

How to Start & Grow A Business in Lula



Remembering the past – Preparing for the future!

Lula Downtown Development Authority

P.O. Box 99, Lula, Georgia 30554

770-869-3801

Located in City Hall

6055 Main Street, Lula, Georgia 30554

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INTRODUCTION

The Lula Downtown Development Authority guide to “Starting and Growing a Business in Lula” will guide you through the critical steps necessary to turn your dream of business ownership into a reality. This guidebook was composed by Members of the Lula Downtown Development Authority in cooperation with the City of Lula.

Mission Statement

The Mission of the Lula Downtown Development Authority is to support a strong business climate in Downtown Lula while promoting economic growth and tourism and preserving the history and quality of life in our community.

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Check List for Starting a Business

Research Your Business

- University of Georgia Small Business Development Center at <http://www.georgiasbdc.org/index.aspx>
- Hall County Chamber of Commerce <http://www.ghcc.com/>
- Hall County Economic Development Corporation <http://www.ghcc.com/economic-development/georgia-economic-development.php>
- Hall County Library - Learning Center <http://www.hallcountylibrary.org/>
- Georgia Department of Economic Development at <http://www.georgia.org/BusinessInGeorgia/SmallBusiness/BusinessResources/Pages/ToolsForms.aspx>
- U.S. Small Business Administration at <http://www.sba.gov/localresources/district/ga/index.html>
- Internet and other Sources related to your specific business idea

Write a business plan:

- Management and Operations
- Financial Plans
- Marketing Strategy

An excellent resource is available at: <http://www.sba.gov/smallbusinessplanner/index.html>

Protect Your Business / Protect Your Products, Services and Ideas

- Crime Prevention
- Patents, Copyrights, Trademarks

Choose Business Structure

- Sole proprietorship
- General partnership
- Limited liability partnership
- Limited partnership
- Registered limited partnership
- Limited Liability Company
- S-Corporation
- C-Corporation
- Non-profit

Check List for Starting a Business (continued)

Register Your Business

- Georgia Secretary of State's Office at <http://www.sos.georgia.gov/corporations>
- City of Lula (business license)

Ensure Accountability

- Establish bank accounts
- Set up an accounting system and outline/implement a strategy for reviewing entries on a regular basis

Arrange for State, Federal and Local Taxes

- Property taxes
- State and local sales tax
- State franchise tax (corporations)
- Federal income tax

Fulfill Employer Responsibilities

- Federal Employment and withholding taxes
- Georgia: State unemployment tax
- Worker's compensation insurance
- Required workplace posters

Permits, Licenses and Regulations

- Federal
- State
- County
- Local (including zoning requirements)

What is Your Business?

What Are You Selling? Research and decide on type of business – on what product or service will you offer. You should take into consideration your skills and interests. If the business is a partnership, what skills does each partner bring to the business?

Supply and Demand: Also consider the supply and demand for a particular product or service. If there is an abundance of stores selling 'xyz', don't open another store selling that same line of products.

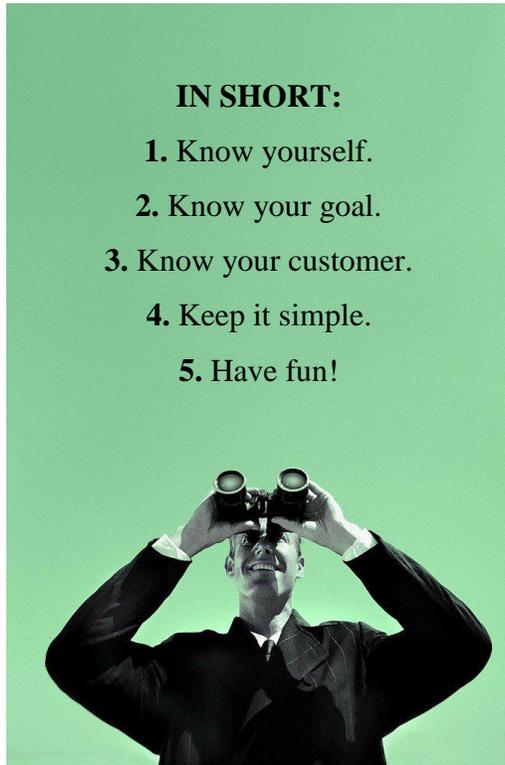
Find Your Niche: Look for voids that are not currently being served in the marketplace. When you come into the marketplace, what is it that's going to define what you're going to do? Your long-term success is going to be defined by your ability to be different, unique, and better.

