

Establishing a new business, regardless of size, requires most careful planning. The number of details to be considered often amaze and sometimes discourage the person venturing into business for the first time. This guide has been compiled to assist prospective new business owners. Although the information deals specifically with Iberville, much of it is also applicable to other parts of Louisiana. The objective of this publication is to provide a directory of sources of information, licenses and permits, and to give an indication of the legal requirements which may affect the new business owner.

## **BUSINESS LICENSES AND PERMITS**

Every legal business operating in Iberville must have the proper City and Parish licenses and permits. The procedure for obtaining proper business licenses and permits are as follows:

1. First contact the Louisiana Secretary of State's Office. Their First Stop Shop can provide you with a list of permits and licenses you will need to start your business and tell you what offices issue these documents. They will also be able to tell you who regulates your type of business and who you may have to report to on a regular basis.

### **CONTACT**

**LOUISIANA SECRETARY OF STATE  
FIRST STOP SHOP**  
P.O. Box 94125  
Baton Rouge, LA 70804-9125  
(225) 925-4704

2. If within the City Limits, you need to obtain a LOCAL CITY OCCUPATIONAL LICENSE. Iberville's six municipalities are:

### **CONTACT**

**PLAQUEMINE CITY HALL**  
23640 Railroad Ave.  
P.O. Box 675  
Plaquemine, LA 70765-0675  
(225) 687-3116

**WHITE CASTLE CITY HALL**  
32535 Bowie Street  
P.O. Box 488  
White Castle, LA 70788  
(225) 545-3012

**GROSSE TETE CITY HALL**  
18125 Willow Street  
P.O. Box 98  
Grosse Tete, LA 70740  
(225) 648-2131

**ROSEDALE TOWN HALL**  
76535 Rosedale Road  
P.O. Box 167  
Rosedale, LA 70772  
(225) 648-2333

**MARINGOUIN TOWN HALL**  
77510 Landry Street  
P.O. Box 10  
Maringouin, LA 70757  
(225) 625-2630

**ST. GABRIEL CITY HALL**  
5035 Iberville Street  
P.O. Box 597  
St. Gabriel, LA 70776  
(225) 642-9600

3. If out of the City Limits, you need to obtain a LOCAL PARISH OCCUPATIONAL LICENSE.

**CONTACT**

**IBERVILLE PARISH COUNCIL**  
58050 Meriam Street  
P.O. Box 389  
Plaquemine, LA 70765-0389  
(225) 687-5190

4. Any business dealing in foods must have a LOCAL FOOD PERMIT.

**CONTACT**

**HEALTH UNIT - SANITARIAN**  
Richard Porter, Parish Manager  
24705 Plaza Drive  
Plaquemine, LA 70764  
(225) 687-5885

5. Certain other local permits, such as vendors' permits may be needed, depending on the type of the business. When you register for your occupational license, be sure to ask what permits are required.

**EMPLOYEE/EMPLOYER TAXES**

As an employer, you will be responsible for withholding state and federal income taxes and social security taxes for the wages of your employees, payment of the employer's social security tax, and payment of taxes under the Federal Unemployment Tax Act (for unemployment insurance). Federal tax numbers are obtained from the Internal Revenue Service. The Internal Revenue Service has prepared the Circular E-Employer's Guide to explain and assist you in paying these taxes. For further information on federal taxes, contact the Internal Revenue Service, Baton Rouge office.

The Internal Revenue Service provides two very important services to small business owners. First, it provides a "Mr. Businessman's Kit" which contains all tax forms and schedules for which you will be held accountable. Also, you can obtain a free copy of the Tax Guide for Small Business. Contact the local Internal Revenue Service Office to receive copies of these booklets.

A self-employed individual's net earnings from self-employment per year are subject to the self-employment tax for the purpose of old-age, survivors, disability and hospital insurance benefits. The tax is levied, assessed and collected as part of the income tax. Information and details in reference to this tax can be obtained from the Internal Revenue Service, Baton Rouge office.

**CONTACT**

**INTERNAL REVENUE SERVICE**  
2600 Citi Place  
Baton Rouge, LA 70801  
343-8625 or 1-800-TAX-FORM  
*www.irs.gov*

**STATE SALES TAX**

State sales tax is 4% on the retail sales of personal property, on goods used or stored for use in Louisiana,

or leases and rentals of tangible personal property and on certain services. The state sales tax exempts certain foods and drugs. Local governing bodies may levy their own sales tax, up to 4%. This requires both legislative and voter approval.

Information on state taxes, including withholding tables, can be obtained from the local Louisiana Department of Revenue and Taxation office. You must register with the State to collect the state sales tax.

**CONTACT**

**LOUISIANA DEPARTMENT OF REVENUE AND TAXATION  
NEW BUSINESS REGISTRATION  
617 North Third  
Baton Rouge, LA 70802  
(225) 219-7318**

**CITY AND PARISH SALES TAX**

In addition to the state sales tax, you need to collect a parish-wide sales and use tax. Rates can be obtained by contacting the sales tax department of the municipality in which you are located (or the Parish if you are in an unincorporated area). Iberville's sales tax rate is 4.33 %.

**CONTACT**

**IBERVILLE PARISH SALES TAX OFFICE  
Plaquemine, LA 70764  
(225) 687-5200**

**BULK SALES LAW**

If you plan to purchase an established business, the law requires that within a certain time limit, prior to completion of the purchase, each creditor must be notified personally of the proposed sale. By all means, consult your attorney in this procedure.

**UNEMPLOYMENT INSURANCE TAX**

An employer is required to pay Unemployment Tax to the State and Federal Governments.

**CONTACT**

<b>TAXATION</b>	<b>INTERNAL REVENUE SERVICE 2600 Citi Place Baton Rouge, LA 70801 343-8625 or 1-800-TAX-FORM</b>	<b>LA DEPT. OF REVENUE AND 617 North Third Baton Rouge, LA 70802 (225) 219-7318</b>
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**OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970**

The Occupational Safety and Health Act of 1970 (OSHA) affects small businesses as well as large. The Act can make it necessary for small businesses to add or to alter their equipment, facilities of methods of

operation in order to come into compliance with the Act's standards.

**CONTACT**

**U.S. DEPARTMENT OF LABOR OSHA**  
9100 Bluebonnet Blvd. Center  
Suite 201  
Baton Rouge, LA 70809  
(225) 298-5458

**REGISTERING BRAND NAMES AND TRADEMARKS**

Brand names and trademarks may be registered in the Patent Office of the U. S. Department of Commerce. The best procedure is to have a patent attorney search the records of the Patent Office to determine if the name you propose to use is available. The cost of the search is well worth the money. If you proceed with a name without the search, you could be held legally liable for damages if someone else has that name protected. In such as case, you will have lost the money invested in labels, literature and advertising the brand name. Actual application for registration or a brand name is relatively simple and may be handled by the applicant. However, you may choose to pay an additional fee and have a patent attorney do it for you. The Patent Office currently receives thousands of applications each year and processing is rather slow. It may be 12 months or more from the date of your application to the time the Patent Office makes a decision on it.

**CONTACT**

**U.S. PATENT OFFICE**  
U.S. Department of Commerce  
Office of Information Services  
Washington D.C. 20231  
(800) 786-9199  
[www.uspto.gov](http://www.uspto.gov)

**REGISTERING A CORPORATION AND PARTNERSHIP**

**CONTACT**

**SECRETARY OF STATE**  
State of Louisiana  
P.O. Box 94125  
Baton Rouge, LA 70804-9125  
(225) 922-1000

## **INSURANCE**

Too often new business persons assume that they cannot afford insurance. Such an assumption can lead to much grief and may ultimately doom the business to failure. One should choose an insurance agent in the same manner as he would an attorney or an accountant. The agent must be competent and the businessman must have complete confidence in him. After selecting an agent, the new businessman should tell him exactly what his new venture will be and ask for a recommendation of the insurance coverage he should have. Coverage of all risks usually is not desirable. One should approach insurance by first determining the possible causes of loss. Then, one should answer the questions: How much can I afford to lose and still stay in business? For example, if the inventory in a retail store has a cost value of \$40,000, the owner may decide that he could afford to lose \$10,000 and still recover in the event of a fire. Therefore, the fire insurance required is 75% of the inventory's cost. In essence, the owner is "Self-insured" for \$10,000. By electing to risk the \$10,000 loss, the owner can reduce the cost of his insurance on the inventory. A competent agent can help a businessman obtain coverage on a number of different risks for the least cost. There are "Commercial Packages" of insurance available which may be suitable for your business. These "packages" are similar to a homeowner's policy which has multiple risk coverage at lower cost than if the coverage were taken separately. You can visit the Louisiana Department of Insurance web site at [www.ildi.state.la.us](http://www.ildi.state.la.us).

