; ownership interest in a company.
- Expenses** – Outflows of resources to generate revenues.
- Fixed Costs** – Those costs that are not responsive to changes in volume over the relevant range of time.
- GDOL** – Georgia Department of Labor
- Income Statement** – A matching of a company’s accomplishments (i.e. sales) with effort (expenses from operations) during a particular period of time. (Revenues – Expenses = Net Income)
- Leasehold Improvements** – The changes made to a rented store, office or plant, to suit the tenant and make the location more appropriate for the conduct of the tenant’s business.
- Letter of Intent** – A letter or other document by a customer indicating the customer’s intention to buy from a company.
- Liabilities** – Commitments to payout assets (typically cash) or to render services for creditors.
- Licensing** – The granting or permission by one company to another to use its products, trademark, or name in a limited, particular manner.
- Liquidity** – The ability to turn assets into cash quickly and easily.
- Market Share** – The percentage of the total available customer base captured by a company
- Net Worth** – The total ownership interest in a company, represented by the excess of the total amount of assets minus the total amount of liabilities.
- Partnership** – A legal relationship of two or more individuals to run a company.

Profit Margin – The amount of money earned after the cost of goods or all operating expenses are deducted; usually expressed in percentage terms.

Pro Forma Statements – A financial statement detailing management's predictions.

Receipts – Funds coming into the company; the actual money paid to the company for its products or services; not necessarily the same as a company's actual receipts.

SBA – Small Business Administration

SBDC – Small Business Development Center

Sole Proprietorship – Company owned and managed by one person and not established as another form of legal entity.

Variable Costs – Those costs that are directly responsive to changes in volume over the relevant range of time.

Venture Capitalists – Individuals or firms who invest money in new enterprises.

WGTC – West Georgia Technical College

Working Capital – The cash available to the company for the ongoing operations of the business.

OTHER RESOURCES

- **Better Business Bureau of West GA. & East AL:** This agency's regional office is based in Columbus GA. Phone Number: 1-800-768-4222
- **Georgia Secretary of State's Office:** This office is determined to ensure the success of small business in the state. A variety of information can be obtained through this office including the BLUE BOOK. Located at 211 State Capitol, Atlanta GA 30331. Phone Number: 404-656-2881. Internet address: www.sos.state.ga.us
- **Minority Business Development Agency Regional Office:** Located at 401 W. Peachtree Street, Room 1715, Atlanta GA 30308. Phone Number 404-730-3300
- **Small Business Administration:** Regional Office Phone Number 404-347-4999. District Office Phone Number: 404-347-2441. Internet address: www.sbaonline.sba.gov
- **Chattahoochee Flint Regional Development Center:** Promotes economic development through the region including Troup County. The Chatt-Flint RDC works in conjunction with private lenders to provide financing for small businesses. Located at P O Box 1600, Franklin GA 30217. Phone Number: 706-675-6721. Internet address: www.cfrdc.org
- **U S Department of Labor:** This office can provide you with information on OSHA. Atlanta Office – Located at 1375 Peachtree St., NE, Suite 587. Phone Number: 404-347-3573
- **University of Georgia Cooperative Extension Service:** Located at 1220 LaFayette Parkway. Phone Number 706-883-1675
- **Ga. Dept. of Economic Development:** 75 Fifth St., NW, Atlanta GA 30308. Phone Number: 404-962-4003
- **SCORE:** 111 Bull St., LaGrange GA 30241. Phone Number 706-884-8671 or 706-882-5285. Contact Sherm Locke

OTHER WEB BASED RESOURCES FOR ENTREPRENEURS

CCH – Business Owner's Toolkit Website: www.toolkit.cch.com
Kauffman Foundations Resources for Entrepreneurs: www.entreworld.org
PriceWaterhouseCooper – Vision of Reality: www.pwcglobal.com
The Wall Street Journal Center for Entrepreneurs: www.startup.wsj.com
Microsoft Small Business Solutions: www.bcentral.com
Edward Lowe Foundation: www.edwardlowe.org

Entrepreneur.com: www.entrepreneur.com

Minority Business Entrepreneur (MBE) Magazine: www.mbemag.com

The Office of the Secretary of State's BLUE BOOK provides postage paid response cards so you may access the following forms or agencies:

- Business Incorporation Forms
- Professional and Occupational Licensing Forms
- State Tax Application
- Internal Revenue Service Forms
- Georgia Department of Industry, Trade & Tourism
- U S Small Business Administration
- UGA Small Business Development Centers
- Georgia Tech Services for Business and Technology
- Governor's Office of Consumer Affairs
- U S General Services Administration
- Georgia Department of Labor
- U S Department of Labor
- Georgia Department of Consumer Affairs – Office of Business and Economic Assistance U S Export Assistance Center
- Georgia Department of Insurance
- Georgia Department of Agriculture

Also available through this booklet are various books and publications on starting a business and entrepreneurship.

Office of Secretary of State
214 State Capitol
Atlanta GA 30334
404-656-2881
www.sos.state.ga.us

The Secretary of State may authorize the filing of documents by electronic transmission and the Secretary of State shall be authorized to promulgate such rules and regulations as are necessary to implement electronic filing procedures.

The Secretary of State may prescribe and furnish on request forms for:

- (1) An application for a certificate of existence;
- (2) A foreign corporation's application for a certificate of authority to transact business in this state;
- (3) A foreign corporation's application for a certificate of withdrawal;
- (4) The annual registration; and
- (5) Such other forms not in conflict with this chapter as may be prescribed by the Secretary of State.

	Document	Fee
(1)	Articles of incorporation	\$100.00
(2)	Application for certificate of authority	225.00
(3)	Annual registration	30.00
(4)	Agent's statement of resignation	No fee
(5)	Certificate of judicial dissolution	No fee
(6)	Application for reservation of a corporate name	25.00
(7)	Civil penalty for a foreign corporation transacting business in this state without a certificate of authority	500.00
(8)	Statement of change of address of registered agent - \$5.00 per corporation but not less than	20.00
(9)	Application for reinstatement	100.00
(10)	Any other document required or permitted to be filed by this chapter	20.00