BOOTS *to* BUSINESS

REBOOT

Introduction to Entrepreneurship

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ABOUT THE INSTITUTE FOR VETERANS AND MILITARY FAMILIES (IVMF)

The IVMF is the first interdisciplinary national institute in higher education focused on the social, economic, education and policy issues impacting veterans and their families post-service. Through our focus on veteran-facing programming, research and policy, employment and employer support, and community engagement, the institute provides in-depth analysis of the challenges facing the veteran community, captures best practices and serves as a forum to facilitate new partnerships and strong relationships between the individuals and organizations committed to making a difference for veterans and military families.

6/14

MODULE 1

Introduction to Business Ownership

For Transitioning Service Members

Notes:

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Veterans & Business Ownership

"Entrepreneurs and Business Owners are the Warriors of Today's Business World"

Little Caesars

perotsystems

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Veterans & Business Ownership

Veterans represent 6% of the U.S. population, but account for 13.5% of U.S. Small Businesses (3.7 million)

- Employ 5.8 million Americans -
- Pay wages in excess of $210 billion -
- Generate $1.1 trillion in receipts -
- Produce $1.7 trillion in U.S. GDP -

Notes:

Veterans & Business Ownership

- Military service strongly aligned to business ownership
- Post WWII, more than 50% of veterans launched businesses; similar trend following Korea
- Mission Focus, Resourcefulness, Resilience
- The Research: Veterans are *Entrepreneurial*
- And the intangibles… *'sole custody of my future'*

Notes:

Notes:

Paths to Business Ownership

- Generally, new business ownership takes one of the following forms:
  - New Venture Creation
  - Purchase an Existing Business
  - Franchising
  - Family Business
  - Employee-to-Ownership

Notes:

Paths to Business Ownership

- New Venture Creation:
  - Your Own Idea
  - Higher Risk-Higher Reward
  - Greatest Control
  - Lifestyle Implications:
    - ✓ Married to the Business
    - ✓ Often Funding Difficult
  - Cooperative (Co-op)
    - ✓ Employee Owned
    - ✓ Small Businesses to Fortune 500 Companies

Notes:

Paths to Business Ownership

- Purchase an Existing Business:
  - Do Your Research!
  - Inherit the Good, and the Bad
    - ✓ Brand, Customers, and Reputation
  - Established Processes & Relationships
  - Negotiate the Purchase Method-Reduce Risk

Notes:

Notes:

Paths to Business Ownership

- Family Business:
  - Family History Intersects Business History
  - Change Can Be Difficult to Implement
  - Relationships Can Be Strained
  - The "Burden" is More Than the Business

Notes:

Paths to Business Ownership

- Franchising:
  - Established Brand & Reputation
  - Established Processes & Business Practices
  - Less Autonomy: Their Model
  - Often Significant "Buy In" Costs
  - VetFran

Notes:

Paths to Business Ownership

- Employee-to-Ownership
  - Lower Personal Risk
  - Great Way to Learn the Industry
  - Rewards of Business Ownership Delayed
  - Less Control, Limited Autonomy

Notes:

Notes:

Key Takeaways

- Use what you have learned in the military
  - Traits and skills are the same ones that will make you a successful business owner
- Ride the wave of Veteran Entrepreneurship in this country
- Each form of ownership is not better or worse, just different depending on what you want.

Notes:

BOOTS to BUSINESS REBOOT

Questions & Discussion

Notes:

Additional Notes:

MODULE 2

The Right Idea?

Basics of Opportunity Recognition

Notes:

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Notes:

Finding Problems

(yesterday's NY Times)

- Aging of the population
- Use of alternative energy
- Single professional women with kids
- Concerns about national security
- Social networking-people want to be connected
- People searching for roots and stability
- Extreme experiences

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Notes:

Finding Problems

- **Challenge existing assumptions…**
- **Look for patterns or trends…**
  - (in markets, demographics, social behaviors, customer buying behavior, competitive practices, etc.)
- **Monitor changes in rules, laws, regulations…**
- **Conduct 'needs' research, focus on problems…**
- **Look for under-utilized resources…**

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Notes:

Pick the Right Problem

The customer is the key…..

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Notes:

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An Idea, or a Business Concept?

Key criteria:

- -clear benefit
- -profit potential
- -reason to believe
- -new and different (sustainable differentiation)
- -leads to stream of products
- -barriers to entry
- -comprehensive
- -internally consistent

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Notes:

Final Piece of Advice:

Make Meaning for Yourself through Your Venture

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Notes:

It is more important to know WHO YOU ARE than know where you are going...

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Notes:

It is more important to know WHO YOU ARE than know where you are going…

So how do you make meaning?

Notes:

Key Takeaways

- Look to solve a problem or alleviate a pain
- You can find problems everywhere
- Make meaning in what you do!

Notes:

Notes:

MODULE 3

Understanding Markets
& Your Competitive Space

Notes:

Notes:

Notes:

The Big Picture

- Identify Target Market
  - Conduct market research (size, behavior)
  - Set sales projections
- Identify Competitive Industry
  - Analyze key competitors
  - Formulate competitive strategy

Notes:

Market Analysis: Your Objectives

- Strong Market?
- Compelling Need?
- Favorable Trends?
- Identify Entry Points?

Notes:

Market Research: An Imperative!

- At the end of the day, research…
  - Let's you get to know more about the customer, their wants, their behaviors, and their ability to pay
  - Provides you with a chance to update and improve what you already do
  - Allows you to have first contact with the customer, so they get to hear about you
  - Provides you with more confidence and believability with other stakeholders
  - Helps to reduce the overall risk in your business!
  - And is really the true value of the business plan

Notes:

Market Analysis: Key Questions

- Who, very *precisely*, are the customers?

Notes:

Market Analysis: Key Questions

- How strong an incentive do customers have to give you their money? Where is the pain?

Notes:

Market Analysis: Key Questions

- What evidence can you provide that the market will grow?

Notes:

Market Research

- Secondary Market Research:
  - Company Annual Reports
  - Google
  - News Reports
- Primary Market Research:
  - Focus Groups
  - Interviews
  - Surveys
  - Blogs

STANFORD TECHNOLOGY VENTURES PROGRAM

Katie Rodan
Cofounder, Proactiv Solution

April 19, 2008

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Notes:

Some of the Best (Free) Sources

- Yahoo! Industry Center
  - http:// biz.yahoo.com/ic
  - Directory of industries, companies per industry, industry news, etc.
- Quickfacts
  - http://quickfacts.census.gov
  - Census bureau data about spending, incomes, age, other demographics
- BizStats
  - http://bizstats.com
  - Industry benchmarks, other financial help

Don't forget the websites of your competitors and the places where their products/services are sold!

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Notes:

SBA 'Size-Up' Program

- Online tool to help small businesses access high-quality market data for business intelligence.
- Can be used for business plans, competitive benchmarking, advertising campaigns, funding business customers and suppliers, market research
- Able to compare your business against industry competitors, map your competitors/customers/suppliers, and find the best places to advertise.

http://www.SBA.gov/Sizeup

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Notes:

Remember....

It's All About The Customers!

- Customers create *market driven opportunities*
- It doesn't matter what anyone thinks about your concept except customers
  - If they don't care, no one will buy your product!
- Good quality market research includes gathering information from customers
- Customers can help you refine and perfect your business concept and business model

Notes:

Notes:

Industry Analysis: Your Objectives

- Size?
- Structure?
- Trends?
- Key Success Factors?