## **WORKMEN'S COMPENSATION INSURANCE**

For most types of employment, Workmen's Compensation is required by law. It would be advisable to obtain insurance coverage for it. The policy would cover employees for compensation due employees in the event of injury or death while on the job. The policy covers all workers who are "legally employed." If a minor, who is under the legal age of employment, is injured, the employer may find himself in a very serious predicament. The premium for Workmen's Compensation Insurance is based on the entire payroll. For a new business, the payroll for a year is estimated. When the policy is about to expire, the payroll may be audited and the premium adjustment made.

### **FOR ADDITIONAL INFORMATION**

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**LOUISIANA DEPARTMENT OF LABOR**  
Secondary Injury Fund  
1001 North 23<sup>rd</sup>  
P. O. Box 44187  
Baton Rouge, LA 70804-4187  
(225) 342-7866  
[www.laworks.net](http://www.laworks.net)

## **CUSTOMER AND SUPPLIER INFORMATION**

### **BETTER BUSINESS BUREAU**

Provides information concerning potential customers and suppliers. The place to go for registering complaints against businesses.

#### **CONTACT**

\_\_\_\_\_ **BETTER BUSINESS BUREAU OF  
SOUTH CENTRAL LOUISIANA**  
748 Main Street  
Baton Rouge, LA 70802  
(225) 346-5222  
batonrouge.bbb.org

### **CHAMBER OF COMMERCE**

Provides services to its member's businesses.

#### **CONTACT**

\_\_\_\_\_ **IBERVILLE CHAMBER OF COMMERCE**  
23675 Church St.  
Plaquemine, LA 70764  
(225) 687-3560

### **DEPARTMENT OF ECONOMIC DEVELOPMENT**

The Department of Economic Development is in charge with attracting new business and industry to Louisiana and providing economic development services to resident industry, small businesses and entrepreneurs. They are a good source of information about location advantages, incentives and services for business and industry.

#### **CONTACT**

\_\_\_\_\_ **Department of Economic Development**  
Post Office Box 94185  
Baton Rouge, LA 70804-9185  
Phone: (225) 342-3000  
www.lded.state.la.us

## **DEPARTMENT OF LABOR**

Provides a total employee placement service for employers. Publishes statistical data concerning the labor force in Louisiana. Population and labor force data, by race and sex, are provided for employers who are required to write affirmative action programs under the Equal Employment Opportunity Act.

### **CONTACT**

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**LOUISIANA DEPARTMENT OF LABOR**  
Research and Statistics Unit  
P.O. Box 94094  
Baton Rouge, LA 70804-9094  
(225) 342-3141

## **DUN AND BRADSTREET**

Though supplying no free information, this office can be a source of a vast amount of data. Dun and Bradstreet publishes reference books, ratings, and reports on companies every month. Several directories of business are available according to the size of sales volume. A reference book of corporate management with names of personnel and their positions is available. The Market Service Division supplies a lists of potential customers to businesses.

### **CONTACT**

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**DUN AND BRADSTREET**  
2200 Veterans Blvd  
New Orleans, LA 70127  
(800) 234-3867

## **LIBRARIES**

All libraries have a business reference section from which information can be obtained. In addition, they carry many government documents. When calling, one should ask for the business reference desk in the library to get information on particular publications.

### **CONTACT**

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**IBERVILLE PARISH LIBRARY**  
24605 J. Gerald Berret Blvd.  
P.O. Box 736  
Plaquemine, LA 70765-0736  
(225) 687-2520 or 687-4397  
Fax (225) 687-9719  
[www.iberville.lib.la.us](http://www.iberville.lib.la.us)  
E-Mail: [Dball@pelican.state.lib.la.us](mailto:Dball@pelican.state.lib.la.us)

## **SMALL BUSINESS ADMINISTRATION**

Provides the following services to owners of small businesses: management counseling, financial aid and help in procuring a government contract

**CONTACT**

**U. S. SMALL BUSINESS ADMINISTRATION**  
365 Canal Street  
Suite 2820  
New Orleans, LA 70130  
(504) 589-6685

**SCORE - SERVICE CORPS OF RETIRED EXECUTIVES**

Affiliated with the Small Business Administration, it is a volunteer program that provides cost-free management assistance to small businessmen and to those contemplating going into business. Assistance consists of individual counseling and occasional workshops or seminars for small businessmen.

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**FREE GOVERNMENT ASSISTANCE**

In addition to the business "basics" listed in this article, you can receive quality professional advice for free. The Service Corps of Retired Executives, SCORE, operates one of the largest business counseling organizations in the country. It is sponsored by the U.S. Small Business Administration (SBA).

SCORE is made up of over 15,000 retired and active business managers in over 800 locations nationwide. For 25 years, SCORE volunteers have drawn on a lifetime of hands-on experience to help people enter the business world, or help those in business with a management problem.

Additional services include low cost business work shops and Small Business Development Centers (SBDCs). Last year, SCORE served over a quarter million clients.

**CONTACT**

**SCORE**  
564 Laurel Street  
Baton Rouge, LA 70801  
(225) 381-7130

**TRADE ASSOCIATIONS**

The library should have directories of business and trade associations. Consult the telephone directory for a listing of local trade associations.

**CONTACT**

**Louisiana International Trade Center**  
2 Canal Street, Floor 29, Suite 2926  
New Orleans, LA 70130  
Phone: (504) 568-8222

**DIVISION OF BUSINESS AND ECONOMIC RESEARCH**

The Division provides various statistics on the area. Such information is published every three years in

the Statistical Abstract of Louisiana. Statistics are provided on population, health, social insurance and welfare services, education, law enforcement, courts and prisons, climate, income, prices, politics and elections, public finance, banking, business enterprise, transportation, public utilities, agriculture, forestry, minerals, housing trades, and services.

**CONTACT**

**CENTER FOR BUSINESS AND ECONOMIC RESEARCH**  
University of Louisiana Monroe  
Phone: (318) 342-1215

**INTERNATIONAL MARKETING INSTITUTE**

The Department of Marketing at the University of New Orleans provides market information, market research and general business development services from firms engaged in overseas business. Reasonable fees are charged to cover direct costs.

**CONTACT**

**DEPARTMENT OF MARKETING**  
College of Business Administration  
University of New Orleans  
2000 Lakeshore Drive  
New Orleans, LA 70148  
(504) 280-6963

**U. S. DEPARTMENT OF COMMERCE**

The Department of Commerce has information pertaining to export and import data and census data. Government publications on these subjects are available.

**CONTACT**

**U. S. DEPARTMENT OF COMMERCE**  
International Trade Administration  
365 Canal Street  
Suite 1170  
New Orleans LA 70130  
(504) 589-6546

**BASIC STEPS IN FORMING A NEW BUSINESS**

- A. Decide on type of business
- B. Select type of organization
  - 1. Individual Proprietorship
    - a. Simplest form of organization

- other
- b. Only you or you and your spouses own business, even though you may have employees
  - c. Least expensive to set up, no agreements necessary
  - d. Most businesses start up this way
  - e. Income and expense of business included in your individual tax return
  - f. Can always change to partnership or corporation
  - g. Chief drawback is personal liability
  - h. Another drawback is proprietorship does not have borrowing strength, and all personal assets not exempt by Homestead Exemption Act are subject to judgement.

2. Partnership

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- a. Wherein two or more people own the business jointly
  - b. After proprietorship, the simplest and least expensive way to set up businesses
  - c. Must have agreement, preferably in writing, indicating:
    - (1) What each partner will contribute in cash or other assets or services
    - (2) What salary each partner will take, if any
    - (3) What part of profit or loss each partner will get
    - (4) What part of assets each partner will get if the business is dissolved
    - (5) What happens if a partner goes insane, withdraws from the partnership or goes bankrupt
  - d. Must file a partnership tax return
    - (1) Simply shows how much profit or loss to each partner
    - (2) Partners each show their share of profit or loss on their individual tax returns
  - e. Chief drawbacks
    - (1) Personal liability
    - (2) Instability (personal relationships can cause problems)
    - (3) Limited borrowing strength

3. Corporation

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- a. May have any number of share holders (The shareholders own the stock and the Corporation owns the assets)
  - b. Has a permanent corporate life but can cease upon bankruptcy or court order
  - c. Individual stockholders may transfer or sell stock without interrupting the business (Evidence of ownership is a stock certification)
  - d. Must pay its own tax. No tax to owners unless profits taken out of the business
  - e. Chief advantages
    - (1) Ease of transfer of ownership
    - (2) Business profits taxed separately from earnings of executives and owners
    - (3) The corporation (not the owners nor managers) is liable for its debts and taxes
    - (4) Are usually in the best position to attract capital
  - f. Chief drawbacks
    - (1) May be certain tax disadvantages
    - (2) More complicated to form (must pay an initial tax and certain filing fees). Must file Articles of Incorporation, issue stock certificates, hold official meetings and keep minutes
    - (3) Unable to do business in states other than one in which domiciled without paying additional fees.
    - (4) There are certain legal restrictions associated with corporations

- (5) Usually a lack of interest by many stockholders
- (6) Internal affairs of the corporation are governed by the By-Laws

Summary

Many small businesses begin as proprietorships or partnerships and then in several years if they grow large, they change to a corporation. Much information is available from SBA and the public library relative to restructuring.