Market Research: Study the following questions before making a final decision.

- Is my idea practical and will it serve a need?
- What is my competition?
- What is my business advantage over existing firms?
- Can I deliver a quality service?
- Can I create a demand for my business?

IN SHORT:

1. Know yourself.
2. Know your goal.
3. Know your customer.
4. Keep it simple.
5. Have fun!



Business Structure

Who Are The Decision Makers? Are you in business by yourself or do you have partners? Research and decide on business structure. General structures are listed below. Different paperwork and information is required for each type of business structure.

Sole Proprietor. In business by yourself. **Many small businesses are operated as a sole proprietorship.** A sole proprietorship is the simplest type of business structure to establish. You are considered a sole proprietor just by doing business without partners. For example, if you do paid carpentry work in your spare time, you are a sole proprietor. You should only consider a sole proprietorship if you want to pay taxes from your business earnings on your personal income tax return and you are not concerned about personal liability. Otherwise, if you are sued or you cannot pay your business debts, your assets and wages could be at risk. As a sole proprietor, you must pay taxes from your company's earnings on your personal income tax return. More importantly, you are personally liable for all business-related obligations, such as debts and court judgments.

Partnership. Two or more individuals own a business jointly. Each person contributes money, property, labor, or skill, and expects to share in the profits and losses of the business. (Know the difference between limited and general partnership and understand what personal liabilities could arise.)

Corporation. This is the most formal business structure with a Board of Directors governing the organization. Although each state has its own laws concerning corporations, for federal tax purposes, the Internal Revenue Services recognizes two types of for-profit corporations: S-Corporations and C-Corporations. You need to understand the difference between these and their liabilities. To incorporate in Georgia, you will need to go through the Secretary of State Corporations Division. You will file "Articles of Incorporation" with the Secretary of State. This is a document that states the basic information about your new corporation; such as name, address, purpose, number of shares and so on. Their website is <http://www.sos.georgia.gov/corporations/> and provides all of the forms and information about how to incorporate or file a LLC, how to reserve your chosen name and how to file your corporation online. All fees are available at that site as well.

Non-Profit. A non-profit corporation is set up similarly to a for-profit corporation (listed above) however none of the earnings go to the Board of Directors. The profits and the properties do not belong to the Board or the members.

You can find more information about taxes and other liabilities on the various business structures on the following websites.

IRS – www.irs.gov/businesses/small/article/0,,id=98359,00.html

Small Business Association - sba.gov/smallbusinessplanner/start/choosestructure

General Internet definition -

www.entrepreneur.com/encyclopedia/categories/businessstructure/117982.html

For more information, see also:

Internal Revenue Service's *Starting a Business* at

www.irs.gov/businesses/small/article/0,,id=99336,00.html

United States Small Business Administration's *Startup Guide* at

www.sba.gov/starting_business/startup/guide.html

What's In a Name?

What's Your Name? Choose a business name and file for an assumed name (dba – doing business as) with the Georgia Secretary of State. Be prepared to choose a different name in case your first choice is unavailable.

A good business name should:

- Be distinctive
- Be memorable
- Be easily spelled and pronounced
- Suggest the products or services you offer, and
- Distinguish you from your competitors.