Understand the BASIS FOR COMPETITION

Notes:

How to Define Industry

- NAICS codes:
  - Government applied industry codes based on products/services, not NEEDS satisfied
  - Based on PRIMARY activity (in revenues)
  - You may overlap a few industries
    - iTunes: 454111 Electronic Shopping & 45122 Prerecorded tape, CD & record stores
  - May not get to niches or specialized products/services
  - Let's you look at others in that code, many not categorized
  - Find your NAICS code: http://naics.com/search.htm

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Notes:

Broad vs. Narrow

Broad = 2 or 3 digit NAICS level; Narrow = 6 digit NAICS level

- **Broad**
  - Allows you to think about substitutes and other threats
  - All fast food restaurants? All casual restaurants?
  - High potential in terms of potential sales and industry size
  - Better "story" for investors
- **Narrow**
  - Think about direct rivalry and how to beat them
  - "Focus your attention, but may overlook important things
  - "Lesser" potential
- **What does this mean for you?**
  - Allows for greater focus on the key factors for success in the industry that you define
  - Helps to let you think about the most relevant competitors, their offerings, and their prices
  - Can help dictate the types of partnerships you try to seek
  - Aids in defining your overall strategy

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Notes:

What's Important?

- Stage of industry
  - Emerging, fragmented, mature, decline
  - Implications for the type of opportunities available and the usual
- Is the industry growing?
  - Number of competitors? Are the firms profitable?
  - Are there any new successful firms?
- Where is the new technology and change?
  - How much is spent on R&D?
  - How is production changed over the past 10 years?
  - What ways has the industry changed over the past few years?
- What are the key success factors in this industry?

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Notes:

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Additional Notes:

MODULE 4

The Economics

Of Small Business Start-Up

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Revenue Drivers

- Service Mix
  - How many ways does your company have to separate your customers from their money?
  - One source or several?
  - Implications for risk?

Notes:

Economic Model of a Business

Notes:

Margins

- **Difference between *Price and Cost***
  - What ***price*** do you charge for your product or service?
  - How much does it ***cost*** you to deliver that single unit of product or service?

Notes:

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Economic Model of a Business

Notes:

Operating Leverage

- ***Operating Leverage*** is the relationship between ***variable costs*** and ***fixed costs.***
  - **Higher fixed cost model = high operating leverage**
  - **Higher variable cost model = low operating leverage**

What is the difference between ***variable*** and ***fixed*** costs?

Notes:

Variable Costs

- Change in direct proportion to your revenue.
- What does it actually cost to deliver one unit of whatever you do?
- Direct labor, payroll taxes and costs per employee (CPEs) mileage, packaging, unit transport or delivery, raw materials.
- Variable does not mean discretionary.

Notes:

Fixed Costs

- Are expenses *you have to pay no matter what sales you generate*
- Remain the same over a given range of volume.
- Are not affected by activity within the business (over a given range of activity).
- Include rent, salaries (not hourly pay), advertising, insurance, write off of equipment.
- Note, in early stages of a venture, and with a growing venture, the range over which fixed costs stay fixed is continually changing.
- What do you think about utility bills? Variable or fixed?

Notes:

Implications of Operating Leverage

- Higher fixed costs (higher operating leverage) means:
  - Greater risk.
  - It takes more units of service each month to breakeven.
  - But, once you get to breakeven, you make a lot more money
- Interactions with other variables of your economic model.
  - If you have high fixed costs, you need high volumes or high margins.
  - Customization and high personalization drives up your variable costs, and limits your volume, meaning you have to be able to generate high margins.
  - Others?

Notes:

Break Even Analysis

Definition: The volume of sales in dollars or units needed for a business to operate at (or reach) zero profit.

Method 1 (Dollar Sales)
Fixed Costs divided by Contribution Margin Ratio
(Gross Profit/Selling Price)

Method 2 (Unit Sales)
Fixed Costs divided by Gross Margin
(Sales Price minus Variable Cost)

Notes:

Notes:

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Notes:

Operating Leverage and Profits

10% Increase in Sales

	High- Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm
Sales	100,000	100,000	110,000
Variable costs	20,000	80,000	22,000
Fixed costs	80,000	20,000	80,000
Profit	**0**	**0**	**8,000**

Notes:

Operating Leverage and Profits

10% Increase in Sales

	High- Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm	High-Variable Cost Firm
Sales	100,000	100,000	110,000	110,000
Variable costs	20,000	80,000	22,000	88,000
Fixed costs	80,000	20,000	80,000	20,000
Profit	**0**	**0**	**8,000**	**2,000**

Notes:

Operating Leverage and Profits

10% Decrease in Sales

	High- Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm
Sales	100,000	100,000	110,000	110,000	90,000
Variable costs	20,000	80,000	22,000	88,000	18,000
Fixed costs	80,000	20,000	80,000	20,000	80,000
Profit	**0**	**0**	**8,000**	**2,000**	**-8,000**

Notes:

Operating Leverage and Profits

10% Decrease in Sales

	High- Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm	High-Variable Cost Firm	High-Fixed Cost Firm	High-Variable Cost Firm
Sales	100,000	100,000	110,000	110,000	90,000	90,000
Variable costs	20,000	80,000	22,000	88,000	18,000	72,000
Fixed costs	80,000	20,000	80,000	20,000	80,000	20,000
Profit	**0**	**0**	**8,000**	**2,000**	**-8,000**	**-2,000**

Notes:

Key Takeaways
Understanding *your* Economic Model

Revenue Drivers
How many ways can you separate your customers from their money? How many services, products, locations, etc?

Margins
What is left over after each unit of sale to pay fixed costs? What percentage of sales is that? When do you break even?

Volumes
How many units do you sell each period? Is it enough to exceed breakeven? Enough to make it worthwhile?

Operating Leverage
New businesses will need to maintain a low operating leverage (high variable cost) model) to manage risk and maintain liquidity.

Notes:

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Additional Notes:

MODULE 5

Picking the Correct Legal Entity for Your Business

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Sole Proprietorship (d/b/a)

Advantages: Easiest and least expensive for of ownership. Generated income goes to owner to keep or reinvest. Easy to dissolve if needed.

Disadvantages: Unlimited liability. Funding difficulties. Less attractive to prospective employees. No difference between you and your business.

Tax requirements: You report your business income and expenses on a Form 1040 Schedule C on your personal tax return.

Notes:

Partnership

Advantages: Easy and inexpensive like a Sole Proprietorship. Shared financial commitment . Potential partnership incentives for future employees.

Disadvantages: Joint and individual liability. Disagreements among partners. Shared profits.

Tax requirements: The business does not pay income tax and "passes through" profits or losses to its partners. Partners include that amount on personal tax returns, typically on form 1040 Schedule C

Notes:

Limited Liability Partnership

- Almost the same as partnership with three exceptions:
  - Limited partner only is liable up to amount of invested capital
  - Limited partner cannot have direct control
  - Limited partner can transfer ownership and continue based on agreement and continue beyond removal of that partner

Notes:

Limited Liability Company (LLC)

- One of the most popular forms for start-ups
- A hybrid between a partnership and a C-Corp
- Not permitted for some professional vocations
- May publication requirements for some states
- Need written operating agreement ('Articles of Organization)
- Limited personal liability for 'members'

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Notes:

Limited Liability Company (LLC)

Advantages: Combines the benefits of a partnership and a corporation. Limited personal exposure, less record-keeping and paperwork, fewer restrictions on profit-sharing. Very popular form for start-ups.

Disadvantages: Limited life, self-employment taxes, not permitted for some licensed professionals in some states, may be difficult to raise capital as an LLC.

Tax requirements: You would file a Form 8832. You also would file as a corporation, partnership or sole proprietorship and fill out corresponding tax forms.

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Notes:

S-Corporation

Advantages: Taxed only once at personal level, 'pass through entity', business-expense tax credits, corporation independent from shareholders.

Disadvantages: Stricter operational processes, corporate formalities, requirements on shareholder compensation and distributions, no foreign shareholders,

Tax requirements: You would file a Form 2553 to elect "S" status. States tax S corporations differently. In New York profits are taxed based on shareholder's proportional share.

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Notes:

C-Corporation

Advantages: Limited personal exposure for shareholders, ability to generate capital through the sale of stock. Corporate tax treatment, potential for partial ownership through stock options, shareholders own a corporation, but the C-Corp is an independent entity that is liable for its debts and actions. Huge advantage for investors.

Disadvantages: Time-consuming. Costly. Double taxation. Additional paperwork and record-keeping because of regulations.

Tax requirements: You pay federal, state and sometimes local taxes and report revenue to the IRS using a Form 1120 or 1120-A tax return.

