

IssuesLive 2008

St. Cloud, MN



- **Access to Capital=6**
 - Financing: Credit availability, Risk Capital (equity/debt)
 - Profit based loans availability
 - Access to grant money
 - Resources – access to grants, etc.
- **Marketing – awareness=7**
 - Getting the word out
 - Demand in community and finding a niche vs competition
- **Access To Resources –Finding=10**
 - Awareness of services
 - B2B resources
 - Human Resources – locating expertise usually found in a big business to sub contract
 - Service business market information –finding it easily
 - Start up suppliers (resource dir)
 - Access to distribution channels
 - Business planning
- **Education Resources – Learning=8**
 - General start up issues – steps, how to
 - Learn mindset of entrepreneur, self assessment, traits of successful business owner, how to develop traits
 - Startup skills training to work with investors and network with potential investors
 - Start up issues and how to
 - Support groups
 - Working on business vs. working for business – how to be a business owner
 - Startup growth model
 - Layers by expertise or need over growth of business
 - Pricing, margins, competing in market place
 - Legal issues
 - Technology

Issues List

- Tax policy=2
 - Self-employment taxes
 - Tax incentives for innovation
- Cost of doing business: =7**
- Direct costs and supplier costs
 - Affordable health insurance for principles
 - Commodity prices (food costs)
 - Business physical location
 - Rising energy costs
 - Legal expenses
 - Technology
- Innovation=0
- Workforce=2
 - Employee Management
 - Alternative recruiting
 - Benefits
 - Employee benefits (health ins, vacations, retirement)
 - Ability to offer benefits
- Immigrant/ foreign national small business=0
- Policy, regulatory and compliance=3
 - Cost over smaller resource base
 - Technology requirements

What are four issues or problems that if solved, will best result in greater success for you?

Issues

Important

Actionable

Issue #1 Access To Resources & Education Resources

Access To Resources –Finding=10

Awareness of services

B2B resources

Human Resources – locating expertise usually found in a big business to sub contract

Service business market information –finding it easily

Start up suppliers (resource dir)

Access to distribution channels

Business planning

Education Resources – Learning=8

General start up issues – steps, how to

Learn mindset of entrepreneur, self assessment, traits of successful business owner, how to develop traits

Startup skills training to work with investors and network with potential investors

Start up issues and how to

Support groups

Working on business vs. working for business – how to be a business owner

Startup growth model

Layers by expertise or need over growth of business

Pricing, margins, competing in market place

Legal issues

Technology

- Teens finding jobs via internet
- Starting an internet business requires unique resources and unique marketing
- Need access to Advocates and referral network
- Need to define marketing budget and use of personal time to take advantage of resources that can help
- Networking in a rural community vs. big metro community when trying to reach a national market is a challenge
- Mindset education necessary for marketing locally and marketing nationally and globally
- Retaining businesses by informing them of available resources – how to best provide access to these resources
- Word of mouth and referrals most effective in microbusiness – how to get it started?
- Minnesota technical colleges and state college system developed programs to meet demand for entry level resources
- MN association of business executives is a resources to find an association to start networking
- State supported network of networks to refer networking groups to each other
- Need confidential on-line information exchange after you find the resources and so they can forward you
- Need EASY access
- Central Minnesota has a business directory

Issue #2 Cost of doing business: =7

- Direct costs and supplier costs
 - Affordable health insurance for principles
 - Commodity prices (food costs)
 - Business physical location
 - Rising energy costs
 - Legal expenses
 - Technology
 - Need research to identify costs that are unique to microbusiness
 - Actionable issues – representatives in legislature want to know what they can DO to help
 - Service business creates an ROI with intellectual property which is difficult to quantify
 - Cost of wealth creation different than job creation
 - Future trends towards service business and internet business changes the demand quickly
 - Health care from spouse or not buy it – impacts ability of all family members to participate in business
 - Car insurance is competitive but health insurance is limited to MN providers by regulation
- Taxes
 - Lack of tax incentives
 - Technology – application hosting is different for microbusiness and often only available for large business
 - Need cost effective technology that delivers what big business uses now
 - Technology providers charge a higher rate than microbusiness can absorb
 - Group buy to reduce unit cost
 - Microbusiness perceived as having no money and take too much work
 - Mindset change and technology enables more participation by microbusiness in same playing field as bigger business
 - Financing to create the technology resources - consulting is available in The Partnership to find it
 - Microbusinesses are spread out and mostly invisible but spend \$\$ operating
 - Need special consideration for Microbusiness so they can buy health insurance

Issue #3 Marketing – awareness=7

- Getting the word out
- Demand in community and finding a niche vs competition

Issue #4 Access to Capital=6

- Service business rarely receive loans
- Service business do create jobs – easier to get a loan that way
- Microbusinesses create jobs indirectly
- Rural microbusiness – greater MN microbusiness
- Greater MN banks are looking for businesses to work with such as technology, manufacturing, etc.
- Technology allows operation based out of a smaller town – reduces costs
- ROI perception of microbusinesses as being a small return is outdated since can have longer term relationship and know that there will be a good return
- MN has more banks than any other US state and serve the mission of the community and care about the business owner
- Banks can also facilitate referral to resources for startup businesses
- Grant money available and listed on-line
- Job Skills partnership provides training to businesses via local state colleges
- Trends in retirement and angel investing or second-half of life business startup will become another type of equity funding
- Inherited wealth doesn't go into angel investing because lack of trust or the unknown
- Reputation is an asset and character when working with a local bank lender, more true for private equity
- Service businesses often referred to consumer lending instead based on mortgages and credit cards especially if lender not aware of SBA or SBDC resources
- Micro loans are available and has less paperwork, collaboration of multiple resources

Conclusions

- Access to Capital – most common issue
- Availability
- Accountability
- Accessibility
- Awareness
- Hidden costs
- Many issues – many resources
- Technology is key
- Power in numbers – smaller numbers to work with in a microbusiness
- Take advantage of each other and create networks
- Connect to MN SBDC – see Mike’s contact info in the program
- “It’s who you know”
- Have a plan and share it with others. Helps with blind spots and leverage your friends’ expertise
- Take advantage of local resources
- Gap intelligence – find out what you don’t know, keep asking
- Paradox of getting the word out while also finding resources needs a hub to connect with each other that is EASY to use by all stages of growth
- Getting involved in community and nearby will help marketing and finding resources
- Ask for help!

Thank You!