Other considerations:

- **Avoid using local geography in your name.** Using local town or state names diminishes your uniqueness and makes it more difficult to expand your market in the future.
- Small businesses should **avoid acronyms or foreign words.** The marketing budget necessary to educate the public on their meaning can prove very costly.
- **eCommerce.** If you plan to create an Internet Website for your new business either now or in the future, you should secure your domain name right away. Visit www.register.com or GoDaddy.com to see if your choice is currently available. Thousands of URL's are registered daily. Don't let yours get away.

Create a tag line

A tagline is a sentence or phrase -- memorable and easy to understand -- that conveys the essence of your business in a nutshell. An effective tagline will ideally answer three questions:

1. What solution do you provide?
2. How (using what tactics)?
3. To whom?

<p style="text-align: center;">Your Company Name</p> <p style="text-align: center;"><i>- Tag line -</i></p>
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What's Your Plan?

After thinking things through you should begin writing out your business plan. A business plan is a formal document that reflects your thoughts and developmental ideas; it is a chance for you to elaborately discuss the plans you have for your business and express the elements that will make your business financially successful. The more detailed the business plan, the better prepared you will be to survive the first 'three years' into your business.

If you think writing a business plan is just a waste of time, think again. Writing a business plan:

- Allows you to think about every element of your business.
- Helps you organize your thoughts and focus on particular aspect.
- Reassures you of the practicality of your ideas, and
- Provides you with your very own business check list, to guarantee your business is run the way you intended it to be.
- Provides a document to accompany loan applications

Plan to Succeed

Many small businesses close within a year due to poor planning. Make sure that you address every circumstance that could occur or affect your business no matter how unlikely it may seem. It is better to be over prepared than to be hit with something unexpected along the way.

The plan should include:

- a statement of what you would like to accomplish
- the purpose of your business
- your strengths and weaknesses
- a list of your competitors
- proposed growth in the first five years
- Two-year budget and plan for start up capital

Experts recommend that you have 12 months of operating expenses in reserve. That means enough money in the bank to pay bills for 12 months. It takes time to build a customer base and time means money. Your start up budget should include all required licensing fees. Read **Licensing and Special Requirements for Food Establishments** before completing your budget Calculations.

The plan should also include a summary of 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 associate or a Service Corps of Retired Executive (SCORE) or Small Business Development Center (SBDC) counselor. (See SCORE and SBDC listings in this guide)

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.

Sample Business Plan Outline

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 helps make drafting it a more manageable task.

Introduction:

- Give a 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 including strengths and weaknesses
- Identify your competitors and their strengths and weaknesses
- 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 location
- Explain how your product/service will be advertised and marketed
- Explain your pricing strategy including your costs

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 and monthly cash flow for the first year
- Provide projected income statements and balance sheets for a two-year period by month if possible
- Discuss who will maintain your accounting and 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 pertaining to your business
- Account for the equipment necessary to produce your products or services
- Account for production and delivery of products and services

See Other Sample Business Plans online from the SBA website:

www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html

Financial and Accounting

Banking: Open a business bank account(s) using your entity name or dba name for sole proprietors and EIN or other tax identification number. Contact the bank in advance to inquire about required documents and signatures.

Accounting Methods: Set up general accounting procedures. Choose between a cash basis or accrual basis for your accounting.

Cash vs. Accrual

Accrual is the most common accounting method used in business. Income is counted when the sale occurs. The expense is recorded as soon as it is a known expense (not when the invoice is received). A charge that has not been paid by the end of an accounting period but must be included in the accounting results for the period. If no invoice has been received for the charge, an estimate must be included in the accounting results. Under the accrual method of accounting, income is reported in the tax year earned, whether or not received, and deductions are claimed in the tax year incurred, whether or not paid. Most lenders prefer this method.

Cash method does not meet the requirements of GAAP (generally accepted accounting principles) but is used by some small businesses and sole proprietors. Revenue is recognized when cash is received and expense is recognized when cash is paid.

Budgets: Experts recommend that you have 12 months in reserve. That means enough money in the bank to pay bills for 12 months. It takes time to build a customer base and time means money. Your start up budget should include all required licensing fees. Read **Licensing and Special Requirements for Food Establishments** before completing your budget calculations.