Notes:

At the End of the Day...

- There is no one magical entity that works for everyone. The important thing is to consider the operational, legal, and tax aspects of each structure as they apply to your unique situation!
- Don't make this choice lightly! It is possible to change forms if need be, although it can sometimes be expensive

Notes:

Some Common Legal Questions...

- How do I protect my intellectual property?
- Can I patent my idea?
- What is the difference between a trademark and a copyright?
- Can I do this myself or do I need a lawyer?

Notes:

Key Takeaways

- As part of founding your firm, seek the advice of a qualified lawyer
- Laws and regulations differ across states, and sometimes within states
- The consequences of not knowing could be dire for the firm

Notes:

Notes:

Doing Business with the Government

That you are a Veteran or a Service-Disabled Veteran,

is NO indicator

that you are even more likely than anyone else to receive a government contract.

Notes:

Doing Business with the Government

Small Business =

- 500 employees for most manufacturing and mining industries
- 100 employees for all wholesale trade industries
- $5 million for most retail and service industries
- $17 million for most general & heavy construction industries
- $7 million for all special trade contractors
- $0.5 million for most agricultural industries

Notes:

Doing Business with the Government

What is a service-disabled veteran-owned small business concern?

Managerial position and experience: A service-disabled veteran (or in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran) must hold the highest officer position in the concern (usually President or Chief Executive Officer), and must have managerial experience of the extent and complexity needed to run the concern.

Notes:

Doing Business with the Government

US Code (15 USC 657f) says that a contracting officer may award a single contract to small business owned and controlled by a service-disabled veteran if:

- You are determined to be a responsible contractor and no other like businesses submit offers
- The award is not more than $5M (manufacturing) or $3M (other)
- Price is fair and reasonable

Notes:

Doing Business with the Government

US Code (15 USC 657f) says that a contracting officer may award more than one contract to small businesses owned and controlled by a service-disabled veteran if:

- You are determined to be responsible contractors and no other like businesses submit offers
- Award can be made at fair and reasonable prices

Notes:

Doing Business with the Government

- Get Certified
- Start Small
- Don't forget about sub-contracting opportunities
- Find a mentor with experience in this area
- Leverage available training
- Build relationships

Notes:

Notes:

Additional Notes:

MODULE 6

Financing the Venture

Notes:

Notes:

Notes:

Questions to ask yourself

- How much money do I need?
  - Requires business plan and financial projections
- How much control do I need?
- What is my bargaining position?
- What type of business is it?
  - Not-for-profit, lifestyle or high growth?
- What type of capital is most appropriate?
  - Not all funding sources are equal.

Notes:

Sources of Financing

- Personal Funds
- Traditional Debt (Bank Loan)
- SBA Guaranteed Loan
- Angel Investors
- Private Offerings
- Venture Capital (VC)
- Private Equity
- Public Offerings (IPO)

Notes:

Personal Funds

- You need skin in the game before you seek any external funding!
- Sources of personal funding
  - Cash/Savings
  - Home equity
  - Friends and family
  - Credit Cards
  - Equities and stock portfolio
  - Retirement accounts
  - Bootstrapping techniques

Notes:

Bootstrapping

Bootstrapping is finding ways to avoid the need for external financing or funding through creativity, ingenuity, thriftiness, cost-cutting, or any means necessary.

It is the most common source of start-up funding and most entrepreneurs bootstrap out of necessity.

Notes:

Examples of Bootstrapping Methods

- Buying used instead of new equipment
- Coordinating purchases with other businesses
- Leasing equipment instead of buying
- Obtaining payments in advance from customers
- Crowd funding
- Vendor financing
- Sharing office space with other businesses
- Making due with what you have

Notes:

Preparing to Raise Debt or Equity Capital

Preparation for Debt or Equity Financing

Step 1	Step 2	Step 3
Determine precisely how much money is needed	Determine the type of financing or funding that is the most appropriate	Develop a strategy for engaging potential investors or bankers

Notes:

Debt vs. Equity

Debt

- Bank loan (or other lender)
- Allows you to maintain ownership and control
- Requires repayment with interest
- Generally considered the cheapest way to grow

Equity

- Involves investors
- Money is exchanged for partial ownership
- Is not paid back
- Means you have shareholders
- Can have huge benefits beyond the money

Notes:

Debt

- Provides liquidity, NOT investment
  - Banks are risk averse
- Requires "The Five Cs"
  - Credit
  - Collateral
  - Commitment
  - Character
  - Cash Flow
- Local community banks/credit unions may be good option.

Notes:

SBA Guaranteed Loans

- The SBA does not lend money, it guarantees the loan
  - Approximately 50% of the 9,000 banks in the U.S. participate in the SBA Guaranteed Loan Program.
  - The program operates through private-sector lenders that participate in the SBA programs.
  - The loans are for small businesses that are not able to obtain credit elsewhere.
  - Mitigates the bank's perceived risk
  - Still requires The Five Cs.

Notes:

Size and Types of SBA Loans

- Almost all small businesses are eligible to apply for an SBA guaranteed loan.
- The SBA can guarantee as much as 85% on loans up to $150,000 and 75% on loans over $150,000.
- An SBA guaranteed loan can be used for almost any legitimate business purpose.
- The SBA has helped make over $280 billion in loans to over 1.3 million businesses.
- www.sba.gov\vets for more information

Notes:

Sources of Equity Funding

- Crowd Funding
- Angel Investors
- Venture Capital
- Private Equity
- Private Placement
- Public Offering

Notes:

Crowd Funding

- Crowd funded equity made legal with the JOBS act of 2012, and the SEC is developing regulations for platforms.
- You will be able to trade cash for ownership in your company via crowd funding websites.
- Pros: You can cast wider net for potential investors
- Cons: You may not want 'the crowd' as apart owner of your company.
- Resources:
  - www.kickstarter.com
  - www.indiegogo.com
  - www.fundable.com
  - Hundreds of others..just Google: Crowd Funding Websites!

Notes:

Angels Investors

- Are individuals who invest their personal capital directly in start-ups.
- The prototypical business angel is about 50 years old, has high income and wealth, is well educated, has succeeded as an entrepreneur, and is interested in the start-up process.
- The number of angel investors in the U.S. has increased dramatically over the past decade.
- Business angels are valuable because of their willingness to make relatively small investments, and for their industry knowledge and market connections.
- Much easier to find now: www.angellist.com

Notes:

Venture Capitalists (VCs)

- VC firms are limited partnerships of money managers who raise money in "funds" to invest in start-ups and growing firms.
- The funds are raised from wealthy individuals, pension plans, university endowments, foreign investors, and similar sources.
- A typical fund is $75 million to $200 million and invests in 20 to 30 companies over a three- to five-year period.
- Invest in high growth potential ventures, but not generally at the start-up stage.
- Looking for extraordinary returns.
- VCs fund fewer deals than Angels.

Notes:

More Sophisticated Sources of Equity

- Private Equity
  - Similar to VC, but MUCH larger deals.
- Private Placement
  - Raises money through a syndicate of 'accredited investors'
- Initial Public Offering (IPO)
  - a company's first sale of stock to the public where its stock is then traded on one of the major stock exchanges.
- All of these are complicated, expensive, and require a strong operating history.

Notes:

Key Takeaways

- There are numerous different forms of capital
  - Some are suited towards start-ups, others growth
- Have to know how much control you want (equity)
- Understand how much you need
- Plan for future growth

Notes:

Notes:

Additional Notes:

Additional Notes:

MODULE 7

Next Steps

Introduction to Business Planning

Notes:

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Notes:

Why write a business plan?

- Communication!
  - Necessary to get loans, investment, supplies, employees, etc.
- Analysis!
  - Thinking/finding critical areas before investing cash, time
- Guide to action!
  - How to do things, when, and with what
  - Taking insurmountable task into smaller, more manageable ones

Notes:

When to do it?

- Before you get started
- When you need money, 'stuff' & people
- As a regular part of running your business
- Caveat:

All of the above depends on what you are doing, your goals, and what yours needs

Notes:

What's in the plan?

