



Startup Resources

www.iowasbdc.org



America's SBDC Iowa
Iowa State University
1805 Collaboration Place, Suite 1340
Ames, IA 50010-9166
P 515-294-2030
F 515-294-6522
www.iowasbdc.org

Congratulations on your decision to start a small business in Iowa! Opening a new business is an exciting endeavor and managing an existing business can present challenges. Either way, we are here to help you.

About Us: America's SBDC Iowa was started in 1981, it has 15 outreach centers throughout the State of Iowa, and is part of a nationwide America's SBDC network. America's SBDC Iowa provides **free and confidential** business management assistance to owners of small for-profit businesses and individuals interested in starting or purchasing a small business.

Counselors: Your America's SBDC Iowa counselor has a wide range of knowledge and experience, and is here to serve you. Iowa SBDC counselors are required to achieve the Certified Business Advisor, or CBA, certification, and many have small business ownership backgrounds.

Counseling Session, What to Expect:

1. Information about you and your business will be gathered first, using an **SBA Form 641**. Please fill this form in as completely as you can. All information is held confidential. Your counselor will also gather additional information from you to help assess your situation.
2. Bring financial information and/or a business plan to the session, if you have that information. Be sure to ask questions during your session. All questions are welcomed.
3. Following your counseling session, the SBDC counselor will call or email you to see if you have additional questions. A survey will be sent to you about your counseling experience from America's SBDC Iowa's state office in Ames. We value your feedback and thank you in advance.
4. A **client impact form** will be sent to you to gather information about your business - on jobs created, sales increases, loans received, and equity (your money) invested in the business. The information collected is kept confidential and is used only in a collective report to maintain funding for America's SBDC Iowa, so we can continue serving you at no charge.

What We Can Do For You: Your SBDC counselor will work with you on a variety of business issues. If the counselor cannot address a particular issue, the counselor will find another counselor with that expertise in the Iowa SBDC network, or refer you to another reliable resource. We value our clients and strive to serve them for the life of their business venture.

When you are ready to request counseling, go to www.iowasbdc.org and click on **Request Counseling**. Once you fill out the form, it will be sent to a counselor who will follow up to schedule a session.

We look forward to building a strong relationship with you!

Lisa Shimkat

State Director
America's SBDC Iowa

Business Plan Definition → A road map that describes how a business is going to achieve its goals. It lays out a plan from a marketing, financial, and operational viewpoint.

What is the Purpose of a Business Plan?

A business plan provides a way to manage starting or development a business. The business plans reduces risk by forcing evaluation of:

- Market demand for products & services
- Strategies
- Business Structure
- Marketing
- Distribution
- Competition
- Finances



When do you need a Business Plan?

- When a bank or other funding source is involved
- Major suppliers & leasing companies may require a plan
- When a source of risk exists. Such as:
 - Leaving current employment
 - Undertaking debt from any source, including personal
- Market is uncertain due to:
 - New product or service
 - New geographic area
 - Market size & ability to support business
 - Market acceptance

Benefits of a Business Plan

- ✓ Exposes risk and opportunities
- ✓ Increases knowledge of customer needs
- ✓ Increases knowledge of competitors strengths & weaknesses
- ✓ Places focus on marketing position/competitive advantage
- ✓ Provides bankers/funders evidence to support a startup business
- ✓ Serves as an internal planning tool
- ✓ Breaks the business into understandable pieces rather than one complex idea
- ✓ Creates a timeline for business growth and evolution
- ✓ Identifies when and where conflicts of resources may exist
- ✓ Supplies a method for developing logical financial projections



Writing a Business Plan

The entrepreneur must write the business plan. It is your vision that you need to communicate to others.

Business plans give entrepreneurs the chance to test-drive the potential business on paper. It is a way to systematically think through the strategies and issues of the business and convey the importance of these topics to others.

There are many tools available to help write a business plan. Make sure to use one that makes sense for you and your business. Most importantly be thorough and concise when talking about the business.

Different business plans need different sections. Highlight what is important to your business. The information here is only a general guide.

Include observations and facts about the entrepreneur's skills, market demand, market trends, and competitor strengths & weaknesses. Tell how the business will deliver solutions to the customer's pain point utilizing the resources of the business. Provide evidence to support the observations. Explain how the information was used to prepare financial projections/documents.