Accounting Software: There are a number of software packages that a business can use to perform their own accounting or secure the services of a certified public accountant or a reputable bookkeeping service. Research any software package to be sure that it will be adequate for your business needs. Major software packages offer a 30-day trial version for free. After 30 days you must purchase a full version to continue use.

Taxes and Licensing

Federal Tax / Employee Identification Number EIN: Though it is possible to use your Social Security Number when you are a sole proprietor, businesses generally get a Federal Tax ID, also known as an EIN. In addition to other uses, you will use this number when you open a bank account and when you file reports concerning employees.

Business Taxes in Georgia are collected by the Georgia Department of Revenue. For a comprehensive listing of taxes applicable to businesses in Georgia go to their website at: https://etax.dor.ga.gov/Business_Taxes.aspx

These taxes include:

- Business Registration
- Sales and Use Tax
- Withholding Tax
- Motor Fuel Tax
- Cigarette Tax
- Financial Institutions Tax
- Corporate Income Tax
- Corporate Franchise Tax
- Alcohol and Tobacco Taxes.

Business Location / Special Permits

For information about zoning requirements, business licenses, building permits for construction or modifications contact Lula City Manager, Dennis Bergin at 770-869-3801. Even if you plan to rent a building, you will need to know if there are any special requirements such as those for restaurants or bakeries. The City Manager will also be able to tell you about costs and the process of signing up for water, sewer and garbage services.

Getting “Hooked Up”

Utilities: Contact utility companies to set up electricity, water/sewage and gas as is required for the operation of your business. Certain types of business may require more specialized services.

Georgia Power Company: www.gerogiapower.com

Phone/Internet Contact Internet, cable and phone service providers to set up these services.

COMCAST is the cable TV/Internet franchisee within the City of Lula and provides VOIP telephone service. Internet service may also be available from AT&T as well as local telephone service.

COMCAST: www.comcast.com

AT&T: www.att.com

Security: Register your business with the Hall County Sheriff’s Office and inquire about ways you can secure your business. The more the Sheriff’s Office knows about your business hours, physical layout of property and building(s), and security procedures the better equipped they will be to aid you in protecting your business. Join a Neighborhood Crime Watch and contact the Hall County Sheriff’s Office Crime Prevention Coordinator:

Deputy Stephen Wilbanks
Hall County Sheriff’s Office
Crime Prevention Coordinator
770-533-7674
swilbanks@hallcounty.org



Other Professional Services: Secure other professional services as needed (such as a lawyer, advertising/graphics). Remember to insure your business against theft and lawsuits.

OTHER CONSIDERATIONS

Vendors: Which vendors or distributors will you use to supply product for your business? You will need to set up an account with each distributor. If you have no credit history, then most vendors will require that you pay on a cash basis. Maintaining good relationships with your vendors/distributors can help to build a good credit rating for your business enabling you to set up charge accounts in the future. This good credit history will also aid you in seeking business loans from banks and other lending institutions.

Customers: Who are your customers? Knowing your customers helps to identify your product or service. For instance, if a large number of your customers speak only Spanish, you will need to include descriptions, marketing and other info in Spanish. Are your customers local or do you ship out of state or out of country? Note: If you plan to import or export product, contact the **United States Export Assistance Center** (see agency listing) for information and requirements.

**Know your partners.
Know your vendors.
Know your customers.**



Special Assistance for Veterans Available from the SBA

The SBA offers a variety of services to American veterans who have made or are seeking to make the transition from service member to small business owner. Each of SBA's 68 district offices has designated a veterans business development officer to help veterans prepare, plan and succeed in entrepreneurship.

