



GUIDE TO STARTING A BUSINESS IN IOWA

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Welcome!

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 the 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. Our counselors are required to achieve the Certified Business Advisor (CBA) certification and many have small business ownership backgrounds.

Counseling Session - What to Expect:

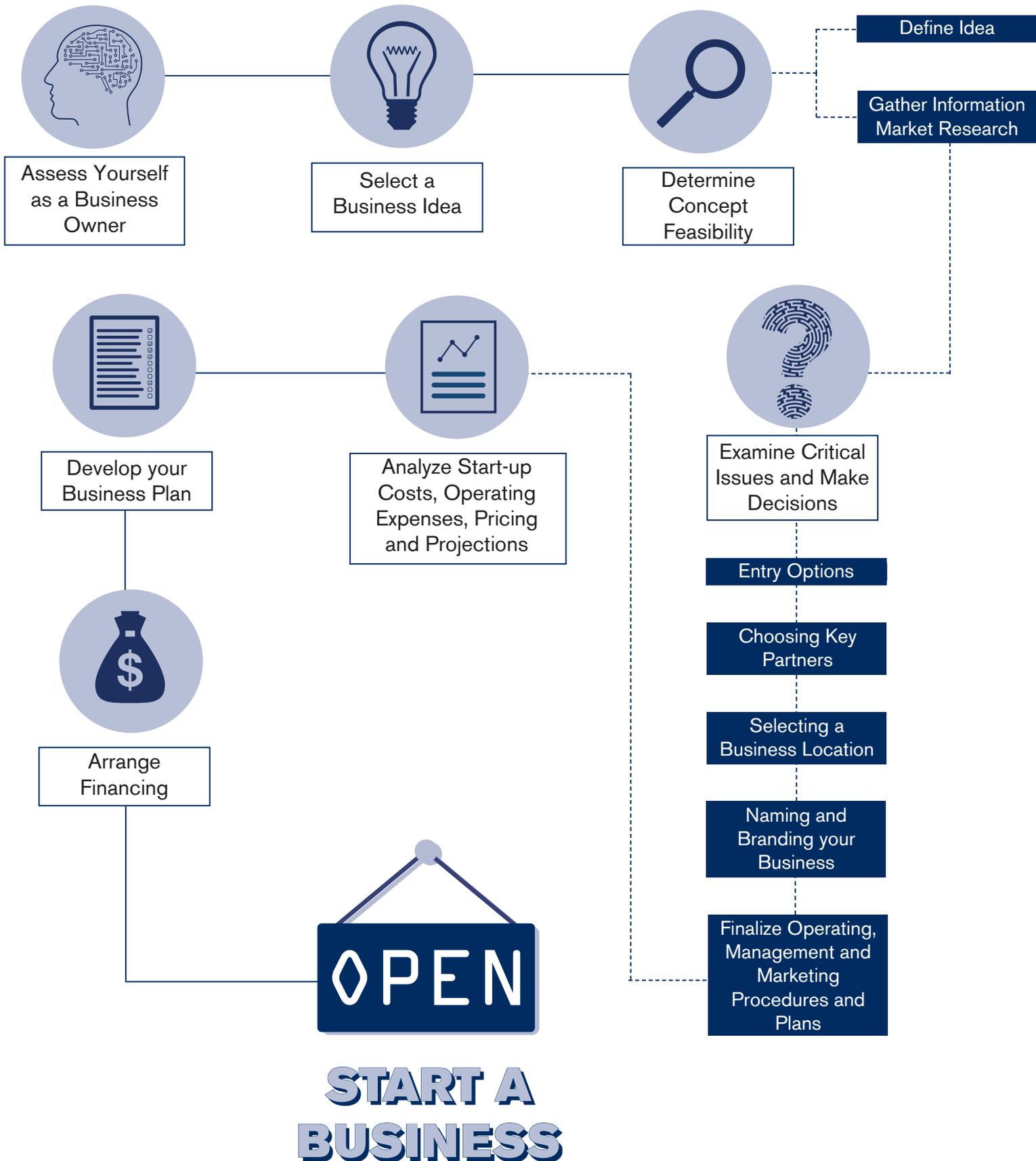
- » When you are ready to request counseling, go to www.iowasbdc.org and click on Request Counseling. Please fill this form in as completely as you can. All information is held confidential. Your counselor will also gather additional information from you to help assess your situation.
- » Bring financial 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 welcome.
- » 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 for your response.
- » 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, they will find another counselor with that expertise in the America's SBDC Iowa network, or refer you to another reliable resource. We value our clients and strive to serve them for the life of their business venture.