When you are finished with the business plan, you should be able to answer yes to the following question.

"Does the business plan tell a convincing story of my business?"

General Outline of a Business Plan

- Executive Summary
- Market Observations & Analysis
- Business Description
- Products and/or Services
- Marketing Plan
- Management & Operations
- Financial Plan
- Attachments & Additional Documentation

Executive Summary

This portion is written after the rest of the document is complete. It is a summary of the entire plan and should entice your reader to want to continue reading.

Market Observations & Analysis

Describe the unmet need the product/service fills. Explain who is the customer and how will they know about the product/service. Talk about the size of the market, competitors, and current and future state of the industry. Provide evidence of the observations. Items to include.

- What need does the product/service fill? Why? Evidence?

Competition

- Identify, describe, & evaluate competitors
- Describe their strengths & weaknesses
- Identify indirect competitors



Profile of Customer

- Geographic
 - Where do they live?
 - Where do they shop?
- Demographics
 - Income?
 - Education?
 - Age?
 - Gender?
 - Lifestyle?

Profile of Business Customer

- Type of business
- Size of business – sales & employees
- Business marketing associations

- How will the customers know about the business?
- What does the communication with the customer look like?
- What is the market size?
- Is it growing? Stable? Shrinking?
- What trends exist? Evidence
- What is the local economy like?
- Are there barriers to entering the industry?

Competitive Advantage

- How does the product/service compare to the competition?
- What advantages does the product/service have?
 - Quality?
 - Selection?
 - Price?
 - Location?
 - Warranty/guarantee?

Business Description

Provide a clear and detailed description of the business. Items to include.

- Purposes of the business
- Business Stage

- Startup
- Existing
- Purchase
- Location and/or area the business serves
- Owners & their backgrounds
- Business structure
- Business goals

Products and/or Services

Describe the products and/or services offered and the unique benefits of each. Be as detailed as possible. Items to include.

- What is the product/service?
- What need does your product/service satisfy?
- Why do your customers need this product/service?
- What unique benefits does it have?
- Price?
- Cost to produce?
- Is it ready to market?

Marketing Plan

Describe how the customer will get the product/service. Talk about who will be responsible for selling the product/service. What marketing methods that will be used?

- Advertising?
- Tradeshows?
- Industry catalogs? Websites?
- Dealers?
- Manufacturer representatives?
- Alliances with other businesses?
- Direct Mail?
- Online?

How often will the marketing methods be used? Talk about the cost of marketing. Some products/services have a seasonality. What



does this look like? How does this affect the marketing method used?

Talk about the customer base the product/service is intended for. If the business is a startup, may want to include potential customer list. If it is a purchased business, include a list of major customers and indicate how likely they are to stay a customer.



Attachments & Additional Information

Attach any necessary financial documents and supporting information. These documents may include.

- Owner's Tax Returns for past 3 years
- Owner's Resume
- Capital Equipment List with pricing
- Inventory List with pricing
- Financial Projections – Income Statement, Balance Sheet, Cash Flow
- Break-Even Analysis
- Loan Proceeds
- Resumes of Key Employees
- Company Brochures/Marketing Materials
- Press Articles
- Pictures of business and products
- Information supporting growth
- Key Business Agreements such as leases, contracts, etc.

Management & Operations

Discuss the legal organization of the business and who the owners are. Who will manage the business on a day-to-day basis? Discuss hours of operation, facility needs, labor availability, accounting systems, suppliers, and insurance coverage. Other items to include.

- Type of facility. Rent or Buy? Why?
- Terms of the purchase or lease
- Any zoning requirements
- What suppliers will be used? Why?
- Do you have backup suppliers?
- Who are the key personnel? Roles? Experience?
- What are the wages & benefits?
- Identify professionals that the business uses.
 - Accountant
 - Attorney
 - Insurance provider

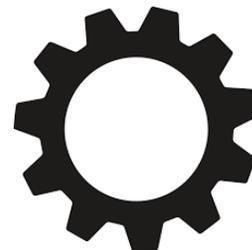
Financial Plan

Describe the financial needs of the business and how funds will be used. Talk about the budget and how sales and costs were estimated. Financial information to include.