- C. Determine money needs and project a cash flow
  - 1. Total cash requirements for business “start-up”
    - a. Equipment
    - b. Inventory
    - c. Working Capital (sufficient to sustain operations both during start-up period and after break-even has been reached)
    - d. Other (living expenses, advertising, legal fees, etc.)
    - e. Remember the first months of the business will NOT produce the sales you expect after the business is established. A business person must arrange for sufficient cash to carry the business until it takes hold and starts to produce predictable cash flow. Failure in this area is one of the principal reasons for early failures of businesses.
  - 2. Determine fixed monthly expenses
    - a. Rent
    - b. Utilities
    - c. Salaries
    - d. Other (both business and personal)
  - 3. Determine, based on reliable data and accurate estimates, when business will “break-even” and begin to operate “in the black.” If you cannot project a project, realistically, it is pointless to continue.
  - 4. The sum of the start-up costs plus the losses until the “break-even” point is reached plus operative capital gives the total capital requirements of the proposed business.
  - 5. Total capital requirements must be provided by either
    - a. Owners - in cash or other assets
    - b. Creditors - banks, SBA or others
  - 6. Make sure you can positively obtain the total capital requirements
- D. Other necessary steps
  - 1. Select and contact a good attorney (don’t count on friends) and listen to his advice regarding legal structure, leases and contracts
  - 2. Don’t forget business insurance (talk to insurance man, in detail)
  - 3. Open a company bank account
    - a. Keep all business transactions separate from personal expenses, this is important
    - b. Deposit all receipts intact
    - c. Make deposits immediately
    - d. Decide on check signers; type of internal control
    - e. Pay all business expenses by check out of business bank account
  - 4. Determine management organization
    - a. Organization chart; who is in charge of whom
    - b. Who is responsible for various functions such as sales manufacturing, purchasing, billing, credit, collection, accounting, etc.
    - c. Consider internal control; segregation of duties
    - d. Make sure everyone understands organization and responsibilities - this is

important

- E. Determine financial information required and bookkeeping requirements
1. Determine your company's record keeping requirements - usually good to consult an independent accountant
  2. If a very small proprietorship, may need only to maintain cash receipts and disbursements until year-end when they can be summarized for tax purposes
  3. May want monthly balance sheet and income statement - usually will require that a general ledger be maintained and posted monthly
  4. Determine if you need routing monthly or annual outside assistance
  5. Determine fiscal year-end (a proprietorship is always on a calendar year but a partnership or a corporation may have a choice)
- F. Various other requirements of:
1. Federal Government  
\_\_\_\_\_ Obtain information on these requirements from the nearest Internal Revenue Service. Ask for Mr. Businessman's Kit (this kit is not available by mail). Help is needed and provided by IRS to fill-out and file all the required forms contained in the kit. IRS will provide the help on an individual or group basis. Be sure to inquire.
  2. State Government
    - a. Contact State Revenue office nearest you regarding sales tax permits
    - b. Contact local Office of Employment Security for information relative to state unemployment requirements. This will be necessary only if and when you have employees.
  3. Municipal Government
    - a. Municipal requirements will vary and new businesses should check carefully to see that all requirements are met
    - b. In major cities:
      - (1) Certificate of occupancy required
      - (2) Occupational license
    - c. City/State Health Department  
\_\_\_\_\_ Firms engaged in handling, processing, packaging and warehousing of food should contact the City and State Departments of Health.
- G. Reports  
Obtain a list of reports and forms required by local, state and federal regulatory agencies that pertain to your type of business. Many reports are required annually, monthly or quarterly to comply with the governing laws.

**WORKSHEET FOR MEETING TAX**

**OBLIGATIONS**

This worksheet is designed to help the owner/manager to manage his firm's tax obligation. You may want your accountant or bookkeeper to prepare the worksheet so you can use it as a reminder in preparing for and paying the various taxes.

<b>KIND OF TAX/ PAYABLE TO</b>	<b>DUE DATE</b>	<b>AMOUNT DUE</b>	<b>DATE PAID</b>
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**FEDERAL TAXES**

Employee Income Tax &  
Social Security Tax

Excise Tax

Owner-Manager's and /or  
Corporation's Income Tax

Unemployment Tax

**STATE TAXES**

Unemployment Taxes

Income Taxes

Sales Taxes

Franchise Taxes

Other Taxes

**LOCAL TAXES**

Sales Taxes

Real Estate Taxes

Personal Property Tax

Licensing (retail, vending  
machine, etc.)

**THINGS TO BE CONSIDERED BEFORE GOING INTO BUSINESS**

Complied by:  
IBERVILLE BUSINESS DEVELOPMENT CENTER  
23675 Church St.  
P. O. Box 248  
Plaquemine, LA 70765-0248  
(225) 687-3560  
E-mail: [hankgrace@eatel.net](mailto:hankgrace@eatel.net)

**A. GETTING ORGANIZED**

There are many steps between “Great Idea” and “Open for Business.” Clear-headed planning is a must to avoid making costly mistakes. For starters, you have to choose the right legal structure for your new business. Here are the options and the pros and cons of each.

## **1. CORPORATION**

The corporation is the robot of the business world. Legally, it’s an “artificial person,” liable for its own debts and taxes, and free to distribute or retain its income as it sees fit.

As the owner of a corporation (or more accurately, as the president/director/major shareholder/employee), you’re almost always protected from personal loss if the company goes broke. Plus, with the help of a tax-wise accountant, you can adjust your take-home pay in a way that allows you and the corporation to keep the maximum number of bucks, since federal tax rates for corporations are typically lower than for individuals. Also, many kinds of fringe benefits for you and your co-workers can be used as deductible expenses for the corporation. Group insurance, worker’s compensation and tax-free reimbursement of medical expenses are among such write-offs.

Small wonder that many beginners are tempted to incorporate right off the bat. The trouble is that most of the benefits kick in only after you’re making a lot of money, whereas the following “cons” start operating immediately:

- ! The initial cost of incorporating is substantial - about \$250 to \$500. Most small-start beginners can find better places to invest such sums of money!
- ! The formalities involved in setting up and maintaining a corporation are elaborate. Among other things, you have to draft and file Articles of Incorporation and corporate bylaws, elect directors and officers, and issue stock. You’ll also have to hold shareholders’ and directors’ meetings regularly and keep minutes for all of them. On top of that, you may be subject to much stricter operating rules than you would be under other organization types and be liable for state corporation taxes that may be higher than the rates for individuals.
- ! The paperwork required in a corporation is fearsome and endless. If you think personal income tax instructions are tough to read, wait until you see their corporate counterparts: They make Form 1040 look like a first grade reader. So, even if you’re pretty good with figures, don’t expect to do-it-yourself approach to work here. When it comes to corporate tax compliance, there is simply no substitute for qualified professional help.

In short, the added and continuing costs and complexities make incorporation a bad idea for most new businesses. If you do decide to do it later on, ask a lawyer about “Sub Chapter S,” a special IRS category designed for (and limited to) small corporations.

## **2. PARTNERSHIP**

A general partnership is an association of two or more people who conduct a business for profit, as co-owners. Its main advantages have to do with the Internal Revenue Service. The big tax benefit comes from the fact that a general partnership is a separate legal entity, and-as such-it may be able to apportion income and expenses items among the partners in a way that gives each of them better tax results. But since allocations must be based on reasonable non-tax concerns, this is not always the case. Partners

should seek advice and have a clear agreement that spells out each partner's rights and obligations from the outset.

Other drawbacks of a general partnership arrangement include the following:

- ! Like a sole proprietor, the partner is personally liable for all business debts. Worse yet, he or she is liable for certain acts of his or her co-partners. Since each partner is an "agent" of the partnership, each can make binding contracts for it, or incur debts and other obligations.
- ! The legal "equality" of partners can blur the lines of authority and make it tough-sometimes impossible - to take the quick, decisive actions often required in business.
- ! Technically, a general partnership is dissolved when any partner withdraws or dies. If that happens, your business may be considered as fragile as a sole partnership in the eyes of backers and creditors. Because of these very disadvantages, a number of "hybrid" partnership forms have developed to ease one or more of the potential problems:
- ! In a limited partnership, for example, one or more general partners manage the business and are personally liable for its debts. The liability of the other partners is limited by the extend of their investment: They can't owe more than they put in.
- ! The joint venture is a short-term general partnership organized for a specific project. When the project ends, the venture and the partnership also end.
- ! The family partnership is a way to spread income (and tax liabilities) among family members. It's mainly useful for high-bracket taxpayers, and to set it up and make it work, you need help for an attorney or accountant.