1. Your Concept
2. Industry Description
3. Market Analysis
4. Economics of the Business
5. Marketing Strategy
6. Operations
7. Management Team
8. Risks & Assumptions
9. Timeline
10. Financial Projections
11. Offering

Notes:

What's in the plan?

Leverage the Nuts & Bolts Guide to Great Business Plans

- Comprehensive Approach
- Question Prompted Method
- Validated Over More than 15 Years

Notes:

For Today: Priorities

1. Concept
2. Market
3. Economics
4. Risks & Assumptions

The 'Must Have' Sections of the Plan

Notes:

The Concept
(must haves)

- Your basic idea… what you do & why!
- *Remember*, Opportunity = Problem + Solution
- The concept must be:
  - Clear
  - Compelling
  - Detail a plan of action

Notes:

The Concept
(must haves)

Articulate the concept in the form of its 'value proposition'

"A concise statement that summarizes why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings."

Let's Try:

FANDANGO

Notes:

Market
(must haves)

- *Identify:* Who are they?
- *Segment:* How are they different? What characterizes them? (demographics, geography, lifestyle)
- *Quantify:* How many are there? How many will there be? How many have the incentive/ability to give you their money?

Notes:

How do you know???

- Conduct Market Research
- Talk to your customers & PUT IT IN THE PLAN!
  - Friends & family!!!
  - Surveys, Focus Groups, & Interviews
  - Trade Shows & Product Demonstrations
  - Be Viral! Blogs, Facebook, etc.
  - Give-aways
- Testimonials are powerful

Notes:

Economics
(must haves)

- What kinds of resources do you need?
- Where are the main 'costs'? Are they fixed or variable?
- What's the price of this product? How much profit do you make per item sold?
- How many customers do you need to breakeven? To achieve the profit you want?
- Which items can you make a profit on? How can you expand this?

Notes:

Risks & Assumptions
(must haves)

- Difference between expected and actual outcomes
- Addresses adverse possibilities
- 'Keeps it real'
- Magnitude of loss x Probability of loss
  - Where are the main sources of risk?
  - How can you mitigate this risk?

Notes:

What do people want in your BP?

Different people look for different things

- Bankers
  - Debt = looking at your ability to re-pay
  - Reducing risk (how use $, how much $, how long need $, collateral, credit rating, current cash flow, etc.)
- Private Investors
  - Ability to grow value
  - Potential return (market size, market growth, competitors, lead time)
  - Ability to ensure return (team experience, education, scope of market, IP, exit strategy)
- Friends & Family?

Notes:

Biggest Pitfalls in BP's

- Clarity
  - Big idea vs. details
  - Providing support
  - Writing style & jargon
- Realism
  - Financials, market sizing, suppliers, etc. too optimistic
  - Not using what's closest at hand!
  - Provide scenarios, be more conservative, bootstrap!
- Flexibility vs. Rigidity
  - Predicting the unpredictable
  - Updating as needed

BOOTS to BUSINESS REBOOT

Notes:

Next Steps

- Start thinking about your team
  - Accountant, Lawyer, Insurance Agent, Lendor/Banker, Advisor/Mentor
- Tap into the Resource Partner Network
  - www.sba.gov/direct
- Did we say…Get ready to change!!!

BOOTS to BUSINESS REBOOT

Notes:

Key Takeaways

- What do you really want to accomplish?
  - Determine what will go into process, focus, expectation level
- Use your network (who, what, how)
  - Both social & professional networks are important
  - Get immediate feedback
- Ask important 'what if' questions? How to solve them?
- Get ready to change!!!

BOOTS to BUSINESS REBOOT

Notes:

Notes:

Additional Notes:

Additional Notes:

MODULE 8

Moving Forward

Resources to Support You

Notes:

Notes:

Notes:

Counseling/Training

Notes:

Counseling/Training

- SBA assists and counsels more than 200,000, Veterans, Service-Disabled Veterans, and Reservists, annually

Notes:

Counseling/Training Resources

- Small Business Development Centers (SBDCs)
  - Free face-to-face business counseling & low-cost training
  - Help with: business plans, financing, marketing, and more…
  - Find one nearby: http://asbdc-us.org/

Notes:

Counseling/Training Resources

SCORE (www.score.org)

- Free small business advice
  - Find a mentor in your area
  - Low, or no-cost classes
  - Downloadable business plan templates http://www.score.org/resources/tab-a
  - Veteran Fast Launch initiative www.score.org/vetsfastlaunch

Notes:

Counseling/Training Resources

- Veterans Business Outreach Centers
- Women's Business Centers
- Small Business Resource Centers
- State/County Economic Development Centers
- Procurement Technical Assistance Centers
- Small Business Administration District Offices

Notes:

Online Resources – SBA website

Get the latest business info at www.sba.gov

- Easy access to info on major SBA programs (*Counseling and Training*, *Loans & Grants*, *Contracting*, etc)
- Enhanced search functionality
- "SBA Direct" – customized information based on business type, geography and other needs
- "Local Assistance" – find the nearest business resources in your community

Notes:

Online Resources – SBA website

Free Online Training

- SBA Website (www.sba.gov): *Learning Center* link or http://www.sba.gov/training
- List of courses constantly updated
- Current lineup includes:
  - How to Write a Business Plan
  - Marketing 101: A Guide to Winning Customers
  - Veteran Owned Small Business Contracting Programs
  - Introduction to Crowdfunding for Entrepreneurs

Notes:

Other Online Resources - Vets

- SBA's Veterans Resources Page http://www.sba.gov/content/veterans-1
- U.S. Department of Veterans Affairs Business Office http://www.vetbiz.gov/
- DOD Office of Small Business Programs http://www.acq.osd.mil/osbp/sb/dod.shtml
- Boots to Business Website http://boots2business.org/resources.aspx

Notes:

Other Online Resources – Your State

- Use this page to list business websites in your state
- *** Information on your State Office of Veterans Affairs url for state veterans' affairs website goes here

Notes:

Why should I think about Government Contracting?

Notes:

The Numbers

- U.S. Government is the world's largest buyer of goods and services
  - Government contracting purchases total approximately $500 billion a year
  - Federal agencies required to establish small business contracting goals

Visit www.fedbizopps.gov to find out about upcoming federal government contracts

Notes:

How SBA helps with Government Contracting

- Ensuring small businesses receive a fair share of contracts
  - Set asides for certain types of small businesses (including Veteran-owned , Service Disabled Veteran-owned & Woman Owned small businesses)
- Classes, workshops and counseling by SBA district offices and resource partners

Notes:

SBA Contracting Certifications

- Veteran-owned (VOSB) and Service-Disabled Veteran-owned (SDVOSB) Small Business
- Women-owned Small Business
- Small Disadvantaged Business
- 8(a) Business Development
- Historically Underutilized Business Zone (HUBZone)

http://www.sba.gov/contracting

Notes:

Financing Your Business with SBA

Notes:

Financing Your Business with SBA

- SBA financial assistance programs can help you:
  - Start your business
  - Grow your business
  - Export your goods and services
  - Recover from a disaster

Notes:

SBA Loan Programs

- Can be used for a variety of business needs
  - SBA primarily a *guarantor* of loans made by private and other institutions (SBA Lenders)
  - SBA partners can help prepare required loan application paperwork
- The SBA does not offer *grants* to start or grow small businesses

http://www.sba.gov/loanprograms

Notes:

SBA Loan Programs

- 7(a) Loan Program
  - SBA's primary business loan program
    - Maximum loan amount of $5 million
    - Can be used for wide range of financing needs
- SBA Express Programs
  - Streamlined, expedited loan process
    - Geared toward faster approvals

Notes:

Other SBA Finance Programs

- Microloans
  - Loan amounts of $50,000 or less
- CapLines
  - For short-term, cyclical capital
  - Programs include *Contract Loan, Seasonal Line of Credit, Builders* and *Working Capital* loan programs

Notes:

Other SBA Finance Programs

- SBA 504 Loan Program
  - Maximum Loan amount: $5.0 – 5.5 million
  - Uses: Long-term, fixed assets
  - Maturity: 10-20 years
- International Trade Finance Programs
  - For export-related financing
- SBA Surety Bond Guaranty
  - Include Bid, Payment and Performance Bonds

Notes:

SBA Veteran Advantage

Loans up to $350,000 (with no guarantee fees!) for military community members, including:

- Veterans
- Soon-to-be discharged active-duty veterans, eligible for military Transition Assistance Program (TAP)
- Reservists, National Guard members
- Current spouse of any of above
- Widowed spouse of service member or vet who died during service, or from service-related disability

Notes:

SBA Veteran Advantage

- Can be used for:
  - Start-up
  - Expansion
  - Equipment Purchases
  - Working Capital
  - Inventory Purchases
  - Business real-estate purchases

Notes:

Not Eligible for SBA Financing

- Gambling or speculation
- Real estate investment / other speculative activities
- Lending activities
- Multi-level marketing firms
- Businesses providing sexual material
- Religious organizations
- Non-profit organizations
- Charitable organizations
- Illegal Activities
- Borrowers that have defaulted on federal loans or financing

Notes:

What's the advantage of an SBA Loan?