- Startup Costs
- Cash flows
- Income projections
- Balance sheet
- Personal financial position

Executive Summary Revisited

Once the plan is finished, go back and write the executive summary. This should be a concise summary of the plan. Describe the business, products and/or services, markets, competition, and key personnel. Keep this brief, but compelling.



Business Entity Comparison Table

	Sole Proprietorship	General Partnership	C-Corporation	S-Corporation	LLC & LLP
Formation Management	No state filing required	No state filing required	State filing required	State filing required	State filing required
Duration of Existence	Dissolved if sole proprietor ceases doing business or dies	Dissolves upon death or withdrawal of a partner unless safeguards are specified in a partnership agreement	Perpetual	Perpetual	Dependent on the requirements imposed by the state of formation
Liability	Sole proprietor has unlimited liability	Partners have unlimited liability	Shareholders are typically not held responsible for the debts of the corporation	Shareholders are typically not held responsible for the debts of the corporation	Members are typically not held responsible for the debts of the LLC/LLP
Operational Requirements	Relatively few legal requirements	Relatively few legal requirements	-Board of Directors -annual meetings -annual reporting	-Board of Directors -annual meetings -annual reporting	Some formal requirements but less formal than corporations
Taxation	Not a taxable entity. Sole proprietor pays all taxes.	Not a taxable entity. Each partner pays tax on their share of income and can deduct losses against other sources of income.	Taxed at the entity level. If dividends are distributed to shareholders the dividends are taxed individually as well.	No tax at the entity level. Income/loss is passed through to shareholders.	If properly structured there is no tax at the entity level. Income/loss is passed through to members.
Pass-through Income/Loss	Yes	Yes	No	Yes	Yes
Double Taxation	No	No	Yes if income is distributed to shareholders as dividends.	No	No
Cost of Creation	None	None	State filing fee	State filing fee	State filing fee
Raising Capital	Often difficult unless individual contributes funds	Contributions can be made by partners and more partners can be added	Shares of stock are sold to raise capital	Shares of stock are sold to raise capital	Possible to sell interests through subject to operating agreement restrictions
Transferability of Interest	No	No	Shares of stock are easily transferred	Yes as long as IRS regulations on who can own stock are observed	Possible depending on operating agreement restrictions

Advantages & Disadvantages of Business Entities

	Advantages	Disadvantages	Additional Information
Sole Proprietorship	<ul style="list-style-type: none"> ▪ Ease of formation ▪ Minimal capital requirements ▪ Retention of all profits ▪ Complete control of the business ▪ Tax benefits 	<ul style="list-style-type: none"> ▪ Unlimited liability ▪ Limited management talent ▪ Few opportunities for employees ▪ Limited credit availability ▪ Instability of the business 	
General Partnership	<ul style="list-style-type: none"> ▪ Access to capital ▪ Management talent ▪ Ease of formation ▪ Tax benefits 	<ul style="list-style-type: none"> ▪ Unlimited liability ▪ Personality conflicts ▪ Life of the partnership ▪ Adding or removing partners 	
C-Corporation	<ul style="list-style-type: none"> ▪ Limited liability ▪ Unlimited life ▪ Transfer of ownership ▪ Professional management 	<ul style="list-style-type: none"> ▪ Costs and complexity of incorporation ▪ Public disclosure ▪ Double taxation 	
S-Corporation	<ul style="list-style-type: none"> ▪ Limited liability (losses limited to stockholder value) ▪ Tax benefits (flow through income to the shareholders) ▪ Ease of transferring share interests ▪ Tax restructuring can take place tax free ▪ No entity level tax 	<ul style="list-style-type: none"> ▪ Special allocations are not permitted ▪ Corporate debt does not increase stock basis ▪ Appreciated property profit transferred to shareholders ▪ If service providers receive an unrestricted stock interest in an S-corporation, taxable income will be transferred 	<ul style="list-style-type: none"> ▪ No more than 35 shareholders ▪ Shareholders must be individuals, estates, or trusts ▪ Cannot have nonresident alien shareholders ▪ Corporation may only have one class of stock ▪ Cannot be an insurance company or foreign corporation ▪ May not be a domestic international sales corporation
LLC & LLP	<ul style="list-style-type: none"> ▪ Blend of corporation and partnership ▪ Does not restrict number of owners 	<ul style="list-style-type: none"> ▪ Does not offer tax free ownership 	

Starting a Business in Iowa Checklist

Want to start a business in Iowa? America's SBDC Iowa will assist and walk you through all of the steps needed. Below are recommendations, references and resources to help you start.