### **3. SOLE PROPRIETORSHIP**

A sole proprietor is anyone who independently conducts an unincorporated business for profit. A sole proprietorship is by far the easiest, least expensive, and least complicated way to start and run a business. You need not start-up organizational papers or contracts, and in most cases, you'll have no need for the services of an attorney. (However, in some businesses or locales you may encounter legal complications relating to such things as local business licensing and zoning restrictions. If you have any doubts about whether your business activities conform to the letter of the law, the services of an attorney could save you time, trouble, and money. See "Red Tape".

On the flip side, there are some disadvantages to sole proprietorship:

- ! The business is you, so you're personally liable for business debts. On the other hand, many of your personal possessions are generally protected by the "homestead" provisions of the Federal Bankruptcy Act, which takes some of the edge off the risk of bankruptcy. Just remember that federal bankruptcy isn't the only way to lose possessions, since creditors can attach items of real property even though bankruptcy has not been declared.
- ! Because the whole enterprise relies on a single fragile human-you-the business may not be attractive to potential backers and creditors, or even to some customers.
- ! As a sole proprietor, you can get many more tax benefits than are available to a nine-to-five employee, but you miss out on some of the flexibility available to partnerships and corporations. Since the law doesn't see a proprietorship as an "entity" separate from you, you're taxed on total business income, whether or not you draw it out for personal use. This can be sticky when the business starts making lots of money.

When the time comes, though, the "problem" can often be solved by switching, with the help of a lawyer or an accountant, to another business structure. And in spite of the drawbacks, the damn-the-torpedoes ease of starting a sole proprietorship makes it the recommended route for most beginners in business.

### **B. CUTTING THROUGH THE RED TAPE**

When you must call any government office for information about licenses, permits, or taxes-and you probably will have to, often-be sure to ask the person at the other end of the line to give you his or her name. In private or public bureaucracies, anonymity seems to encourage sloppy and inaccurate answers and the literal buck-pass from one office to another. (At worse, the latter syndrome turns into the circular buck-pass, in which you wind up exactly where you started, with questions still unanswered.)

## **1. ZONING REGULATIONS**

Most cities and some countries have laws that say business can be carried on only in areas with proper zoning: commercial (which allow retail stores or offices), light industrial or heavy industrial (both of which allow manufacturing), or residential.

If you have a high-visibility retail or manufacturing operations, any such laws will probably be strictly enforced. You should know what the regulations are-and whether the property on which you plan to operate is appropriately zoned-before you try to get the business off the ground. Exceptions (or “variances”) to zoning laws have to be specifically approved by the local governing bodies and are usually difficult to obtain. With a quiet, low-profile, home-based business (such as craft making, tutoring, and mail order), it’s not likely that the neighbors will object to a zoning variance, even if you are in an area that’s supposed to be “Residential Only.” In such a case, avoid signs, too much customer or employee traffic, and (especially) frequent visits from delivery trucks.

### **CONTACT:**

#### **HISTORIC DISTRICT ZONING**

Ms. Kristine Hebert  
23640 Railroad Avenue  
P.O. Box 675  
Plaquemine, LA 70765-0675  
Phone: (225) 687-3116

## **2. FICTITIOUS - NAME LAWS (A.K.A./D.B.A. LAWS)**

When you operate a business under any name but your own, your city, county, or state may require you to register the name and pay a fee for the registration. The statement you file reveals that you, John Doe, are “also Known as” (D.B.A.) Acme Widget Company, at thus-and-so address. In some areas you may also have to publish the A.K.A. and D.B.A. registration in the legal notice classifieds of a local newspaper.

Such requirements (and the right place to file both registrations, if necessary) depend on your area’s local laws. Find out the facts about regulations of this kind from the officials in charge of them in your area before you start a business under an assumed name.

## **3. BUSINESS LICENSE LAWS**

For most cities and a few countries, issuing business licenses is a single, sure-fire way to raise funds. The license fee in your area may be the same for everyone, or it may be a sliding-scale sum that’s tied to sales volume. Many cities insist that every business pay the fee, even one (like a small mail order operation) that may have few or no sales within the city limits.

Some stickiness may arise when you try to get a business license for a home-based enterprise that’s located at an address zoned for “Residential Only.” Many home-based business people are tempted to avoid the potential hassle and bypass the whole business licensing procedure. If there are any complaints, they say, they’ll pay up and make any other necessary adjustments. Remember, however, that the penalties for such violations may include fines or other legal sanctions.

## **4. HEALTH, FIRE AND OTHER SPECIAL PERMITS**

In most parts of the country, any business that processes or sells food to the public has to have a health department permit. A company that handles flammable materials, or one that depends on “audiences” or other large numbers of people, may also be required to have a fire department permit. And if you expect to discharge any substance into the air, the sewer system, or the local waterways, you may have to get a special permit from the agency controlling pollution and environmental health.

In many such cases, on-the-spot inspection by city or county agencies has to take place before you can get a permit.

## **5. OCCUPATION PERMITS**

Today, most states require special licensing (which may be preceded by written or oral examinations) for businesses in certain crucial categories, including:

- ! Occupations that involve direct physical contact with the customers, like hairdressing, massage, or medical treatment.
- ! Occupations that call for special technical expertise which may be related to consumer safety or health, such as plumbing, electrical work, auto repairs, pest control, engineering, or dry cleaning.
- ! Businesses in which fine-print contracts have sometimes misled consumers. Real-estate firms, insurance agencies, and collection agencies fall in this category.

You can find out about the requirements for obtaining such permits in your own areas by calling state information offices.

## **6. SALES TAX PERMITS**

States that don't charge and collect sales taxes are a vanishing species, and these days many cities collect such tariffs too. The regulations that tell which kinds of businesses do and don't have to charge sales taxes vary from state to state, but these are the usual guidelines:

- ! When you're selling products directly to the public, you usually have to charge sales tax (but food products are exempt from sales tax in some states).
- ! When you sell products only to wholesalers, retailers, other middlemen, you usually don't have to charge or collect sales tax. However, you may be required to maintain tax exemption forms completed by such middlemen to validate that sales tax was not collectible.
- ! If you're selling services rather than products, you probably don't have to charge and collect sales tax. This is a gray area, though, so it's best to check local regulations to be sure of the law before you start selling. (Despite the areas of "gray", the following rule of thumb is pretty foolproof: if you have to pay sales tax on a given kind of product or service as a consumer, you'll have to collect sales tax on the same products or services as a vendor.)

Many states require that you pay a bond or an advance deposit against soon-to-be collected sales tax when you first apply for a permit. In exchange for that sum and perhaps other fees, you get a permit and "resale number" that proves you're a bona fide retailer. Many manufacturers and wholesalers won't supply you with goods to sell unless you can give them a resale number, so for small and especially home-based selling operations, a resale number is particularly valuable proof that you're really in business and therefore qualified to buy at wholesale or manufacturer's discounts.

## **7. FEDERAL LICENSING**

The U. S. Government monitors many businesses and business practice through the Federal Trade Commission and other regulatory agencies. You generally needn't have dealings with such bureaus, of course, as long as you sell an honest product or service without misrepresentation.

Actual federal licensing is required for only a hand full of businesses, including, but not limited to, gun dealers, security and investment brokers and advisors, radio and TV stations, and drug manufacturers. If the enterprise you plan to start falls into a federally licensable category, phone the nearest office of the FTC (listed under "U.S. Government" in big-city white pages) for further information. The people there should be able to tell you where and how to contact the specific agency you need.

And to answer a commonly asked question: No, you don't need a federal license to start a mail order business, even though your businesses transactions make use of the U.S. Postal Service.

## **C. TAKING ADVANTAGE OF TAX BREAKS**

Ask a typical group of taxpayers what they think of the income tax structure, and they'll probably say it's designed to give tax breaks to business and not to salaried employees. That's largely true. But what few

working people realize is that many available benefits can go not only to “Big Business”, but to any business, even the smallest.

Here’s one example: Say you pay your children an allowance to do chores around the house. The amounts are obviously not deductible from personal income tax. But if pay them to do chores for your business, the money they receive is deductible from your business income. Or, say you operate a business from your home. You may be able to deduct a portion of your rent or mortgage payments, plus a portion of utilities and other maintenance costs.

The key point, though, is that you can’t deduct expenses if you haven’t recorded and remembered them.

If you have a formally structured business, with ledgers kept by a bookkeeper or accountant, it should be not problem to keep track of legitimate operating expenses. But in a less formal setup and especially in a sideline or home-based business, where your official activities and expenses are likely to be mixed up with your non-deductible personal dealings, record keeping won’t be automatic and easy unless you take the trouble to make it that way. So keep good, accurate books, right from the start. You’ll probably be operating as a sole proprietor (see GETTING ORGANIZED), so from the beginning you should become familiar with the tax form that applies: Schedule C-1040, Profit (or loss) from Business or Profession, Sole proprietorship. The IRS will send a copy on request; if you’ve never been in business before, the information on it could be revelation.