- For banks / credit unions:
  - Less risky for them because SBA guarantees a percentage of the loan
- For YOU:
  - Can obtain loan without as large of a down payment , or as much collateral on-hand
  - Good Interest Rates & Longer Terms
  - No Balloon payments or demand clauses

Notes:

Financing the Small Business

What Lenders Look for:

- Owners and operators of good character
- Feasible business plan
- Management expertise and commitment necessary for success
- Sufficient funds to operate the business on a sound financial basis

Notes:

Financing the Small Business

What Lenders Look for:

- Adequate equity invested in the business
- Sufficient collateral
- Ability to repay the loan on time from the projected operating cash flow

Notes:

Financing the Small Business

Credit History:

- Remember, your *personal* credit impacts your *business* credit. When seeking financing, knowing your credit situation can speed up the process
- www.annualcreditreport.com and similar online sites allow one free copy of your credit history per year
- Can usually get your credit score for $10 or less

Notes:

Cool Tools You Can Use

Notes:

Cool Tools You Can Use

- SBA Mobile App
  - Partner locator, Sample Business Plans, videos, startup calculator and much more….
- "Size Up" Web Widget @ www.sba.gov/sizeup?
  - Free business intelligence
    - Benchmark your business against area competition
    - Demographic info to help you plan
    - Find the best places to advertise

BOOTS to BUSINESS REBOOT

Notes:

Notes:

Notes:

Are YOU the next SBA success story

AOL
Apple
Ben & Jerry's
Black Enterprise Magazine
Callaway Golf
Chobani Yogurt
Columbia Sportswear
Federal Express
Hewlett-Packard
Intel
Jenny Craig
Nike
Outback Steakhouse
Quiznos
Radio One
Staples
Totino's Pizza
Under Armour
Winnebago
Yankee Candle

Notes:

Notes:

Local SBA VBDOs

SBA XXXX District Office
Address
City, State Zip
Phone Number
url of local SBA office

Name of VBDO
Job Title(s)
VBDO Phone Number
VBDO email address

Nearby SBA XXXX District Office
Address
City, State Zip
Phone Number
url of other nearby SBA office

Name of that office' VBDO
Job Title(s)
VBDO Phone Number
VBDO email address

Notes:

CLASSROOM DOCUMENTS

BOOTS to BUSINESS REBOOT

New Venture Feasibility Analysis Tool

Getting Started

Starting a business is difficult, and the hard truth is that most new businesses don't survive past five years. With that said, those that do find success as a business owner, express great personal and professional satisfaction. .

Importantly, one of the factors that differentiates those who succeed as business owners from those who don't, is a clear and well understood plan of action related to both the business itself, and also to their own professional development as a business owner. Entrepreneurship is a dynamic process, and it's imperative to constantly adapt to changing market conditions, competitive threats, and customer preferences. The choices you make at the time of founding the business will have important and enduring implications for the long terms success of the venture.

The purpose of the New Venture Feasibility Analysis Tool is to help you ask yourself the 'right' questions – and hopefully formulate an approach to answering those questions - *before* you launch the business. If you can leverage this tool as a means to make adjustments to your start-up plan prior to launching the venture, you'll likely avoid some classic pitfalls that may cost you dollars and reputational capital down the road.

Using the tool itself is straightforward. Answer the questions to the best of your ability and through research and experience continue to refine and focus your answers over time. You likely won't be able to answer/address all of the issues and questions right now, but that's OK. Some questions will require further research and reflection. However, there is value in understanding where that further research and reflection is required, and thus using this tool as a means to develop a plan of action to conduct the research necessary to support the successful launch of your new business.

Part I. Your Entrepreneurial Motivation (to be completed on your own)

An attribute that distinguishes successful business owners is an understanding of their own entrepreneurial mission, and the underlying reasons why business ownership is uniquely suited for a given individual. Part I of this tool is designed to make you reflect on your own situation, and think deeply about business ownership as a vocation for yourself.

1. Reflect on why it is that you want to launch and grow a business. Upon reflection, list below the top three reasons why you are motivated to pursue business ownership as a vocation for yourself.

1. Reason #1
2. Reason #2
3. Reason #3

2. Given the above listed motivations, consider each in the context of other goals that you or your family may have established. Indicate whether or not your motivations for pursuing business ownership, conflict with or complement other goals that you or your family may have established. In cases where there is a conflict, indicate how you plan to resolve that conflict.

Goals	Conflict or Compliment?
Education	
Family	
Lifestyle	
Insert Other Goals	
Insert Other Goals	
Insert Other Goals	

Approach to Resolve Conflict (if any):

Education:

Family:

Lifestyle:

Other Goal From Above:

Other Goal From Above:

Other Goal From Above:

Part II. The Opportunity & Value Proposition (Applied Action Session I)

1. **Opportunity Evaluation:**
   a. What problem are you solving, or what pain are you alleviating? Describe it below in 2-3 sentences.

   b. For whom are you solving it (i.e., who is your customer)? Describe below in 2-3 sentences the attributes of your primary customer.

c. What is the next best alternative currently available to them to solve this problem right now? Describe that product/service below, and state why you perceive it as an alternative to your proposed product/service.

d. What are 2-3 other alternatives and who provides them? Describe below.

e. How is your solution different from the NBA and other alternatives? Describe below in 2-3 sentences.

2. Outline your Value Hypothesis

For example: "College students are willing to pay up to $20 for a pill that makes them smarter"

{Insert description of customer} is willing to pay **{insert price range}** for **{insert description of your concept}**

Part III. Markets and Competitors (Applied Action Session II)

1. Who (very specifically) are your customers? List/describe potential customer segments below:

2. What trends in the market suggest that your concept will resonate with consumers? List 2 or3 of those trends below.

3. Assessing Your Competitive Space
   What is your NAICS code(s)? Go to http://www.census.gov/eos/www/naics/ to identify code(s) that fit your proposed venture, and list them below:

4. Assessing Your Competitors
   a. Competitor mapping (fill in the blank). Use the tool below to map your competitive space, and determine the nature of competitive rivalry

Competitor (List Below)	Products/Services (Similar or Different)	Price (Sim., High, Low)	Reach (Local, Reg., Natl.)	Sales Channels (Storefront, Online)	Rivalry (Direct, Indirect)

Part IV. Economics of Your Business (Applied Action Session III)

Using the chart below, detail the economic model (as you see it today) that represents your venture.