Sixteen Veterans Business Outreach Centers located in California, Florida, Guam, Louisiana, Massachusetts, Michigan, Missouri, New Jersey, New Mexico, New York, North Carolina, North Dakota, Pennsylvania, Texas, and Washington provide online and face to face entrepreneurial development services for veterans and reservists such as business training, counseling and mentoring, pre-business plan workshops, feasibility analysis, and referrals to additional small business resources. During fiscal 2009, SBA's veterans business ownership specialists counseled or trained 122,901 veteran entrepreneurs. To learn more about the Veterans Business Outreach program or find the nearest SBA VBOC, visit the SBA Web site at www.sba.gov/vets. OVBO also partners with the Entrepreneurship Boot Camp for Veterans With Disabilities at Syracuse University, University of Connecticut, Florida State University, Texas A&M University, UCLA and Purdue to prepare service-disabled veterans for business ownership.. SBDCs and SCORE also provide targeted management assistance to veterans who are current or prospective small business owners. SCORE also provides resources and counseling services online at: www.score.org.

The SBA offers special assistance for small businesses owned by activated Reserve and National Guard members. Any self-employed Reserve or Guard member with an existing SBA loan can request from their SBA lender or SBA district office, loan payment deferrals, interest rate reductions and other relief after they receive their activation orders. Additionally, the SBA offers special low-interest-rate financing to small businesses when an owner or essential employee is called to active duty. The Military Reservist Economic Injury Disaster Loan Program provides loans up to \$2 million to eligible small businesses to cover operating costs that cannot be met due to the loss of an essential employee called to active duty in the Reserves or National Guard.

Small businesses may apply for MREIDLs of up to \$2 million if they have been financially impacted by the loss of an essential employee. The SBA has created a special Web page specifically for Reserve and Guard members at:

<http://www.sba.gov/aboutsba/sbaprograms/reservists/index.html>

To ensure that veterans, service disabled veterans and Reserve and National Guard member entrepreneurs receive special consideration in all its entrepreneurial programs and resources, the SBA has established an Office of Veterans Business Development. OVBD develops and distributes informational materials for entrepreneurship such as the Veterans Business Resource Guide, VETGazette, Getting Veterans Back to Work. Veterans may access these resources and other assistance from OVBD by visiting the Web site at:

www.sba.gov/VETS/.

SBA's Patriot Express Initiative has new and enhanced programs and services for veterans and members of the military community wanting to establish or expand small businesses.

Marketing and Business Strategies

Business Strategies That Work: Remember to schedule time for professional development. Attend a continuing education class at a local college. Check with your local Chamber of Commerce for management and small business seminars.

Professional Associations: Membership in a professional association can prove very lucrative for your business. Research the numerous associations available and choose those that can be helpful in promoting your business or improving your capacity to give good service or product. Membership in a professional association can help provide visibility for your business and opportunities for you to participate in a support network of other business owners. Some professional associations are general in scope, such as a Chamber of Commerce, while others may be specific to: type of business; a skill or trade area; or gender or ethnicity.

Branding: A brand is the promise you make to customers combined with the customers' judgment about how well you deliver on that promise. A successful brand becomes an emotional bond that builds customer loyalty. A brand includes your logo, color scheme, taglines, slogan, design elements and more.

Business gets easier when you have a recognizable brand. What comes to mind when you see 'golden arches'? All you need do is mention the phrase and millions of people throughout the world have an immediate perception and expectation of what that company stands for. There's an emotional connection between the customer and the company name.

Branding helps to **increase the public's awareness** of your business name and logo. It helps to **build a strong company "essence"** that inspires loyalty and trust in your current customers and provides a level of familiarity and comfort to draw in potential customers. Often referred to as the "good will" portion of your business, your brand is intangible and has nothing at all to do with any real estate, inventory or vehicle fleets your company may count as assets. Instead, it refers to the reputation behind your company's name and logo. A carefully built brand is worth more in actual dollars than all the tangible assets put together and is what will reap monetary rewards when you're ready to sell your company. The first thing you have to do is decide how you want people to perceive your business, and then figure out what you have to do to get there.