Part II of Schedule C lists “Deductions” in variety of categories. Included are some (but not all) of the expenses you can deduct and you should start using the list immediately. Pick up a few sheets of ledger paper, the kind with at least 20 ruled columns for different kinds of expenses, at an office supply store. At the top of each column, write the items on the Schedule C “deductions” List, plus any others that apply to your business. Knowing what’s deductible will alert you in advance to the expenses of what you must keep track.

Whenever possible, pay for such items by check, and record the “what it was for” information on the check stub. When you can’t write checks, keep receipts for such expenses as parking, postage, tools, or entertainment (for instance, when you buy a beer for customer). Make sure to do so for every expenditure that you produce business income. Keep a mileage notebook in your car or truck, too, so you can jot down the odometer readings before and after you run errands connected with your enterprise. Such mileage is deductible at a standard rate set by the IRS. Then once a month, or even just once a year, go through your check stubs, receipts, and mileage notes, enter the numbers on your ledger sheets, and total them up. Presto! You’re ready to deal with Schedule C.

Another valuable fact to note is that although costs for major equipment that you use in your business (anything from typewriters to vehicles or buildings) normally can’t be subtracted as expenses, you may be able to offset income with depreciation. That means, in effect, that the cost write-offs are spread out over the equipment’s “use-full life.”

The tax laws have undergone massive revision. Because many of the changes will apply to taxes you’ll pay in future years, be sure to check the provisions of the new laws.

#### **D. CHOOSING AND USING A BANK**

A well-chosen bank is a friend, not a foe. It provides a source of counseling, credit and loan money, and

important business services. So take your time and shop around for a bank, just as you would for any other commodity. Here are some key concerns that will help determine your choice:

- ! **Is the bank interested in your business?** Some banks make a special effort to assist small businesses. Others don't. Get a line on the banks in your area by talking to other small business owners, to insurance agents and Realtors who specialize in business, and-finally-to bank officials themselves.
- ! **Does the bank offer the services you want?** You may need such specific services as payroll processing or a night depository. If your business is involved in import or export, you'll want a firm that's active in (and knowledgeable about) international trade and money transactions. In general, you want a bank big enough to serve your needs, but small enough to be actively interested in your business's growth.
- ! **Is the bank familiar with your type of operation?** If so, its officers' experience can be very valuable to you, both before and after you start your enterprise. A local bank should have (and be willing to share) information on good and bad business habits, needs, and income levels of local consumers. The institution should also be willing to give you credit information on customers and suppliers. In short, your bank should want to help you with data and recommendations that will make your business thrive and grow.
- ! **What is the bank's general lending policy?** You may want to be sure that this policy does not exclude the kind of loans you may need now or later?

**CONTACT**

**CITIZENS BANK & TRUST**

57910 Main Street  
P.O. Box 659  
Plaquemine, LA 70765-0659  
(225) 687-3576

**PLAQUEMINE BANK**

24025 Eden Street  
P.O. Box 626  
Plaquemine, LA 70765-0626  
(225) 687-6388

**IBERVILLE TRUST & SAVINGS**

23405 Eden Street  
P.O. Box 695  
Plaquemine, LA 70765-0695  
(225) 687-2091

**BANK OF MARINGOUIN**

11070 LA Highway 77  
P.O. Box 68  
Maringouin, LA 70757  
(225) 625-2377

**THE BANK OF COMMERCE**

32460 Bowie Street  
P.O. Box 369  
White Castle, LA 70788  
(225) 545-3656

**FIRST FINANCIAL**

23910 Railroad Avenue  
P. O. Box 563  
Plaquemine, LA 70765-0563  
(225)687-6337

**1. WHEN YOU NEED TO GIVE CREDIT**

Many Americans shoppers seem to feel that buying with cash has gone out of style. So if you're starting a retail operation, you have to be prepared to extend credit in one way or another, and the easiest way to do so is to accept the major credit cards, especially MasterCard, Visa, and Discover.

When you're dealing with a bank that processes credit cards, it's extremely easy for you to manage your "plastic money" sales. You just "deposit" the imprinted credit card tickets in the bank. The bank deducts its handling fee (usually 2 to 3% of the purchase price), and forwards the rest of the money to your account. It should be noted that other means of offering consumer credit are generally highly regulated.

## **2. WHEN YOU NEED TO GET CREDIT OR LOANS**

Banks rent money. Naturally, the credit institutions need mighty strong assurances that they'll get their investments back. Therefore, from the time you first decide on a bank, start laying the kind of groundwork that will make you look like a desirable customer for loan and credit money.

From the start, visit your banker often and keep him or her informed about your business. Don't hesitate to give information (and ask advice) about your budgets, financial statements, and profit projections. Accentuate the positive, but don't try to hide the negative. This will help establish you as an honest astute business person, a prime candidate for the bank's main commodity.

When you apply for a loan, come on with confidence. (Even if you're desperate, don't let it show.) Behave as though the only questions in your mind concern the terms of the loan, not your eligibility for it. Back up your self-assurance with paperwork-recent balance sheets, personal financial data, sales and profit projections-and avoid giving off-the-cuff answers to different questions. You can always postpone (and then plan for) the answer by saying you'll have to check with your accountant, your lawyer, or your associate. And be realistic about the amount you ask to borrow: Loan officers can usually spot "padding." (It does seem true that it's often easier to borrow large sums of money than small amounts).

In any case, you should know the different kinds of business loans available from banks, so you can decide which best suits your needs:

- ! A line of credit is an open-ended agreement in which the bank provides short-term credit up to a stipulated maximum. It's a convenient way to establish credit in advance of your need for it.
- ! A short term loan is one that's written for a year or less. But when a note is written for six months, say, it's not uncommon to pay just the interest as it comes due, and then renew the basic agreement for another six months. Some banks require a minimum deposit of 10-20% of the loan proceeds, which in effect will reduce your borrowing capacity.
- ! An intermediate-term loan can be used either for working capital or for expansion. Some forms of acceptable security or collateral are real estate, equipment, accounts receivable, warehouse receipts, securities, and life insurance policies.
- ! Long-term agreements are generally unavailable from banks, except for the financing of real estate.

It's much easier to get bank loans when your business is well-established and looking good than it is when you're just beginning to sell. For start-up capital, you may have to fall back on a personal loan. If you have enough real and personal property, you can often get funds on your signature alone. In addition, however, you might consider these other sources:

- ! The federal government offers loans through a number of its bureaus, including the Small

Business Administration, the Veterans Administration, and Economic Development Administration (which provides business funds for economically deprived areas). Another possible source of cash is Farmer's Home Administration, reputedly liberal in its definition of a "farm Community". To find out how to reach any or all of these agencies, look for the appropriate listings in the white pages of your phone directory (under "U.S. Government") or simply call the office of your local U. S. Congressperson. Some metro areas also have a general purpose Federal Information number you can use.

- ! Many state and local governments issue various business-development loans.
- ! Equipment manufacturers and leasing companies offer leases and sale-leaseback arrangements that, in effect, can be equivalent of start-up financing.
- ! Suppliers may offer credit and (more rarely) side loans.
- ! Some tax-exempt organizations offer grants and loans to certain kinds of industries and businesses. Your banker should be able to help with the research necessary to look into such sources of cash.

Or finally, you might consider offering investors a piece of your business through a limited partnership, through a joint venture, or even through sales of stock. However, these areas are highly regulated by both federal and state governments, and you should definitely consult with an attorney before taking any steps along these lines.

## **E. ADVERTISING AND PROMOTION**

### **1. FINDING A "HAPPY MEDIUM"**

Sure, word of mouth advertising is great, but most new business ventures need more than good recommendations to get rolling and keep growing. Advertising and promoting, when properly handled, can literally mean the difference between success and failure in many enterprises.

Here are some of the ad media you should consider using, starting with the least costly.

- ! Bulletin board notices. This medium is for the few cents it takes to write out or photocopy attractive notices about your product or service, plus the little time it takes to post announcements on supermarket, coin laundry, and club bulletin boards all over your town or neighborhood. (A god tip: make your notice with several tear off tabs at the bottom, each tack marked with a key work that describes what you're selling, such as "Macrame Lessons" or "Home-baked Bread," and your phone number. Interested folks can tear off the tabs, so you won't lose those potential customers who don't have a pencil handy for jotting down the number.)