We look forward to building a strong relationship with you!

Lisa Shimkat
State Director
America's SBDC Iowa

BUSINESS STARTUP PLANNING





STEP 1 ▶ **Assess Yourself as a Business Owner**

While owning a business may be an exciting idea, managing a business may prove difficult because of a lack of experience or management skills. An honest self-evaluation will allow you to assess your personal characteristics and determine your willingness to meet the demands of owning a small business.

Small Business Administration (SBA) Small Business Readiness Assessment - https://eweb1.sba.gov/cams/training/business_primer/assessment.htm

STEP 2 ▶ **Select a Business Idea**

If you haven't already, you first need to decide what type of business to start. Ask yourself the following questions:

- » *What are you good at?*
- » *What do you love to do?*
- » *What skills do you have that you can capitalize on?*
- » *What problems do people in your circle have that you can help solve?*
- » *What unmet needs do you or your circle see and how can you help address them?*

Staying on top of consumer and business-to-business (B2B) trends can also help you determine a great business idea. smallbiztrends.com is a great resource to get you started.

STEP 3 ▶ **Determine Concept Feasibility**

Many questions must be answered, and information gathered before determining the feasibility of your business idea. Careful research and analysis will help you evaluate your concept and refine it. SBDC counselors often use tools by Strategyzer called the Business Model Canvas and Value Proposition Model. These tools help you take a visual and interactive approach to determining feasibility and building your business model. It can be helpful to work through this process with a partner or a friend.

-----> DEFINE YOUR BUSINESS IDEA

Taking time to explore your idea will help you identify those specific factors that make your business concept unique. The following questions will guide you in defining your business concept and eventually forming a **Business Concept Statement**.

- » What business are you in?
- » What product or service are you providing to your customers?
- » What problems are you solving for your customer?
- » Who will buy your product or service?
- » Why will they buy from you?
- » When will they buy your product or service?
- » How will your customer know you have products or services available?
- » How much will your customer pay for your product or service?

-----> GATHER INFORMATION | MARKET RESEARCH

Market research tells you who your customers are, where they are and how large the potential market is. Through research you can gather certain information and data such as: demographics, customers' needs, size of market, customer lifestyles and buying behavior, and demand for your product or services.

TYPES OF MARKET RESEARCH:

Primary research is gathered firsthand through techniques like in-depth one-on-one interviews, surveys, focus groups, and social media listening.

Primary research is best when conducting research on your customer segment and on your competitors. This is time-consuming and can be intimidating but getting out and finding out firsthand the market atmosphere for your specific offering is key to marketability.

Secondary Research is already published research from sources like directories, journals, and industry associations. Secondary research has become more accessible in recent years because of the amount of information available on the internet. Secondary research is valuable for researching industry trends, population demographics, etc.

WHAT TO RESEARCH:

Industry

Industry research helps you understand the big picture in relation to what is happening nationally and locally in your type of business. You are looking for trends, growth potential, current demand, size and distribution channels.

Customers

Research on potential customers and market segments will help you discover who is best suited for your market, if there is a problem to solve, how to best to reach your customer, what is the best price for your product/service and more.

Competition

Research the companies and products that compete with you both directly and indirectly. It is very rare for a company to not have any competition. Research your competitors' prices, sales, operations and business model, strengths and weaknesses, and competitive advantage.

STEP 4 ▶ Examine Critical Issues and Make Decisions

-----> ENTRY OPTIONS

There are many reasons why people want to go into business for themselves, and there are various options for entering a business of your own. Each option has its own benefits, risks and requirements. SBDC counselors can help navigate each option with you and help you target your research and planning efforts.

