

Montana Women's Business Center

Guide to Business Resources



Prospera Business Network

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U.S. Small Business Administration

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EVALUATING A BUSINESS IDEA

Do you have a great business idea? Use the questions below to evaluate your business idea and determine if you should start a business.

1. Why do you want to start a business?
2. What kind of business do you want to start?
3. Is there a market demand or real need for your product or service?
4. What are the unique advantages or benefits of your product or service?
5. What are the exact problems or difficulties your product or service will solve?
6. From where does the market demand for your business originate?
7. How strong is the market demand for your product or service? Will the demand last long enough for the initial investment?
8. Does your product or service present possible user resistance or difficulties?
9. How quickly can your business adapt in a competitive and fast-changing marketplace?
10. Who are your target customers? How would they describe your product or service?
11. Can your target market afford the price for your product or service? What is their buying frequency and continuing demand for your product or service?
12. Who will be the first ten people to buy your product or service?
13. Does your product or service have a natural sales appeal?
14. How much time and money is required to sell your product or service?
15. How will you respond to changes in the demand for your product or service? Can you react quickly?
16. Who is your competition and where are they located?
17. What is your competition doing in this area? Can your business be competitive?
18. How will your business respond to the competition on prices, customer service, warranties?
19. Can you afford to remain competitive? Can you keep up with or beat your competition?
20. Does your product or service fill an obvious need, or does the need have to be created through promotional and marketing activity?

BIZ PLAN TIP

Create a business feasibility study and analyze

- ✓ Create a list of personal and business goals.
- ✓ Discuss your business idea with stakeholders (friends, family and partners) and assess their responses.
- ✓ Conduct a market analysis researching industry trends, target market groups and competition.
- ✓ Have a good understanding of your business and what it will take to operate.
- ✓ Determining your start-up and operating costs.
- ✓ Build realistic monthly sales assumptions.
- ✓ Develop a first year cash flow statement.
- ✓ Assess your financial resources and prepare a personal financial statement.
- ✓ Determine your need for outside financing and explore funding sources.

Meet with a business counselor at Prospera at any time during this process to help analyze the feasibility study and determine next steps.

MARKET RESEARCH

What is market research?

According to the American Marketing Association, market research is the systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services.

Market research is not a perfect science. It deals with people and their constantly changing feelings and behaviors, which are influenced by countless subjective factors. To conduct market research you must gather facts and opinions in an orderly, objective manner to find out what people want to buy, not just what you want to sell them..

Every business plan should include market research and analysis. This area should be the starting point of the business plan. Whether you are starting a new business, or reviewing an existing business, a market analysis should be conducted every year. As the market changes, a business should always be aware of the variables.

Why is market research so important?

In order to succeed in selling your product or service, you must first make sure that there is market for what you are offering. Learning what customers want, and how to present it attractively, drives the need for market research. Small businesses have an edge over larger entities in this regard. Large businesses must hire experts to study the mass market, while small-scale entrepreneurs are usually close to their customers and can learn much more quickly about their buying habits. Small business owners have a sense about their customers' needs from years of experience; however this informal information may not be timely or relevant to the current market. **Therefore systematic market research is essential for any business' success and the lack thereof could amount to a failed business.**

How can market research help your business?

- Reduces business risk
- Discovers current and future problems in the market
- Identifies sales opportunities
- Focuses and organize your marketing efforts
- Develop plans of action

BIZ PLAN TIP

Conduct effective market research

- ✓ Research your industry and industries associated with your target market for trending information and data.
- ✓ Describe which area of the market your business contributes and identify potential market areas.
- ✓ Identify your target market (customers and potential customers)
 - Definable, meaningful, sizeable and reachable
 - Describe your audience's demographics, geographies, behaviors and psychographics
- ✓ Gather actual numbers to measure and quantify your market size and growth.
- ✓ Analyze competition by identifying their strengths and weaknesses.
- ✓ Describe your competitive advantage in the market.
- ✓ Perform and analysis on future growth and opportunities in the market.