- ! Classified newspaper ads. A good advertising bet in many areas is the “Shopper’s Special” throwaway type weekly that goes out free to all residents. Local and neighborhood dailies are useful too. In most cases, you’ll get better results (and pay a lower price per ad) if you run in daily papers on a continuing basis, rather than using an occasional one-shot ad placement. One good frequency choice: an ad that runs Thursday, Friday, and Sunday every week.
- ! Handbills or flyers. In the days when these “giveaways” had to be printed, they were relatively costly on per-unit basis unless you had them in big batches. Today, with copy machines and “instant printers” everywhere, you can get handbills at a low cost in easy-to-manage numbers. They’re most effective when used for something special, such as a sale, a grand opening, or other promotion. Put them under doors or on windshields, or pass them out at shopping centers (or anywhere else people gather), but check local laws first for any anti-handbill statutes.
- ! Yellow pages. This medium can be used by placing either simple listing or an ad, and it’s a must for most service businesses. (Note: Yellow Pages listings usually have to be submitted several months before the appearance of the next phone directory, so plan ahead.)
- ! Newspaper display ads. These are the longer (and more costly) ads that appear throughout the paper, as opposed to the all-type listings in the classified section. Most newspaper offices have at least one person who can help you plan the layout and make suggestions about copy and illustrations for your ad. For the pictures, you may want to use the newspaper’s file of “clip-art,” which will contain a number of inexpensive line drawings on almost any subject you can imagine. (Printers have such illustrations, too, to provide low-cost art for flyers, etc.)
- ! Local radio or TV stations. Spot commercials on local stations may cost less than you think, they can pull a great response when dropped into an appropriate time slot. Choose an “easy listening” record show, for example, when your market is mostly homemakers, or Top-40 rock show when your market is made up of young people. And don’t overlook the low-cost possibilities of “Per Inquiry” (PI) advertising. Under this system, you use the broadcast station number for call-ins, and you pay a flat rate for each inquiry that comes in, rather than for the total number of seconds or minutes of commercial time. (Note: The first time you ask, station managers and salespeople often claim they don’t do PI advertising, but many do so when all their commercial time isn’t sold by another means.)
- ! Specialized publications. Numerous specialized publications such as association magazines, newsletters, and special-interest professional magazines exist that accept advertising, usually at lower rates than do consumer publications. They offer an excellent way for small business to reach a select “target” audience.

## 2. ADVERTISING TIPS

Whatever kind of ad media you use, keep your appeals simple and straightforward. Don’t try to be funny or cute: That takes real expertise. Printed ads should be broken up with white space, so the reader can get the message easily, while broadcast messages should sound like one-to-one conversation. Keep the sentences short and to the point. Tell your audience how they’ll be helped by what you’re selling.

**Remember: Consumers buy benefits, not products.**

Try to keep track of (and compare) the response you get from each medium and each ad. With PI commercials, this will be easy. When you're using handbills or newspaper display ads, you can keep accurate records by including a coupon that the customer has to show in order to get a special deal or a special price. And when you're using the classifieds, you can offer a bonus to those who bring the clipped ad in with them.

Mail order businesses keep track of response by keying each of their ads, usually with codes that is part of the printed address. Thus an ad in the February issue of Popular Science might have this address: 11 Water Street, Dept. PS-2. PS stands for the magazine, 2 for the second issue of the year.

When a medium or specific ad works for you, keep it going without significant changes as long as the response stays high. Repetition is one of the things that makes advertising work.

### **3. PROMOTION**

Most advertising describes a specific product or offer. Promotion and publicity, on the other hand, serve a different purpose. They involve what you do to keep your name and your business tied together in the public eye... favorably. They're the efforts you make to project a positive image.

Promotion starts with the choice of a name for your business and here, as in your advertising, you should avoid the tendency to be cute or funny, especially when such word play is likely to create confusion or interfere with quick identification. (Will folks driving by at 55 mph know that a sign advertising "The Pit Stop" is for a roadside stand that features olives? Not likely.)

For a local retail or service business, it's hard to beat the quick and continuing recognition you get with a business name that joins your own name to a simple description of the product or service you're selling. For example, "Sam Brown's Woodworks" identifies you with your business instantly and forever. "Krafty Kustom Cutters" doesn't.

Your business cards and stationary serve to represent you to the public, too. They should be neat, uncluttered, and attractive. If you use a logo or design, it should be repeated throughout all of your advertising.

In other forms of promotion, ingenuity counts for much more than money. In fact, all or most of your promotion can and should cost you nothing but thought.

For starters, recognize that many of the standard events of your business life can become items of the local newspaper. Among them:

- ! Your grand opening
- ! A giveaway contest or special sales event.
- ! The addition of a new product or service or even a new employee.
- ! The trip you are going to take to attend a convention or a trade show.
- ! Your participation in some neighborhood, chamber of commerce, civic, or charitable project.

Beyond that, try to come up with special promotional ideas that will give you positive recognition by the various news media. For example:

- ! When a hardware store sets aside Saturday afternoons for do-it-yourself demonstrations for the customers, that's both news and excellent publicity.
- ! When a bike shop sponsors a fund-raising ride for some worthy cause, that's good promotion.
- ! When an antique dealer tells how shoppers can spot phony reproductions, that's promotion that can get feature coverage in newspapers or even on local TV news.
- ! When a pic-your-own produce seller writes a column called "Best Buys in Produce" for a local paper, that's good exposure too. Especially when he or she makes special effort to push his or her own wares.

#### **4. HOW TO PREPARE A NEWS RELEASE**

Some newspapers get huffy if you write and send them news reports that relate to your business. They'd rather send a reporter out to get independent coverage. But most papers use publicity handouts freely and often. And preparing one that looks professional (and therefore has a good chance of being used) is easier than you may think.

Just write the story clearly and simply, with the most important part first. Try to find a newsy or how-to-do-it angle for the first sentence, and avoid obvious self-selling. For example, a lead line that says:

"It's easy to find a good buy in older houses," real estate broker Joe Jones told a Rotary Club meeting last Tuesday. "In today's market," he went on...

is a lot more likely to be used than:

Joe Jones, the local real estate broker well-known for his integrity, spoke to thunderous applause when he...

The news release must be typed, clearly and cleanly. At the top of the first page, write your own name, address, and phone number. If the story is intended for immediate or prompt release, type "FOR IMMEDIATE RELEASE" near the top of the first page. If you want the article to be held for a certain publication date, type "FOR RELEASE ON (or after) FEBRUARY 10" (for example) instead.

Start the story about halfway down the page. Use a double spacing between lines, and leave plenty of margin space so there's room for the newspaper editor to write instructions to the printer. You can start with a short headline if you want, but most newspapers will write their own anyhow. If the release runs more than one page, number each of its pages. (Unless the newspaper tells you otherwise, it should be an 8x10 glossy-finish black-and-white print.)

For more information:

#### **RADIO STATIONS**

**Citadel**  
650 Wooddale Blvd  
Baton Rouge, LA 70806  
(225) 926-1106  
**WXOK 1460AM**  
**WEMX 94.1 FM**  
**WCDV 103.3 FM**  
**KQXL 106.5 FM**  
**WIBR 1300 AM**

**Clear Channel Radio**  
5555 Hilton Avenue  
Baton Rouge, LA 70808  
(225) 231-1860  
**KRVE 96.1 FM**  
**WFME 102.5 FM**  
**WYNK 101.5 FM**  
**WKNK 1380 AM**  
**WJBO 1150 AM**

**Guaranty Broadcasting**  
929 Government Street  
Baton Rouge, LA 70808  
(225) 388-9898  
**WDGL 98.1 FM**  
**WTGE 107.3 FM**  
**WYTY 100.7 FM**  
**XNXX 1004 THE X**

**NEWS MEDIA**

**POST SOUTH**  
58650 Bellview Rd.  
P.O. Box 589  
Plaquemine, LA 70765  
(225) 687-3288

**THE ADVOCATE**  
7290 Bluebonnet Blvd  
P.O. Box 588  
Baton Rouge, LA 70810  
(225) 383-4747

**BUSINESS REPORT**  
455 North Blvd  
P.O. Box 1949  
Baton Rouge, LA 70802  
(225) 928-1700

**TV STATIONS**

**WAFB TV (9) CBS**  
844 Government St.  
Baton Rouge, LA 70802  
(225) 383-9999

**WBRZ TV (2) ABC**  
1650 Highland Rd.  
Baton Rouge, LA 70802  
(225) 387-2222

**WGMB TV (44) FOX**  
10000 Perkins Road  
Baton Rouge, LA 70810  
(225) 469-0044

**WVLA TV (33) NBC**  
1000 Perkins Road  
Baton Rouge, LA 70810  
(225) 766-3233

**WLPB TV (27) PBS**  
7733 Perkins Road  
Baton Rouge, LA 70810  
(225) 767-5660

**Cox Communications**  
58932 Belleview Road  
Plaquemine, LA 7074  
(866) 342-5269

F. **WHERE TO GET BUSINESS HELP**

1. **SBA/SCORE**

One of the best friends available to beginners in business is the U.S. Small Business Administration.

The SBA publishes a wide range of free and low-cost informational pamphlets and booklets. Its free publications deal mainly with general business problems (such as What is the Best Selling Price? And Keeping Records in a Small Business). Many of the organization's for-sale publications, on the other hand, deal with specific ventures: for example, Starting and Managing a Swap Shop or Consignment Sale Shop, and Starting and Managing a Pet Shop.