Revenue Drivers	One, Few, Many	Implications for Risk
Volumes	**Low, Medium, High**	**Implications for Risk**
Margins	**Low, Medium, High**	**Implications for Risk**
Operating Leverage	**Low, Medium, High**	**Implications for Risk**

Given the above, list three critical outcomes that you must be able to deliver to make your economic model viable:

a. **Critical Outcome #1**
b. **Critical Outcome #2**
c. **Critical Outcome #3**

Part V. Legal/Financing Your Venture (Applied Action Session IV)

1. Given your understanding of legal forms of business, what is the most likely legal form that you should/will pursue? **INSERT HERE**

2. Given the above, list (if any) questions or issues that remain unclear to you related to the appropriate legal form for your proposed venture:

a. **Question #1**
b. **Question #2**
c. **Question #3**

*** Note: Use these questions as a basis for discussions with the legal expert that will help you form the venture**

3. In the context of launching your venture, list below the 2 or 3 most significant uses for start-up capital (i.e. facilities costs, inventory, salary, etc.)

a.
b.
c.

*** Note: Focus on these uses of capital as you consider the most appropriate source of venture financing.**

4. Given uses for start-up capital listed above, brainstorm strategies to leverage 'bootstrapping' techniques to mitigate your overall capital requirements. Detail those below:

a.
b.
c.

Part VI. Business Planning (Applied Action Session V)

SWOT analysis is a tool used to evaluate the **S**trengths, **W**eaknesses/Limitations, **O**pportunities, and **T**hreats involved in a business venture. It involves specifying the objective of the business venture, and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. In this case, you can use the SWOT technique to highlight those issues, opportunities, and challenges that must and should be address in your plan. The elements of SWOT are as follows:

- **Strengths:** characteristics of the business concept, or project team that give it an advantage over others
- **Weaknesses (or Limitations):** are characteristics that place the team at a disadvantage relative to others
- **Opportunities:** external chances to improve performance (e.g. make greater profits) in the environment
- **Threats:** external elements in the environment that could cause trouble for the business or project

Given the above, for each of the SWOT categories, list 3-5 strengths, weaknesses, opportunities, and threats as you perceive them now. Remember, strengths and weaknesses are focused internally (yourself/your team), and opportunities and threats are focused externally (the market/your competitors).

SWOT Analysis	
Strengths • List Here	**Weaknesses (or Limitations)** • List Here
Opportunities • List Here	**Threats** • List Here

On your own (following the training session), look at your listed strengths and weaknesses and compare them to the listed opportunities and threats. Are your strengths sufficient to counter external threats? Are your weaknesses such that you will not be able to take advantage of external opportunities?

Ask and answer these questions, and address both in the business plan. Where there are shortcomings that you address, specify a plan of action that you intend to pursue in order to overcome/mitigate any identified weakness, and best leverage the firm's strengths in the marketplace.

Part VII. Personal Support Plan (Applied Action Session VI)

1. To find local resource that offer small business counseling go to: http://www.sba.gov/sba-direct and use the zip code locator to find your local resources.
2. List below the name and contact information for those local resources you plan to leverage to support your entrepreneurial strategy:

a.
b.
c.

TRANSITION ASSISTANCE PROGRAM (TAP)

ENTREPRENEURSHIP TRACK ASSESSMENT

OVERALL INSTRUCTIONS*: The feedback you provide on this assessment is essential for ensuring TAP meets the needs and expectations of transitioning Service Members and spouses. Your responses will be* ***anonymous****. Feel free to be honest in your responses.*

1. Where are you attending the 2-day Entrepreneurship Track session (branch location)?

   _____

2. What was the start date of this session? (MM/DD/YYYY) _____

3. Please select the option that best fits your category.

   ___ Transitioning Service Member ___ Spouse of a Transitioning Service Member

   (If you selected Spouse, skip to Question 10)

   ____Male _____Female

4. How many years of service do you have? (Round up to nearest Year) _____

5. Please circle your branch of service?

   Army Navy Air Force Marines Coast Guard

6. Please circle your current rank?

   E1 E2 E3 E4 E5 E6 E7 E8 E9

   O1 O2 O3 O4 O5 O6 O7 O8 O9

   W1 W2 W3 W4 W5

7. What is your planned separation date? (MM/DD/YYYY) _____

8. Select the option that best fits your category.

___ Retiree ___ Separtee

9. Select the option that best fits your service.

___ Active Duty ___ National Guard ____ Reserves

10. Did you complete the redesigned 5-day TAP?

___ Yes ___ No ___ Unsure

11. Did you complete any TAP program?

___ Yes ___ No ___ Unsure

***Instructions**: You will be asked some questions about the 2-day Entrepreneurship Track. Please indicate how much you agree with each statement by circling the appropriate number.*

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. The instructors were professional and knowledgeable.	5	4	3	2	1
2. I found the learning resources for this session useful (e.g., notes, handouts, reading, audio-visual materials).	5	4	3	2	1
3. The length for this session was sufficient for covering the material.	5	4	3	2	1
4. The session content adequately covered the learning objectives: • Learn about the challenges faced by entrepreneurs • Understand the benefits and realities of entrepreneurship • Understand the steps toward business ownership • Understanding market feasibility, research, and analysis	5	4	3	2	1
5. The classroom facilities (such as classrooms, lecture halls, etc.) were adequate for the program.	5	4	3	2	1

For the following set of questions, please assess your current level of knowledge on each topic by circling the appropriate number.

	Excellent Knowledge	Good Knowledge	Moderate Knowledge	Limited Knowledge	No Prior Knowledge
6. What is involved in running and growing a business.	5	4	3	2	1
7. The steps I need to take in order to start my own business.	5	4	3	2	1
8. What a business concept is, and how to develop a concept that can be turned into a new business.	5	4	3	2	1
9. The basic 'language' of small business.	5	4	3	2	1
10. How to evaluate the feasibility of a business concept.	5	4	3	2	1

Please indicate how much you agree with each statement by circling the appropriate number.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11. This session was beneficial in helping me gain the information and skills I need to better plan my transition.	5	4	3	2	1
12. After completing this session, I am better prepared to make a decision as to whether I want to start my own business.	5	4	3	2	1
13. I expect to use what I learned in this session in my future business planning.	5	4	3	2	1
14. This session contributed to my confidence in being able to start a business after I leave the service.	5	4	3	2	1

15. Please list any changes you would make to improve the 2-day Entrepreneurship Track (exercises, materials, content, session length), or any other comments you may have about this session.

***Instructions**: The following set of questions will assess your current knowledge concerning information from the 2-day Entrepreneurship Track. For each question, select the BEST answer.*

1. New business ownership generally takes which form?
   A. Corporation
   B. Partnership
   C. New ventures
   D. Non profit

2. One step a business coach takes when assisting entrepreneurs in attaining success is:
   A. Acquiring tenacity
   B. Challenging preconceived notions
   C. Managing the business finances
   D. All of the above

3. Franchising offers may include which of the following benefits?
   A. Greatest control
   B. Family history interests business history
   C. Established brand and reputation
   D. Greater autonomy
   E. Starting your own business

4. _____ can provide a window of opportunity entrepreneurs should consider when entering a market:
   A. Feelings
   B. Technology
   C. Market segmentation
   D. Counseling

5. Entrepreneurs share the following innate (inborn) characteristic(s):
   A. Ability to manage finances
   B. An understanding of breakeven analysis
   C. Dedication and vision
   D. Both A and C

SBA
U.S. Small Business Administration

How Government Contracting Works

The U.S. Small Business Administration works across all federal agencies to award at least 23 percent of all prime government contracting dollars to small businesses, with specific statutory goals for:

- small disadvantaged businesses (SDB),
- women owned (WOSB),
- service-disabled veteran-owned (SDVOSB), or
- businesses that are located in Historically Underutilized Business Zones (HUBZone).

For more information, visit www.sba.gov/contracting.

Sealed Bidding vs. Negotiation

There are two methods the government uses to purchase goods and services: sealed bidding and negotiation. Sealed bidding involves issuing an invitation for bid by a procuring agency. A contract is usually awarded to the lowest-priced bidder that can meet the quantity, quality and delivery requirements of the procurement. Negotiation involves issuing a Request for Proposal (RFP) or Request for Quotation (RFQ). The business with the best responsive proposal in terms of technical content, price and other factors generally wins the contract. If your firm is not selected for an award, you can request a debriefing to learn why. This is an excellent opportunity to improve your proposal submissions in the future.