MARKET RESEARCH

Industry Association Information

A-Z Index of Trade Associations

Offers free access to an index of associations and provides a brief description and contact information for each association.

www.usa.gov/directory/tradeassoc

Center for Association Leadership

Access directories of associations through a community portal.

www.asaenet.org

Encyclopedia of Associations

www.gale.cengage.com

National Trade and Professional Associations Directory

www.columbiabooks.com

List of Resources for Market Research

American FactFinder

Guided access to a wealth of information from several censuses and surveys and also advanced search options.

factfinder2.census.gov

Bplans.com

Quick access to free industry reports

www.bplans.com

Bureau of Business and Economic Research – University of Montana

Variety of economic and industry data including annual economic forecasts for the U.S. and Montana.

www.bber.umt.edu

Bureau of Economic Analysis

Detailed national, international, and regional economic statistics related to GDP, income, savings, and industry data.

www.bea.gov

Business Financial Statistics

Free business statistics including industry profitability, risk data and financial benchmark reports. Also includes access to financial calculators and glossaries.

www.bizstats.com

CenStats

Databases include demographic county information, building permits, county business patterns, occupation data, and international trade.

censtats.census.gov

Department of Housing and Urban Development - State of the Cities Data System

Special data runs on a number of economic performance indicators for metro areas, including demographics, employment, business patterns, and crime.

<http://socds.huduser.org>

FedStats

Interactive maps for state and local data profiles, with a focus on making statistics from over 100 agencies available. Great for a quick overview of which federal agencies provide data.

www.fedstats.gov

Federal Deposit Insurance Corporation (FDIC) - Regional Economic Conditions

Highly valuable resource with access to employment, income, housing, and real estate data for states, counties, and metropolitan areas. Also includes access tools to build maps, tables, and charts.

www2.fdic.gov/recon

Economagic Economic Time Series Page

Access to more than 200,000 data series including state, metro and county employment data compiled by federal statistical agencies.

www.economagic.com

Montana Dept. of Commerce - Census & Economic Information Center

Montana demographic and economic data and tutorials, key economic indicator reports, and county QuickFacts reports.

<http://ceic.mt.gov>

Montana Dept. of Labor & Industry - Research & Analysis Bureau

Montana economic profiles by county, labor market information including employment, wage, industry, and occupations data.

www.ourfactsyourfuture.mt.gov

Montana Site Selector

A powerful GIS-enabled tool developed specifically for businesses looking to open, expand or relocate in Montana. Find available commercial real estate and nearly 40 different market reports for the communities of southwestern Montana.

svc.met.gov/gov/siteselector

National Information Clearinghouse

Puts “big business tools in the hands of small business” with access to a wealth of small business help center topics, market research reports, and industry information.

www.sbdnet.org

U.S. Bureau of Labor Statistics

Query-based system for accessing wages, unemployment, occupation, and price data series. Also see Economy at a Glance for integrated sets of BLS data for states and metro areas.

www.bls.gov | www.bls.gov/eag

U.S. Census Bureau

Easy access to a full range of popular Census data series organized by topic as well as Quick Facts reports for all states and counties and cities with more than 5,000 people.

www.census.gov

U.S. Library of Congress - Business & Economics Research Advisor

Starting point for conducting business and economics research at the Library of Congress, with assistance available for formulating search strategies and gaining access to information.

www.loc.gov/rr/business/

ESTABLISHING A BUSINESS CHECKLIST

Determine Your Business Structure

Consult with an attorney and/or accountant to determine the best fit for you. *Refer to pages 15-17 for a description of different business structures.*

Reserve a Business Name

Reserve a business name for up to 120 days while you prepare to file your organizational documents. Research the availability of your desired business name, including a domain name for an internet address and relevant social media sites. www.sos.mt.gov/Business/Forms

File Organizational Documents

This step will vary depending on the type of business structure that you have chosen. All of the necessary forms are available online at www.sos.mt.gov/Business/Forms. The Business Entity Types section of this guide details which documents are required for each business structure.

Apply for Tax ID Numbers

The Internal Revenue Service requires federal tax identification numbers (aka EIN) for partnerships, corporations, and businesses that hire employees. EINs are free and can be obtained through the IRS. Every employer who resides in Montana and every nonresident employer who pays wages for services performed in Montana must withhold Montana income tax. To obtain a state withholding tax ID number, contact the Montana Department of Revenue. Employers pay state unemployment insurance (UI) taxes. If you are an employer subject to the UI law, you are a "covered" employer and must pay UI taxes. To obtain a state unemployment insurance tax ID number, contact the Montana Department of Labor and Industry.

Apply for Professional Licenses

Montana law requires licensing for some professions—such as architects, barbers, and dentists. To determine whether you need a professional license, contact the Montana Department of Labor and Industry.

Apply for Local Licenses

Each city and county has specific requirements. Contact your county courthouse or city office to learn more.