For lists of SBA's for-sale and free booklets, write the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

In addition to its publication program, the SBA maintains regional offices throughout the country, where its advisors will give you free counseling on just about any business problem you can imagine, from borrowing money to getting government contracts. To find out how to reach the nearest office, look in the white pages of your phone book (under U.S. Government) or call your congressperson or-if you have one-the Federal information number in your area.

Another fine service that operates through the SBA is SCORE (Service Corps of Retired Executives). It is made up of retired professionals who will give you on-the-spot, one-to-one advice on your own specific problems. No fee is charged for the service. And such "old pros" are expert at what they are doing, extremely willing, and generally great.

Among the Business Operations titles are:

Understanding Financial Statements  
Steps to Starting a Business  
Avoiding Management Pitfalls

You'll find these publications well worth their modest cost.

Also useful is IRS Publication 334, Tax Guide for Small Business, and its Small Business Kit, both available at your local IRS office.

1. **TRADE ASSOCIATIONS**

Would you believe that there are organizations called the National Pretzel Bakers Institute, the Bow Tie Manufacturers Association, and the National Association of Pet Cemeteries? How about Pickle Packers International?

You'd better believe it. The above organizations exist, and so do thousands of other trade, business, and professional associations, many of which offer important benefits to beginners in their particular field. Some sponsor trade shows, or publish how-to magazines or newsletters that can give you valuable insights into new trends and broaden your understanding of the ins and outs of the business. Others publish annual directories of suppliers in the field, or do research on various business methods and the technical problems involved in their business specialty. Most such organizations do what they can to promote sales, like maintaining such institutions as Pickle Packers Hall of Fame.

To find out about the association in your own field of business, check the Encyclopedia of Associations, published by Gale Research Company. You'll find it in the business reference section of nearly any main library, and in many smaller branches, too. Which brings us to...

2. **YOUR PUBLIC LIBRARY**

The local library is probably the best single source of information for beginners in business. Here are just a few of the valuable reference books you'll find there:

Thomas Register of American Manufacturers, Thomas Publishing Co., 1 Penn Plaza New York, NY 10119. This extremely useful buyer's guide lists names of manufacturers, producers, and suppliers in all fields of industry. Products and services are classified in eight volumes. Volumes 9 and 10 list manufacturer names, addresses, phone numbers, and other pertinent information. And Volumes 11 through 16 contain actual company catalogs.

MacRae's Blue Book, MacRae's Blue Book Company, 817 Broadway, New York, NY 10003. Here's an extensive guide to sources of industrial equipment, products, and materials. It's alphabetically arranged by product headings, with separate alphabetical listings of company and trade names.

Trade Directions of the World, Corner Publications, 211-05 Jamaica Avenue, Queens Village, NY 11428. This volume lists 4,000 directories, in more than 400 trade categories and more than 150 nations. It's a basic tool for import-export businesses.

Business Publications Rates and Data, Standard Rate and Data Service, 3004 Glenview Road, Wheeling, IL 60091. This book contains listings of business magazines and their advertising

rates, indexed by name of magazine and the business fields covered.

Gale Directory of Publications (formerly Ayers Directory of Newspapers and Periodicals), Gales Research Company, Book Tower, Department 77748, Detroit, MI 48277. A listing of magazines and newspapers printed in the U.S. and its possessions and a reference for mail-order firms. It also includes listing for Canada, Bermuda, and the Philippines.

#### H. **ONWARD AND UPWARD**

There you have it, an introductory course in the whys and wherefores of setting up your own business. Now, with the generous helping of background knowledge under your belt, you're ready to consider just what sort of enterprise might appeal to you. And we hope that the articles we have presented here will provide all of the inspiration you need!

(The information in this article is in no way intended to supplant the advise of qualified legal counsel. For legal advice, see your legal advisor.)

### **LOAN PURPOSES**

The Small Business Administration helps small firms get started, expand, grow and prosper.

Small manufacturers, wholesalers, retailers, and other businesses may obtain financial assistance from the SBA to construct, expand, or convert facilities, purchase buildings, equipment, materials or obtain working capital. Most financing is done on a long-term basis; however, SBA also offers guarantees on short term lines of credit when assignable contracts are available and seasonal lines of credit when a business experiences a seasonal need for short term money.

### **GENERAL CREDIT REQUIREMENTS**

#### **A LOAN APPLICANT MUST:**

1. Be of good character
2. Show ability to operate a business successfully
3. Have enough capital in an existing firm so that, with an SBA loan, the business can operate on a sound financial basis
4. Show the proposed loan is of sound value
5. Show that the past earnings record and future prospects of the firm indicate ability to repay the loan and other fixed debt, if any, out of profits
6. Have a reasonable amount to invest if the venture is a new business. SBA is prohibited from providing 100% debt financing
7. Have a reasonable equity (net worth) position in an existing business

### **SBA LOAN POLICY**

#### **SBA WILL NOT EXTEND FINANCIAL ASSISTANCE:**

1. If the funds are available otherwise on reasonable terms from normal lending sources or the personal resources of the principals
2. If the loan is to (a) pay off a creditor or creditors of the applicant who are inadequately secured and in a position to sustain loss (not applicable to Economic Opportunity Loans),

- (b) provide funds for distribution or payment to the principals of the applicant © replenish funds previously used for such property
- 3. If the loan allows speculation in any kind of property
- 4. If the applicant is a non-profit enterprise
- 5. To a consumer cooperative
- 6. If the loan finances recreational or amusement facilities, unless the facilities contribute of the health or well-being of the general public
- 7. If the applicant is a newspaper, magazine, book publishing company, or similar enterprise
- 8. If any of the gross income of the applicant (or of any of its principal owners) is derived from gambling activities
- 9. If the loan provides funds to an enterprise primarily engaged in lending or investments
- 10. If the loan finances real property that is, or is to be, held for sale or investment
- 11. If the loan encourages monopoly or is inconsistent with accepted standards of the American system of free competitive enterprise
- 12. If the loan is used to relocate a business for other than sound business purposes
- 13. Under some circumstances to effort a change in ownership of a business
- 14. If the applicant is on parole or probation

If you believe you qualify and wish to apply for an SBA loan, follow this Step-by-Step procedure:

**FOR ESTABLISHED BUSINESSES:**

- 1. Have balance sheets for the past three fiscal years (include net worth reconciliation)
- 2. Prepare a current business financial statement (balance sheet) listing all assets and all liabilities of the business - do not include personal items
- 3. Have profit and loss statements for past three fiscal years and a current profit and loss statement within 90 days of filing. (If operating statements are not available, submit Federal Income Tax returns in lieu thereof.) If past earnings do not show ability to repay proposed loan and existing obligations, prepare a projected profit and loss statement for at least one full year.
- 4. Prepare a current personal financial statement of the owner, or each partner of stockholder owning 20% or more of the corporate stock in the business.
- 5. List collateral to be offered as security for the loan with your estimate of the present market value of each item.
- 6. Prepare a resume' describing brief history of the business and its problems, an explanation of the need for the loan, how it will improve the business, and written analysis and justification for the submitted projections.
- 7. Take this material with you and see your bankers. Ask for a direct bank loan and if declined, ask the bank to make the loan under SBA's Loan Guaranty Plan. If the bank is interested in an SBA guaranty, ask the banker to contact SBA for discussion of your application. In most cases of guaranty, SBA will deal directly with the bank. Loan application forms are available at most banks.

**PREPARING THE PACKAGE**

No matter where you go for financing, you will have to spend some time gathering the information that lenders need to know. Each organization-the bank, SBA, or non-profit organization-will have its own standardized forms, and they will work with you in filling them out.

But all lenders need more or less the same kinds of facts. So, in the following pages, we have tried to give you an idea of the basic information the lender is looking for; what he wants to know about you and your business. If you have been in business before, much of this material will be familiar to you and reading it over will refresh your memory. But if you are considering a business venture for the first time, you will find it good preparation for most of the questions any lender is likely to ask you.

The lender must believe that you are serious about the loan you're applying for; that you will do your best to pay the money back on time. He must also be certain that you have the necessary experience and background to make the business work.