Small Business Set-Asides

A set-aside for small businesses reserves an acquisition exclusively for small business competition. An acquisition should be set aside if the contracting officer determines there is a reasonable expectation that two or more responsible small businesses will submit offers and the award will be made at fair market price. Reasonable expectation of small business competition may be evaluated using market research, including past acquisition history of an item or similar items.

Types of Contracts:

Firm fixed-price contracts place the responsibility for the costs and risk of loss on the contractor and generally do not permit any adjustment on the basis of the contractor's costs during the performance of the contract. Some firm fixed-price contracts have an economic price adjustment. These contracts are used in all sealed bids and some negotiated procurements.

Cost reimbursement contracts provide for the payment of allowable costs incurred by the contractor, to the extent stated in the contract. The contract establishes a ceiling price, which a contractor may not exceed without the approval of the contracting officer.

Some contracts do not fit neatly into these two categories, such as time and material contracts (prices for hourly wages are fixed but the hours are estimated) and letter contracts (authorizes a contractor to begin work on an urgent requirement).

Photograph: iStockphoto

Subcontracting

Subcontracting opportunities are a great resource for small businesses, especially those not ready to bid as prime contractors. Experience and past performance gained from subcontracting with a federal prime contractor can better prepare businesses to bid for prime contracts.

Current regulations stipulate for contracts offering subcontracting opportunities over $650,000 for goods and services, or $1.5 million for construction, large business prime contractors must offer maximum practicable subcontracting opportunities to small businesses. Large business prime contractors must submit a subcontracting plan describing how they will successfully subcontract to small businesses.

To find subcontracting opportunities, a list of federal prime contractors is available through SBA's Subcontracting Directory at http://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities/sub-contracting/subcontracting-opportunities-directory. Additionally, SBA's SUB-Net database, at www.sba.gov/content/sub-net, is a listing of subcontracting solicitations and opportunities posted by large prime contractors and other non-federal agencies. Check out DoD subcontracting opportunities at www.acq.osd.mil/osbp/sb/guide.shtml. Research the list of prime contractors and determine which are best matched to your business. Develop a marketing strategy, and then contact the Small Business Liaison Officer listed for each prime to schedule an appointment.

Five Steps to Improve Your Chances of Winning a Government Contract

1. Find a counselor.
2. Get your business ready for government contracting.
3. Get certified.
4. Market your business.
5. Identify contracting opportunities.

For more information about SBA, visit www.sba.gov or contact your local SBA office: www.sba.gov/sba-direct

Office of Government Contracting
409 3rd Street, S.W. Suite 8800, Washington, D.C. 20416
Telephone 202-205-6460 Fax 202-205-7324 www.sba.gov/contracting

All SBA programs and services are provided on a nondiscriminatory basis.

SBA
U.S. Small Business Administration

Government Contracting: How to Get Started

The U.S. Small Business Administration works across all federal agencies to award at least 23 percent of all prime government contracting dollars to small businesses, with specific statutory goals for:

- **small disadvantaged businesses (SDB),**
- **women owned (WOSB),**
- **service-disabled veteran-owned (SDVOSB), or**
- **businesses that are located in Historically Underutilized Business Zones (HUBZone).**

For more information, visit www.sba.gov/contracting.

The United States government is the largest single purchaser of goods and services in the world, buying everything from armored tanks to paper clips and IT services. Every year, the federal government awards more than $500 billion in contracts, and a significant share of those contracts are specifically alloted to small businesses. Government contracting can make a big difference to your company's bottom line. If you are considering contracting with the government, the steps outlined in this flier will help you get started.

1. **Make Sure Your Business is Financially Sound**

   It is necessary to make sure that your business is financially prepared for the journey ahead. Even if you are able to obtain a government contract, you will not be receiving all of the money at once. It helps to have a clear plan of how your business will reap the benefits of the contract. Contact the SBA District Office and other resources closest to you at www.sba.gov/sba-direct to get started.

2. **Identify your DUNS (Data Universal Numbering System) number**

   A DUNS number is a unique 9-digit number, specific to your business, used to identify and track millions of businesses. You can request a DUNS number, free of charge, at http://fedgov.dnb.com/webform. A DUNS number is necessary to register with the System for Award Management (SAM).

3. **Identify your EIN (Employer Identification Number)**

   An EIN, otherwise known as a federal tax identification number, is generally required of all businesses. For more information, go to www.irs.gov/businesses/small/.

4. **Identify your North American Industry Classification System (NAICS) codes**

   The NAICS codes are used to classify the industries that a particular business occupies. To register your business in SAM, you must supply at least one code. Determine your codes at www.census.gov/eos/www/naics/.

Photograph: ThinkStock

5. **Register with the System for Award Management (SAM)**

   SAM is an online government-maintained database of companies wanting to do business with the federal government. Agencies search the database for prospective vendors. To win a contract from any federal agency, you will need to be registered in SAM. To register you must provide:

   a. Taxpayer Identification Number (issued by the IRS for your business)
   b. DUNS number
   c. NAICS code
   d. Banking information
   e. Products and services offered – highlight key words
   f. Past performance
   g. Website
   h. E-mail address

TIP: the ability to process credit card payments may open up more opportunities to win government contracts.

When registering a business for federal contracting opportunities, prospective contractors must also complete representations and certifications for small business size and program status on SAM. This ensures that your business will be considered for small business set-asides.

After completing registration, you will be asked to enter your small business profile information at the SBA Supplemental Page. The information will be displayed in the Dynamic Small Business Search (DSBS) engine available at dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm.

Creating a profile in SAM and keeping it current ensures your firm has access to federal contracting opportunities. Entering your small business profile, including your business information and key word description, allows contracting officers, prime contractors, and buyers from state and local governments to learn about your company. Visit www.sam.gov.

6. **GSA (General Services Administration) Schedule**

GSA uses the GSA Schedule and Federal Supply Schedule to establish long-term, government-wide contracts with commercial firms. Once these contracts are established, the government can order the services and supplies they need directly from the firms by using an online shopping tool. Becoming a GSA Schedule contractor increases your opportunity for contracts across all levels of government. Businesses interested in becoming GSA Schedule contractors should review the information available at www.gsa.gov/schedules.

7. **Federal Business Opportunities (FedBizOpps)**

FedBizOpps is a completely free service operated by the federal government that announces available business opportunities. FedBizOpps helps you identify the needs of federal agencies and the contracting opportunities that are available. To begin searching for contracting opportunities, go to www.fbo.gov.

8. **Marketing Your Business**

Registering your business is not enough to obtain a federal contract: ultimately you are responsible for your own success and you will need to market your business to attract attention from federal agencies. Although not required, you may want to obtain a Product Services Code (PSC) and/or a Federal Supply Classification (FSC). These codes can provide additional information about the services and products your business offers. Find your codes at www.aquisition.gov.

TIPS FOR MARKETING YOUR BUSINESS:

- **Determine which federal agencies buy your product or service and get to know them.**
- **Identify the contracting procedures of those agencies and the agency personnel who make buying decisions.**
- **Focus on opportunities in your niche and prioritize.**
- **Make contacts—attend small business events and network your business to gain exposure to key agencies. See if your target agencies require you to register in their database in order to do business with them.**

For more information about SBA, visit www.sba.gov or contact your local SBA office: www.sba.gov/sba-direct
Office of Government Contracting
409 3rd Street, S.W. Suite 8800, Washington, D.C. 20416
Telephone 202-205-6460 Fax 202-205-7324 www.sba.gov/contracting

All SBA programs and services are provided on a nondiscriminatory basis.

U.S. Small Business Administration

Small Business Certification and Government Contracting

The U.S. Small Business Administration works across all federal agencies to award at least 23 percent of all prime government contracting dollars to small businesses, with specific statutory goals for:

- **small disadvantaged businesses (SDB),**
- **women owned (WOSB),**
- **service-disabled veteran-owned (SDVOSB), or**
- **businesses that are located in Historically Underutilized Business Zones (HUBZone).**

For more information, visit www.sba.gov/contracting.

