

Welcome to *2008 ISSUESLIVE*



Moorhead, MN

What is a microbusiness?

**"Microbusinesses are firms with 10 or fewer people –
the largest sector of the American economy.**

95.1% of all American businesses are microbusiness - over 25 million.

.06% of all American businesses are large business - 17,477."*

-Ron Wacks, Co-Founder and CEO Microbusiness Strategies

*Recently released 2005 numbers.



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Issues List

- Financing: Credit availability, Risk Capital (equity/debt)
- Marketing – awareness
- Employee Management
- Resources – access to grants, etc.
- B2B resources
- Start up suppliers (resource dir)
- General start up issues – steps, how to
- Access to grant money
- Employee benefits (health ins, vacations, retirement)
- Ability to offer benefits
- Access to distribution channels
- Affordable health insurance for principles
- Self-employment taxes
- Tax incentives for innovation
- Tax policy
- Pricing, margins, competing in market place
- Rising energy costs
- Commodity prices (food costs)
- Cost of doing business: Direct costs and supplier costs
- Start up issues and how to
- Business planning
- innovation

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Issue #1: Access to Marketing

- What are the resources available? When? Where?
- Where is one place to get all the information necessary to get started on marketing
- How to get money to execute a marketing strategy?
- How to create a marketing strategy?
- Go on-line www.mnsbao.com to get the publication on how to start a business
- How to work with a local chamber of commerce and find a contact?
- JJ Hill Library is an excellent resource both on-site and on-line. Efforts are in place to enhance
- Advertising vs promotion? Both
- Need time to use a resource since need to travel to reach them. Need more on-line that is easy to use! Information must be consumable with variable level of detail
- Other related issues tie to marketing: pricing, reaching customers, finding a media type for market
- Rural areas need access to technology in an affordable way and know how to use it so it can be a less often used resource
- On-line is good but face to face is more productive

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Issue #2 Access to Financing

- Politics happening instead of policy or addressing need.
- What did you use to start up?
 - Used tax loss to start up
 - Used personal savings
 - Used credit cards to finance but terms change frequently. Must be prudent use. Lender of last resort
 - Used family angel investor
 - Creative loans
 - Second mortgage
- Many get better terms, less interest if not work with a bank with non-traditional means
- SBA low doc application for a loan as a short form but not available now. What is? Centralized loan underwriting is now national. Hard asset loans are easier to underwrite. Didn't survive because MN used it but not utilized as much nation-wide.
- SBA micro loan program for \$35,000 or less
- Banks look for collateral and microbusinesses didn't always have it available especially with intellectual property
- Financing mechanism vary by location but knowledge of options is important
- Grants for job creation not business creation
- Equity capital need more access to it and to have it supported with tax credits or other policy

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Issue #3: Cost of Doing Business

- Rises in energy costs impact +/- either inhibit or stimulate a innovative replacement
- Cost includes: energy, delivery of supplies, all based on volume necessary for lower prices. Need to be realistic and recognize all costs and be realistic.
- Many co-ops in rural areas started by farmers but not started for microbusinesses
- Associations are interested in income and require money for each service and don't get economy of scale
- Need more clout to get better pricing
- How to group buy together? Policies and regulations impact this activity. Do it independently with a technology tool like reverse auctions

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Issue #4: Start Up Issues

- Legal issues, taxes, type of company
- Understanding jargon
- Who to talk to for very initial investigation
- Resources: education, consultants, local
- Agencies and resources cooperate with each other
- SBDC is a great place to start
- Complexity of regulations and taxes
- Business insurance has increased costs
- Partners in multiple states adds tax costs
- Tax rebates aren't available any more, lower stimulation of business growth
- Legal assistance is expensive
- Legal Core is available to help (part of MN bar association)
- Free services may not always apply. Be sure to have a personal attorney and accountant for accuracy.

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Thank You!



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