## ABOUT YOU

A resume” is a written portrait of you. It tells the person reading it:

Who you are - your name, age, whether you’re married

What you are doing now - where you’re working

What you have done - previous job experience and education

NAME: \_\_\_\_\_ NEW BUSINESS LOCATION:

HOME ADDRESS:

PHONE:

AGE:

EDUCATION: YEARS COMPLETED

MILITARY SERVICE:

\_\_\_\_\_ Elementary School

\_\_\_\_\_ Vocational School

\_\_\_\_\_ High School

\_\_\_\_\_ Industry Training

\_\_\_\_\_ College

\_\_\_\_\_ On-the-Job Training

\_\_\_\_\_ Commercial/Business School

WORK EXPERIENCE:

1. Place of employment - job title - employment dates - duties

2. Place of employment - job title - employment date - duties

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## ABOUT YOUR BUSINESS PLAN

This is a written description of your business, or your idea for a business. It should cover such things as:

**TYPE:** The kind of business this will be (manufacturing, retail store, etc.)

**NAME:** What is the name of the business? (Often called the “d.b.a.” or “doing business as” name)

**OWNER:** Who will be the owner of the business. You alone? Or do you plan a partnership or corporation?

**PRODUCT:** Description of the product or service you plan to make or sell.

**LOCATION:** Where will your business be? In what location?

**COMPETITION:** How much competition will you have?

**CUSTOMERS:** Who will be your customers? The kind of market you think exists for your product.

**EMPLOYEES:** How many employees do you plan to hire? Immediately? In six months?

TYPE OF BUSINESS:

RETAIL \_\_\_\_\_ SERVICE \_\_\_\_\_ MANUFACT \_\_\_\_\_ WHOLESALE \_\_\_\_\_ CONST.

NAME OF NEW BUSINESS:

OWNER OF BUSINESS: \_\_\_\_\_ PARTNERSHIP \_\_\_\_\_ CORP

DESCRIPTION OF BUSINESS: \_\_\_\_\_ PRODUCT LINE:

LOCATION: EXPLAIN ADVANTAGES OF THIS SITE:

WHAT ABOUT YOUR COMPETITION?

WHERE IS YOUR TARGET MARKET, CUSTOMERS? EXPLAIN:

PERSONNEL: HOW MANY PEOPLE WILL BE EMPLOYED?

SALARY:

## ABOUT THE MONEY YOU NEED

The lender will want to know:

**HOW MUCH?** How much money or other assets do you have to put into this business? (This is called your “equity” in the business). How much money will you need to borrow to make the total amount you think you’ll need to get started?

**WHAT FOR?** What do you plan to spend the money on?

**HOW LONG?** What kind of “terms” do you want the money for? For how long do you want to borrow the money? How long do you think it will take before you will be making enough profit to begin paying the money back?

**COLLATERAL:** What “collateral” do you plan to offer as security on the loan? This can be anything of loan value that can be pledged to the lender should your company go out of business before the loan is repaid.

**OTHER LOANS:** Do you have any other loans which you are still paying off? Have you made an application for a loan elsewhere which is pending or was refused?

YOUR INVESTMENT:

CASH:

ASSETS:

HOW VALUED:

PURPOSES OF LOAN AND AMOUNT REQUESTED FOR EACH PURPOSE:

ORGANIZATION EXPENSE

\_\_\_\_\_ VEHICLES

\_\_\_\_\_ TOOLS & SUPPLES

\_\_\_\_\_ FURNITURE & FIXTURES

\_\_\_\_\_ PURCHASE BUSINESS

MACHINERY & EQUIPMENT

\_\_\_\_\_ BUILDING IMPROVEMENTS

WORKING CAPITAL - INVENTORY

\_\_\_\_\_ WORKING CAPITAL - OTHER

\_\_\_\_\_ OTHER

\_\_\_\_\_ TOTAL AMOUNT

HOW LONG DO YOU WANT TO BORROW THE MONEY FOR?  
HOW LONG BEFORE YOU MAKE A PROFIT TO START PAYING ON THE LOAN?

TYPE OF COLLATERAL OFFERED AS SECURITY FOR THIS LOAN?  
NOTES PAYABLE TO BANKS AND OTHERS

NAME	AMOUNT	TERMS	MATURITY
BALANCE			

### BALANCE SHEET

A LIST OF YOUR BUSINESS ASSETS AND THEIR VALUE. For Example:

- Cash in checking account
- Accounts receivable
- Inventory
- Land & buildings
- Equipment
- Business truck or car

A LIST OF YOUR BUSINESS LIABILITIES WITH THEIR VALUE. For example:

- Notes payable (such as a bank loan)
- Accounts payable for merchandise
- Montages debts

By balancing the value of one against the other, the lender can see what the New Worth of your business is,

NOTE: If you are starting a new business, lenders may want you to have a "Proforma Balance Sheet". This is a picture of how you think the business' balance sheet will look on the day you open your business.

### BALANCE SHEET

This is sometimes called a Projected Project and Loss Statement since it shows the profit or loss that you think your business will make. It shows what you estimate your monthly sales will be. If you can provide evidence of how you arrived at the monthly sales figure, based on actual orders, letters of intent to buy, or supplies estimates, so much the better. It lists all your business expenses, including the interest on your loan. When you subtract your total monthly expenses from sales, you can see how much Net Profit is left.

With a new business, sales may be low and your business may show a Net Loss for a few months. After a year, your sales will probably increase to where they will cover your operating costs and leave a reasonable New Profit.

The lender will expect you to have an idea of your sales and expenses, such as rent, wages and so on, by month. He will also want to be able to project how your Profit and Loss Statement will look at the end of your first year in business.

When you start a new business, you have to estimate these figures as accurately as you can. When figuring your profit expectations, your estimates for sales projections should be on the conservative or low side. Expense projections, however, should attempt to cover every possible item and should include some margin for error.

If you have been in business a while, you will have actual operating statements on which to base projections for the future. And the lender will inspect these estimated projections to see what kind of profit the loan will enable you to make. He will also want operating statements for the past two or three years. The Operating Statement often used by small businessmen is the one included in their income tax return.

Pro Forma Income Statement, January 1 to December 31

Sales	\$
<hr/> Expenses	\$
<hr/> Depreciation	\$
Earnings before Taxes	\$
Taxes (estimated)	\$
Net Profit after Taxes	\$

**OTHER QUESTIONS A LENDER MIGHT ASK**

**DO YOU HAVE LIFE INSURANCE TO COVER THE LOAN?** Since your skills are important to the success of your business, the lender will probably want to protect his loan in case you should die or become disabled. Most often, he will expect you to have a life insurance policy to cover the amount of the loan over and above your personal insurance needs. Usually an inexpensive term policy for the duration of the loan is all that is required.

**DOES YOUR BUSINESS HAVE A CREDIT RATING?** Business that need to buy inventory or supplies on credit generally make certain that a copy of their financial statement is in the file of Dun & Bradstreet, Inc. This is done so that suppliers can check your credit before they sell to you.

**ARE THERE ANY OTHER “PRINCIPALS” IN YOUR BUSINESS?** The lender will need to know something about the background, relationship, and experience of the people going into business with you, your partners or the other officers in a corporation.

**DO YOU KNOW THE LEGAL REQUIREMENTS THAT APPLY TO YOUR BUSINESS?** Lenders will want to be sure you know about filing federal and state income tax returns, and that you have the proper state and city licenses. Also that you have a seller's permit from the State Board of Equalization. If you plan to hire anyone, you should know about withholding taxes, Workmen's Compensation Insurance, and register with the Internal Revenue Service for an Employer Identification number.

**ARE YOU PLANNING TO LEASE SPACE?** The lender will want to see a copy of the proposed lease so that he can be sure the terms are fair to you and right for our business needs.

**IS THIS A FRANCHISE BUSINESS?** If so, you should bring along a copy of the contract or agreement with the franchise company. Sometimes it is easier to obtain money for a good franchise operation than it is to start a business by yourself. This is especially so when the franchise company is willing to provide training and continuing management assistance. In some cases, the company offering the franchise will provide financing; a few have special programs to develop minority franchises.

**PERSONAL FINANCIAL STATEMENT**

A Personal Financial Statement is a listing of all the things you own of value, and how much you owe to other people. The things you own-like your car, a bank account-are listed on the left; these are your "Assets". The amounts you owe-like charge accounts-are shown on the right; those are your "Liabilities".

When you subtract your Total Liabilities from your Total Assets, you get you Net Worth.

The Personal Financial Statement should be no older than 90 days.

A personal "Monthly Budget" will give the lender an idea of what your salary will have to be to cover your living costs. It will also show him that you are willing to hold back your personal expenses to a minimum while the business is getting on its feet.

Personal Financial Statement of applicant as of \_\_\_\_\_, 19\_\_\_\_.

I (we) own the following:

I (we) owe the following:

Cash (Checking & Savings) \_\_\_\_\_

Charge Accounts

Money owed to me \_\_\_\_\_

Auto loans

Notes \_\_\_\_\_

Real Estate

Stocks & Bonds \_\_\_\_\_ Other

Home & Real Estate

Equipment & Tools \_\_\_\_\_

Automobiles

TOTAL ASSET\$ \_\_\_\_\_

TOTAL LIABILITIES

NEW WORTH \$ \_\_\_\_\_

(Total Assets less Total Liabilities)

**PERSONAL MONTHLY BUDGET**

Net income

Total mo. payments

Payments of other loans

Food

Medical

Car Maintenance & Insurance

Clothing

Alimony & Child Support

Life & Health Insurance  
Premiums

Miscellaneous

**Total Expenses**

**Net Excess Income** \_\_\_\_\_

## **A P P E N D I X**