Household Budget

What is your household budget? We ask this question of our clients so that you know how much money you need to maintain your lifestyle and to ensure that the business you are looking at buying or starting will financially fit your budget and lifestyle. If you don't know your household budget you can find templates on the Internet.

- Household Budget Completed

Financial Projections and Business Plan

These documents are needed to determine financial feasibility of the business start-up or purchase. You may download them from America's SBDC Iowa's website at www.iowasbdc.org or have your counselor provide them to you.

- Cost Worksheet/Revenue Projection Worksheet Completed
- Financial Projections Completed
- Financial Assumptions Completed
- Source and Use of Funds Completed
- Business Plan Completed - LivePlan® is recommended

Establish a Relationship with a Banker, including funding your business

- Business Loan
- Line of Credit
- Merchant Account/Credit Card Payments
- Business Checking/Savings Account
- Payroll Direct Deposit

Business Legal Structure

The legal structure decision involves legal, tax, and liability considerations.

- The Iowa Secretary of State Office provides information on choosing a legal structure. Go to www.sos.iowa.gov and select *Business Services* and click on *Starting a Business*. <http://www.iasourcelink.com/regulatory/basics-of-business-entities>.
- To search available business names for an LLC or Corporation, on the same website, select *Search Database* and click on *Business Entities*.
- To form a **Limited Liability Company (LLC)**, file a Certificate of Organization with the Iowa Secretary of State.
- To form an **S-Corporation, C-Corporation, partnership, or limited liability partnership** you should seek advice from a tax accountant and contact an attorney for assistance in filing the required documents with the Iowa Secretary of State.
- If you are doing business as a **Sole Proprietorship or General Partnership**, file your Trade Name with the County Recorder. You do not need to file anything with the Iowa Secretary of State.

Federal, State, and Local Permits, Licenses, and Regulations

- Federal - Apply for your EIN online at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>. You will need this to open a business bank account and for payroll taxes.
- State – Iowa does not have a general business permit or license requirement. To determine what permits or license are specific to your business go to <http://www.iasourcelink.com/regulatory/business-license-home>.
- Local - Check with City Hall on zoning restrictions and requirements.
- Local - Check with City Hall for signage permits, outdoor seating permits, and any other permits needed locally for your business. Contact the local Chamber of Commerce and/or Economic Development organization for assistance with local regulations and assistance programs.
- Local - If you are buying an existing building or building a new one, contact your city Building Inspector and Fire Marshall to make sure the building is up to code.

State Business Tax Application

- The Iowa Department of Revenue provides information and resources for starting a business in Iowa at www.tax.iowa.gov - under *Businesses*, click on *Starting a New Business*.
- IA Sourcelink offers free webinars on taxes. For a listing of upcoming and archived webinars go to www.iasourcelink.com/resources/business-webinars/iowa-tax-webinars.

Iowa Sales and Use Tax

It is the business owner's responsibility to determine if their business should be collecting and remitting sales and use tax to the Iowa Department of Revenue. Sales tax education and registration information include:

- For information on Iowa Sales and Use Taxes go <https://tax.iowa.gov/iowa-sales-and-use-tax-guide>. To determine if the services you provide are taxable go to <https://tax.iowa.gov/iowa-sales-and-use-tax-taxable-services-0>
- Register your business for sales and use tax, withholding tax, hotel/motel tax, and others with the Iowa Department of Revenue online at www.idr.iowa.gov/CBA/start.asp. Note, if you have employees, you will be the withholding agent.
- If you are purchasing items for resale, you must give your suppliers a Sales Tax Exemption Certificate. These are available at [https://tax.iowa.gov/sites/files/idr/forms1/iowaSalesTaxExemptionCertificate\(31014\)_0.pdf](https://tax.iowa.gov/sites/files/idr/forms1/iowaSalesTaxExemptionCertificate(31014)_0.pdf).

Insurance

Every business has different insurance needs.

- Business and Liability Insurance is not required but you should carry it. Contact your insurance agent.
- Business renter's insurance and inventory coverage. Contact your insurance agent.
- Workers Compensation Insurance. Contact your insurance agent.

Set-up a bookkeeping system, either computerized or manual.