The most common options for entry include:

- » Buying your own business
- » Buying a franchise
- » Starting a new business

-----> CHOOSING KEY PARTNERS

Starting your own business involves many decisions and moving parts. Using outside professionals and advisors can increase your chances of success. Sometimes, the most overwhelming part of being an entrepreneur is having to do everything alone. Outsourcing and utilizing advisors to help with things in your business where you may not have knowledge or experience can help avoid costly mistakes. Types of professionals and advisors to either hire or engage in an informal way may include:

- » Suppliers
- » Professionals (marketing, lawyers, hr, accounting, bankers)
- » Informal Advisors (other business owners, bankers, business advisors, community economic development professionals)



-----> **SELECTING A BUSINESS LOCATION**

Location is more important to some businesses than to others. The importance of the location is determined by certain characteristic of the business including:

- » Do customers come to your business?
- » Is convenience and safety an issue for customers and/or employees (parking, accessibility, security)?
- » Where is your competition located?
- » Will your product or service require a specific location or specific building specs?
- » Are transportation, labor, utilities, state and local taxes, zoning and other regulations critical?
- » How much space is required? Do you have room to grow?

-----> **NAMING & BRANDING YOUR BUSINESS**

One of the first major decisions a start-up needs to make is what to name the business and how to portray your image through design, colors, etc. The business name is needed before you proceed with many finalization tasks, including business registration, obtaining licensing, establishing an online presence, and marketing. There are many best practices on choosing a suitable name and your SBDC counselor can help through this process. Once a few names are chosen here are a few steps to take to see if the name is in use and user friendly.

- » Check domain names to see if your selected business name is available
- » Check Google for other businesses and other interpretations of your name
- » Check the US Department of Patents and Trademarks (USPTO) for registrations
- » Check Iowa Secretary of State business entities <https://sos.iowa.gov/search/business/search.aspx>
- » Use Google Keyword Planner to do further research on meanings, associations, and how often it is used <https://ads.google.com/home/tools/keyword-planner/>

-----> **FINALIZE OPERATING, MANAGEMENT & MARKETING PROCEDURES AND PLANS**

Consider the tools, technology, systems, procedures and plans you need to launch your business model successfully. Having a clear plan of the tools that you need will help you be ready for launch and will also help prevent you from purchasing unneeded tools on a whim.

Types of things to consider include:

- » Bookkeeping systems
- » Customer relationship management systems (CRMs)
- » E-commerce and website platforms
- » Marketing plans and tools
- » Online booking systems
- » Point of sale systems (POS)

STEP 5 ► Analyze Startup Costs, Operating Expenses, Pricing & Projections

Creating projections and a break-even analysis is an important step in finding out if your business is feasible. It will also be a required step in the process of gaining investors or financing. Your SBDC counselor can help you put together your cash flow projections.

Your first step is to start researching your startup costs, operating expenses, and pricing strategy. These numbers will help your SBDC counselor assist you with the projections and break-even analysis, and determine your financing needs.

Startup Costs

These expenses are all costs accumulated BEFORE you start your business.

Operating Expenses

These expenses are your monthly fixed expenses and operating costs AFTER you start your business.

Product and Services Prices

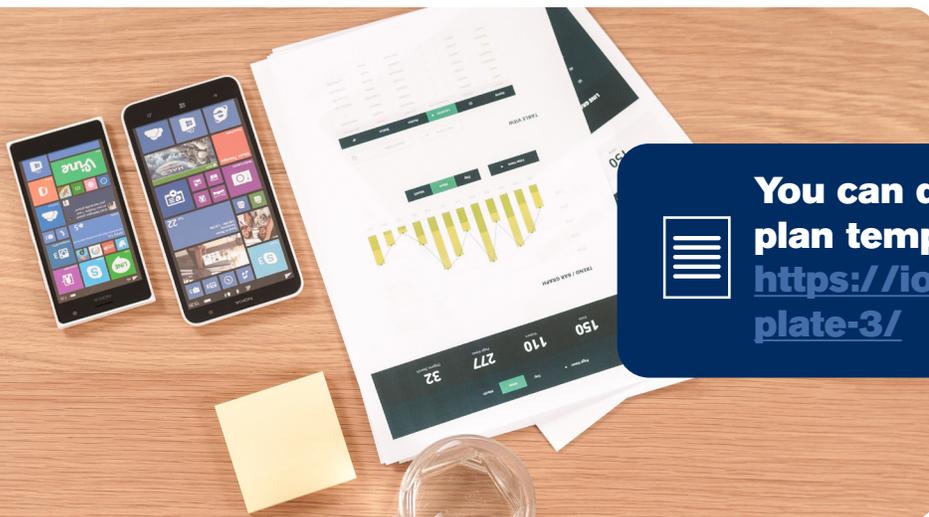
Price your products and services to include both your cost, or cost of goods sold (COGS), AND your price to your customers.