Branding comes from: consistency in advertising; customer service; public relations; and your willingness to use the Internet. In today's business world, 70% of your potential customers are looking for you on the Internet. *Research in 2005 from Kelsey Group and ConStat shows that 70 percent of U.S. adults use the Internet as an information source when shopping locally for products and services.*

Insight! The 411

Be a good Corporate Citizen! Do you support positive growth in your community or does your purpose begin and end with a **dollar\$sign**? How do you thank your customers and community for loyalty to your product or your service? Do you offer special incentives to long-time customers? How does your business support the general public? Do you have a strong connection to a local charity or community organization?

Giving back to your community – aligning yourself with strong community leaders, identifying your company with worthwhile community projects – is one of the greatest advertising strategies used today.



A 2003 survey of corporate America conducted by the Center for Corporate Citizenship produced the following definition of being a **Good Corporate Citizen**:

1. Operating with ethical business practices
2. Treating employees well
3. Making a profit, paying taxes, providing jobs
4. Providing safe and reliable products & services
5. Having a good environmental record
6. Working to improve conditions in the community

How can it affect your sales?

Over 80 percent of businesses responding to the survey felt that being a good corporate citizen affected their bottom line (improved sales) and that it improved their image and reputation.

Network! Network! Network!

Networking is essential to growing your business.

Simply defined, networking is making connections. Maintain contact information for every person you spoke with in the process of starting your business – and everyone you will meet from this point forward. Keep their info or business cards on file. You never know when you may need their help again.

Marketing your **business** takes time. You want people to get to know you; To trust you; To be interested in seeing how you can help them; To buy something from you. We dream of the instant sale but the reality is that it takes work to build a customer relationship. Remember every time you talk to someone is a marketing opportunity.

Good business is all about **relationships**. You may meet a new business owner who needs help getting started. **Be a mentor!** Pass information on and then also watch for your mentor – that savvy business owner who has already made it and can help you reach the next level. Their years of experience can pay off for you. **Say thank you!** If someone gives you good advice, send a thank you note. Treat them to lunch. You never know what opportunities they may send in your direction.



OPEN FOR BUSINESS!

Congratulations and best of luck in your business venture! Hold onto this guide and refer to it from time to time. Contact the Lula Downtown Development Authority or City of Lula if you need more information, want to expand or just need a word of encouragement.

Did this handbook help you? If you have suggestions on how we can improve this guide, we welcome your comments. Call the Lula Downtown Development Authority at 770-869-3801 or e-mail us at mail@luladda.info

CONTACT LIST

Hall County Chamber of Commerce
www.ghcc.com

Secretary of State

Name Availability and Business Entity Information

<http://www.sos.ga.gov>

Phone: 404-656-2881

Small Business Resource Magazine

<http://www.smallbusiness3.com/home>

Georgia District Office, Small Business Administration

233 Peachtree Street N.E., Suite 1900

Atlanta, GA 30303

Tel.: 404-331-0100 Fax: 404-331-0101

<http://www.sba.gov/ga>

UGA Small Business Development Center, Gainesville Office

Ron Simmons, Area Director

The University of Georgia

Small Business Development Center

The Featherbone Center, 999A Chestnut St.

Gainesville, GA 30501

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Atlanta SCORE Chapter

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Harris Tower, Ste. 1900

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Gwinnett SCORE Branch

Georgia Trust Bank Bldg.

2725 Mall of Georgia Blvd.

Buford, GA 30519

770-614-7644 ext. 145

Forsyth County SCORE Branch

West Maple Office Park

514 W. Maple St., #100

Cumming, GA 30040

404-405-5219

Office of the Governor

Economic Development

<http://www.georgia.org>

Tourism

<http://www.exploregeorgia.org>

Georgia State Board of Workers Compensation

<http://sbwc.georgia.gov/portal/site/SBWC>

The main office of the Georgia State Board of Workers' Compensation is located in Atlanta. There are six field offices throughout the state.

Chief Operating Officer

Stan Carter

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Chief Financial Officer

Thomas M. Risko

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