A well-defined and well-maintained bookkeeping system will help the business owner keep track of records to pay the correct amount of tax, both state and federal. It is the business owner's responsibility to pay the correct amount of tax, at the correct time, to the correct federal or state agency. If you do not, you could incur substantial penalties, interest, and the possibility of going to jail.

- Do it yourself - QuickBooks, a spreadsheet, or a ledger book
- Hire it out - Find a bookkeeper or accounting firm

Put marketing materials together and decide on BRANDING, logo, colors, tag line

- Logo, colors, tag line
- Business cards
- Outdoor signage and indoor signage
- Social media and website, print, radio, promotional items

Hire Employees

State Employment Taxes

- Complete an Iowa W-4 and Centralized Employee Registry (top portion of the Iowa W-4) for each employee. The forms can be found at <https://tax.iowa.gov/form-types/withholding-tax?combine=W-4>.
- For more information on withholding Iowa employment taxes go to <https://tax.iowa.gov/iowa-withholding-tax-information-booklet#yestax>.
- For the Iowa Withholding Tax Guide go to https://tax.iowa.gov/sites/files/idr/forms1/44001_0.pdf.

Federal Employment Taxes

- Excellent virtual workshops on Federal taxes are available at www.irsvideos.gov/SmallBusinessTaxpayer/virtualworkshop.
- If you have employees, your business must have a Federal Employee Identification Number (EIN).
- Apply for your EIN online at <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- Complete a Federal W-4 for each employee. The forms can be found at www.irs.gov/pub/irs-pdf/fw4.pdf.
- For more information on Federal Employment Taxes go to <https://www.irs.gov/businesses/small-businesses-self-employed/employment-taxes>.

Labor Laws

- Detailed information on a wide range of Iowa labor laws and regulations can be found at <https://www.iowadivisionoflabor.gov>.
- Workplace Postings – Employers are required by both federal and state law to display certain posters in the workplace. These posters cover various areas of employee rights and employer responsibilities. Required and recommended postings are available at <https://www.iowaworkforcedevelopment.gov/required-employer-posters>.
- To help determine if an individual is an employee or an Independent Contractor go to <https://tax.iowa.gov/employers-do-you-have-employees-or-independent-contractors>.
- You are required to keep on file an I-9 for all employees and owners. The form can be found at <https://www.uscis.gov/i-9>.
- OSHA regulations are under the Iowa Occupational Safety and Health Enforcement department. Information can be found at <https://www.iowaosha.gov/iowa-osha>. Information on OSHA regulations for new businesses go to www.osha.gov/dcsp/smallbusiness/ and [https://www.osha.gov/OshDoc/data General Facts/newbusinesses-factsheet.html](https://www.osha.gov/OshDoc/data%20General%20Facts/newbusinesses-factsheet.html).

Unemployment Insurance

- Once you start hiring employees, you need to setup an Unemployment Account with Iowa Workforce Development – <https://www.iowaworkforcedevelopment.gov/unemployment-insurance-tax-and-audit>.

Restaurants, Food Vendors, Food Trucks

- These types of businesses must obtain specific permits from Iowa Inspection and Appeals <https://dia.iowa.gov/food-consumer-safety/food-safety-license-applications>.
- ServeSafe Certification is also required by food handlers in Iowa. See the Iowa Restaurant Association's website for classes and more details. <https://www.restaurantiowa.com/servsafe-classes/>

General Construction Contractors

- All Construction Contractors must register with Iowa Workforce Development at <http://www.iowadivisionoflabor.gov/licenses-permits-and-registrations>. Please read this carefully as you may or may not be required to pay a registration fee.

Doing Business With the Government

- Iowa: Targeted Small Business:** Contact the Iowa Economic Development Authority at <https://www.iowaeconomicdevelopment.com/asp/tools/programDetails.aspx?pid=48&ppid=86>
- Federal Government:** Contact the Center for Industrial Research and Service at Iowa State University at <http://www.ciras.iastate.edu/procurement/>
- Federal Government:** Contact the SBA at <https://www.sba.gov/contracting>

This is a suggested list of steps to start a new business. Each business start-up is unique, so the steps taken to start a new business will vary among entrepreneurs. For assistance, contact the America's SBDC Iowa office nearest you, which can be found at www.iowasbdc.org under Locations.



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Ivy College of Business

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