STEP 6 ► Develop Your Business Plan

The SBDC advocates developing your business idea through adequate research and planning. The business plan is an accumulation of all your planning put into an easy to understand roadmap. Business plans are used as a starting point for launching a business as well as to inform potential investors, lenders and other partners and resources.

A typical business plan includes the following components:

- » The business description and opportunity
- » Products and services
- » Marketing plan/analysis
- » Operational plan
- » Financial plan



You can download a sample business plan template on our website:

<https://iowasbdc.org/business-plan-template-3/>



STEP 7 ► Arrange Financing

After determining the financial needs to launch your business, you need to find and secure your financial resources.

Lending institutions and investors will look for certain criteria in order to finance your business. The following will be considered as they evaluate your request:

- » Personal credit/credit score
- » Equity – most lenders require a business down payment or cash contribution between 15 and 30% of the total financing amount. The average percentage for startups is 25%.
- » Collateral – Personal and business assets that may be pledged as a security for a loan. Although this is not always a requirement, if you have collateral, expect the bank to ask for a pledge for security on the loan.
- » Business plan and related experience
- » Detailed cashflow projections that show a successful business that can cover its expenses

Your SBDC counselor can help you find resources for financing in your area as well as help you prepare your presentation and documents that you will need for your application.

STEP 8 ▶ Starting a Business in Iowa Checklist

You have done your planning and have come up with the perfect business model. This checklist will ensure that you have completed everything you need to become an official Iowa business.

- Complete financial projections and business plan.
- Establish a relationship with a banker for financing, line of credit, merchant account, business checking/savings and for payroll direct deposits.
- Choose the legal structure of your business. Iowa Source Link has information on choosing the structure of your business. It is also advised to discuss this decision with your lawyer or accountant.
<https://www.iasourcelink.com/start/basics-of-business-entities>
- Register your Business
 - » Sole Proprietor – Complete a “Certificate of Assumed or Fictitious Name” through your county recorders office. The cost of this is typically under \$20.00. As a sole proprietor you are only registered through the county, not the state.
 - » Limited Liability Company – File a certificate of organization with the Iowa Secretary of State through the Fast Track Filing System. <https://sos.iowa.gov/>
 - » S-Corporation or C-Corporation – Seek advice and assistance in filing from a tax accountant or attorney. These entities are also filed through the Iowa Secretary of State Office, but require more documentation and assistance from counsel.
- Apply for your Federal Employee Identification Number (EIN) – This is your business identification number and used for banking, taxes, and purchases. File at IRS.gov. There is no cost.
<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- Obtain your State Business License – Iowa does not require a general business permit or license. Depending on your industry or business you may need specific license. You can find out what you need at the Iowa Business License Information Center.
<https://www.iasourcelink.com/resources/business-license-home>
- Check with your local city hall or county officials on the following regulations, restriction and requirements.
 - » Zoning restrictions and requirements
 - » Permits needed locally for special circumstances like signage, outdoor seating
 - » Building inspector and fire marshall for code regulations, inspections, etc.
- Attain a business tax registration – In Iowa, 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. To determine if your business needs a Business Tax Registration start at the Iowa Department of Revenue.
<https://tax.iowa.gov/starting-business>

Obtain Insurance – Every business has different insurance needs. Below are basic insurance considerations. Talk to your local agent or insurance expert on what might be needed for your specific industry.

- » Business and liability insurance (not required, but strongly encouraged)
- » Business renter's insurance and inventory coverage
- » Workers compensation insurance

Purchase and set-up management and operations systems and tools.

- » Bookkeeping – It is recommended to maintain a well-defined and up to date bookkeeping system. Computerized or online systems are recommended. Some platforms include [quickbooksonline.com](https://www.quickbooks.com) or [waveapps.com](https://www.waveapps.com). Quickbooksonline offers a 40% discount for SBDC clients. Ask you counselor for information. You may also consider hiring or outsourcing an accountant or bookkeeper but keep in mind that you will always want to have knowledge of your financial situation.
- » Customer Relation Management System – This will help you keep tabs on your customers and help you manage customer service operations. Suggested platforms include: HubSpot, Constant Contact, or Sales Force. You will want to investigate several to see what is best suited for your needs.
- » Website and/or e-commerce shop – It is imperative in most cases that small businesses have an online presence. Wix.com, Square Space, Shopify and Shop Iowa are some platforms that work well for small business.
- » Online booking or appointment technology.