SBA Small Business Certification Programs

The following are details of the SBA's small business certification programs:

8(a) Business Development Program—The 8(a) Business Development Program is a nine-year program established to assist eligible socially and economically disadvantaged individuals to start, grow and succeed in their business ventures. Business development assistance includes one-on-one counseling, training, workshops and other management and technical guidance. All firms deemed eligible for SBA's 8(a) business development assistance are also considered small disadvantaged business concerns for federal contracting purposes. To be eligible for the 8(a) Business Development Program a business must meet the following criteria:

- must be a small business by SBA size standards;
- must be owned (at least 51 percent) by one or more individuals who qualify as socially and economically disadvantaged, and who are U.S. citizens of good character;
- must be controlled, managed and operated by one or more individuals who qualify as disadvantaged; and
- must demonstrate the potential for success.

For more information, visit www.sba.gov/8abd.

HUBZone—The HUBZone program helps small businesses located in economically distressed urban and rural communities, known as Historically Underutilized Business Zones, gain access to federal set-aside and sole source contracts, as well as price evaluation preference in full and open contract competitions. To qualify for the program, a business (except tribally-owned) must meet the following criteria:

- must be a small business by SBA size standards;
- must be owned and controlled (at least 51 percent) by U.S. citizens, an Alaska Native Corporation, a Community Development Corporation, or an agricultural cooperative;
- must have a principal office located within a HUBZone; and
- at least 35 percent of the firm's employees must reside in a HUBZone.

For more information, visit www.sba.gov/hubzone.

Self-Certification Programs

Service-Disabled Veteran-Owned Small Business (SDVOSB)—The SBA is committed to ensuring that the federal government is dedicated to and provides support to our returning veterans. The SDVOSB procurement program authorizes federal contracting officers to award sole source or set-aside contracts to SDVOSBs when certain criteria are met. Additionally, large prime contractors must establish a sub-contracting goal for veteran-owned small businesses in their subcontracting plans. In order to be eligible for the SDVOSB, you and your business must meet the following criteria:

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- the Service Disabled Veteran (SDV) must have a service-connected disability that has been determined by the Department of Veterans Affairs or Department of Defense;
- the SDVOSB must be small under the NAICS code assigned to the procurement;
- the SDV must unconditionally own 51 percent of the SDVOSB;
- the SDV must control the management and daily operations of the SDVOSB; and
- an SDV must hold the highest officer position in the SDVOSB.

For more information, visit www.sba.gov/content/service-disabled-veteran-owned-small-business-concerns-sdvosbc and www.sba.gov/vets.

Women-Owned Small Business (WOSB)—The WOSB federal contract program authorizes contracting officers to set aside certain federal contracts for eligible women-owned small businesses and economically disadvantaged women-owned small businesses. To be eligible, a firm must meet the following criteria:

- must be at least 51 percent unconditionally and directly owned or controlled by one or more women, who must be U.S. citizens;
- must be small in its primary industry in accordance with SBA's size standards for that industry; and
- must either (1) be self-certified or (2) be certified by an SBA-approved Third-Party Certifier.
- To be considered economically disadvantaged, a WOSB has to have a personal net worth of less than $750,000 (with some exclusions), an adjusted gross yearly income averaged over the three years preceding the certification that is less than $350,000, and the fair market value of all assets must be less than $6 million.

If a current 8(a) business development participant is 51 percent owned and controlled by one or more women, the SBA will accept 8(a) certifications as evidence of the WOSB's economic disadvantage. A certified 8(a) Business Development participant still needs to submit their 8(a) certification and WOSB certification to the WOSB Program Repository. For more information, visit www.sba.gov/wosb.

Small Disadvantaged Business (SDB)—An SDB is defined as a small business that is at least 51 percent owned and controlled by one or more individuals who are socially and economically disadvantaged. Firms self-certify as an SDB without submitting any application to the SBA. Firms approved by the agency for the 8(a) Business Development Program are automatically certified as an SDB. To self-certify, firms should update their SAM profile, making sure to reflect their SDB status.

For more information about SBA, visit www.sba.gov or contact your local SBA office: www.sba.gov/sba-direct

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U.S. Small Business Administration

General Services Administration Multiple Award Schedule

The U.S. Small Business Administration works across all federal agencies to award at least 23 percent of all prime government contracting dollars to small businesses, with specific statutory goals for:

- small disadvantaged businesses (SDB),
- women owned (WOSB),
- service-disabled veteran-owned (SDVOSB), or
- businesses that are located in historically underutilized business zones (HUBZone).

For more information, visit www.sba.gov/contracting.

Many government agencies establish multiple award and government-wide contracts, which simplify the procurement process by allowing federal agencies to acquire a vast array of products and services directly from commercial suppliers.

Government-Wide Acquisition Contracts (GWACs) allow federal agencies to buy cost-effective, innovative IT solutions, such as systems design, software engineering, information assurance, and enterprise architecture solutions. For more information visit: http://www.gsa.gov/portal/content/104874. The largest government-wide contracts are established by the U.S. General Services Administration under its GSA Schedules Program (also referred to as Federal Supply Schedules and Multiple Award Schedules). For more information, visit www.gsa.gov/portal/category/100611.

GSA Schedules provide access to more than 11 million commercial supplies, products and services at volume discount pricing that can be ordered directly from GSA Schedule contractors or through the GSA Advantage! online shopping and ordering system.

- **Getting on the Schedule.** Vendors interested in becoming GSA Schedule contractors should review the Getting on the GSA Schedule page, at www.gsa.gov/portal/content/198473, in order to understand the process involved in obtaining a GSA Schedule contract. To become a GSA Schedule contractor, a vendor must first submit an offer in response to the applicable GSA Schedule solicitation. GSA Schedule vendors can submit their contract proposals, offers, and modifications over the Internet via GSA's eOffer system at www.eoffer.gsa.gov, which simplifies the contracting process from submission of proposal to awards.

- **More Facts about the GSA Schedule**
  - ***State and local governments also use the GSA Schedule*** for purchasing goods and services. This means that becoming a GSA Schedule contractor increases your opportunity for contracts across all levels of government.
  - ***GSA offers training for vendors*** who are interested in getting on the GSA Schedule. The training programs are designed to encourage and support small businesses interested in obtaining a Multiple Award Schedule contract and are held throughout the year. Go to www.gsa.gov portal/content/104738 for more information.
  - ***GSA Center for Acquisition Excellence*** is an e-learning site that provides free online training on GSA acquisition vehicles, policies and guidance. Visit www.gsa.gov/portal/content/103487.
  - ***GSA Vendor Support Center*** offers training to help vendors learn how to sell their products and services to the federal government. Visit https://vsc.gsa.gov/.

Photograph: Thinkstock

- **Connect to Agency Web sites.** In addition to SUB-Net, the following resources provide guidance for creating teaming arrangements and subcontracting:
  - ***GSA Schedule—Contractor Teaming Arrangements*** (CTA). Under a CTA, two or more GSA Schedule contractors work together, by complementing each other's capabilities, to offer a total solution to meet an ordering activity's requirement. Go to www.gsa.gov/portal/content/200553 for more information.
  - ***GSA Subcontracting Directory.*** Large business prime contractors receiving federal contracts valued at more than $1.5 million for construction (more than $650,000 for all other contracts) are required to establish plans and goals for subcontracting with small business firms. Visit www.gsa.gov/portal/content/101195 for a directory of GSA contractors with subcontracting plans and goals.

Getting on the GSA Schedule Checklist

- ❑ Register with SAM
- ❑ Submit your Past Performance Report to Dun & Bradstreet
- ❑ Check to see if you qualify for SBA certifications!
- ❑ Complete GSA Solicitation
- ❑ Receive GSA Schedule contract number
- ❑ Upload your pricing to GSA Advantage!
- ❑ Market your GSA number

For more information about SBA, visit www.sba.gov or contact your local SBA office: www.sba.gov/sba-direct

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The **Operation Boots to Business: From Service to Startup** entrepreneurship education program is provided through the coordinated efforts of the SBA and the following valued partners:

To find a local SBA resource partner, please visit www.sba.gov/direct.

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