Complete marketing and branding plan

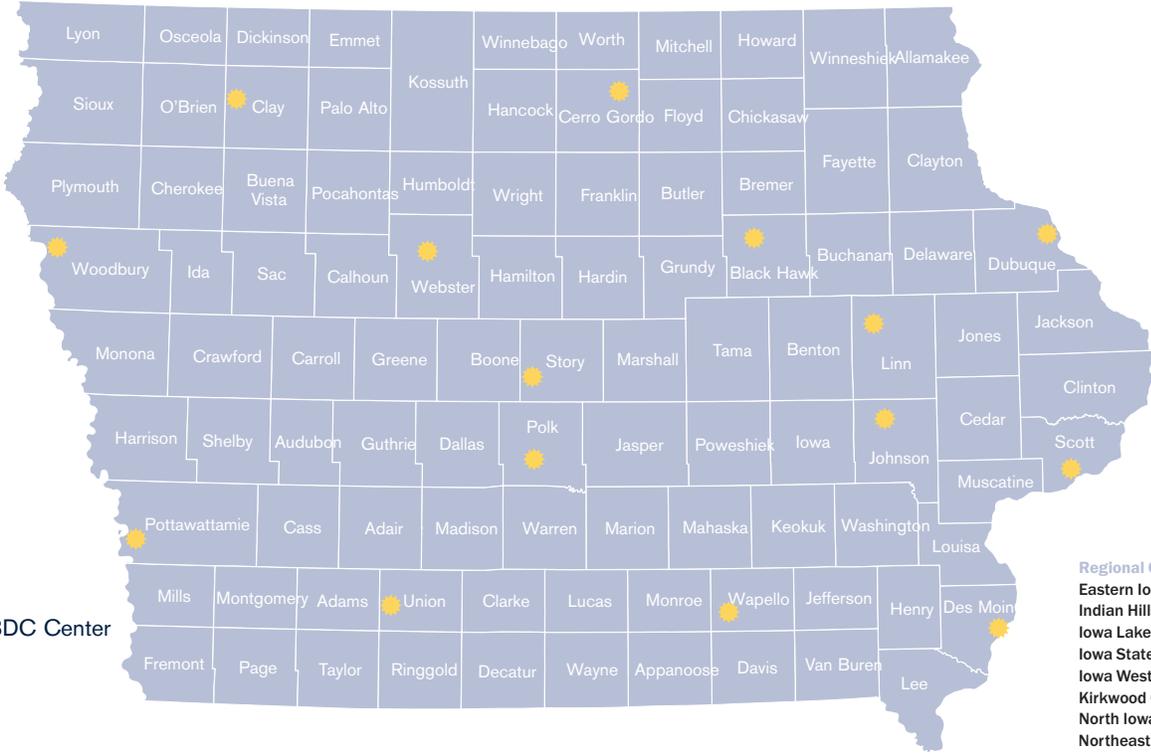
- » Logo, colors, tagline, etc.
- » Business collateral including letterhead, business cards, promotional material
- » Outdoor and indoor signage
- » Online presence – Google My Business, social media and website

Hire Employees – All businesses must comply with a myriad of regulations surrounding hiring employees. For a guide on how to comply with state and federal regulations for human resources start at Iowa Source Link. <https://www.iasourcelink.com/growing/hr-basics>

Research common industry specific regulations and resources

- » Restaurants – must obtain permits from Iowa Inspections and Appeals.
<https://dia.iowa.gov/food-consumer-safety/food-safety-license-applications>
- » Restaurants also need to take Serve Safe certification.
<https://restaurantiowa.com/servsafe-classes/>
- » Construction Contractors – These businesses must register with Iowa Workforce Development.
<https://www.iowadivisionoflabor.gov/contractor-registration>

America's SBDC Iowa has **15 regional centers** available.



 Regional SBDC Center

- Regional Center Hosts**
- Eastern Iowa Community College
 - Indian Hills Community College
 - Iowa Lakes Community College
 - Iowa State University
 - Iowa Western Community College
 - Kirkwood Community College
 - North Iowa Area Community College
 - Northeast Iowa Community College
 - Southeastern Community College
 - Southwestern Community College
 - University of Iowa
 - University of Northern Iowa
 - Iowa Central Community College
 - Western Iowa Tech Community College

Have an idea? Start a business. **Grow** a business.

Access all that we have to offer at **iowasbdc.org**



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