Determine the Types of Insurance Coverage Needed

Identify an insurance provider after determining what your business insurance needs are with the help of resources such as SBA.gov.

Apply for Worker's Compensation Insurance

If you plan to hire employees, you are required to provide insurance coverage under Worker's Compensation Laws. Information is available from the Montana Department of Labor and Industry.

Open Business Banking Account(s)

Banks will require the following to establish a business bank account: Tax ID, business organization documents, proof of existence documents, authorization by providing a valid ID, and funds for a minimum deposit.

LICENSING AND REGISTRATION

❑ Register a Business Name and File Organizational Documents

Montana Secretary of State - *Business Services Division*
www.sos.mt.gov/business/index.asp | (406) 444-3665
Forms and fees to reserve and register an assumed business name and file articles of organization, articles of incorporation, partnership agreements, etc.

❑ Apply for a Federal Tax ID Number or Employer ID Number

Internal Revenue Service (IRS)
www.irs.gov/businesses | (800) 829-4933

❑ Apply for State Tax ID Number

Montana Department of Revenue
www.revenue.mt.gov | (406) 444-6900

❑ Obtain a Business License

Montana Department of Revenue – *One Stop Business Licensing*
www.revenue.mt.gov | (406) 444-6900
Required for food purveyors, plant nurseries, tobacco, liquor, gaming, etc.

Montana Department of Health and Human Services
www.dphhs.mt.gov | (406) 444-3130
Licensing and certification for assisted living, child care, health care and youth care facilities.

❑ Local Business Licensing

City of Bozeman
www.bozeman.net | (406) 582-2327

City of Belgrade
www.ci.belgrade.mt.us | (406) 388-3760

City of Livingston
www.livingstonmontana.org | (406) 222-2005

City of Three Forks
www.threeforksmontana.us | (406) 285-3431

Town of Manhattan
www.townofmanhattan.com | (406) 284-3235

Note: A business license is not required by Gallatin County or Park County, if the business is located outside the jurisdictional limits of a city.

❑ Apply for Health Department Permits and Licenses

Permits, licenses and/or inspections may be required for your business or the activity in which you are participating. These permits, licenses or approvals may be the jurisdiction of the Health Department or another agency. Inspections are done to assure the safety of the public and the prevention of unsanitary and unhealthy conditions and practices.

Gallatin City-County Health Department,
Environmental Health Services (EHS):
healthygallatin.org

Park County Health Department:
www.parkcounty.org/site/1HLT.html

❑ Obtain a State Unemployment Insurance Tax ID Number and Register for Unemployment Insurance

Montana Unemployment Insurance Division –
Contributions Bureau
www.UI4Employers.mt.gov | (406) 444-3834

❑ Apply for Workers' Compensation Insurance Montana State Fund

www.montanastatefund.com | (406) 495-5000

❑ Additional Information Regarding Workers' Compensation Insurance

Montana Department of Labor and Industry –
Workers' Compensation Regulation Bureau
www.erd.dli.mt.gov/workers-comp-regulations-bureau.html | (406) 444-7734

❑ Register as an Independent Contractor

Montana Department of Labor & Industry
Employment Relations – *Workers' Compensation Regulations Bureau*

www.mtcontractor.com | (406) 444-9029

Form to apply for an Independent Contractor Exemption Certificate.

❑ Register as a Construction Contractor

Montana Department of Labor & Industry
Employment Relations - *Construction Contractor Registration Unit*

www.mtcontractor.com | 406-444-7734

Form to apply to register as a construction contractor in Montana.

INCORPORATING A BUSINESS

Businesses may be structured in a variety of ways, each with its own advantages and disadvantages. Consult with an attorney and/or account to help you determine which structure best suits your needs.

A **Sole Proprietorship** is owned by a single individual (the sole proprietor) who has total control of and responsibility for his or her business, receives all profits, and can make important decisions quickly. The sole proprietor is also responsible for all taxes and liabilities of the business. The advantages of a sole proprietorship are its simple structure that avoids the legal structure of a corporation, and the sole proprietor has unlimited access to the income of the business. The disadvantages of a sole proprietorship are no liability protection, the inability to easily transfer interest in the business during the life of the owner, restrictions on the tax deductibility of medical insurance for the owner, and all profits are taxed as self-employment, personal income.

A **General Partnership** is an association of two or more people acting as co-owners of a for-profit business. Individuals may create a partnership by oral or written agreement. Partners share personal liability for all claims against the partnership, as well as share all profits and losses. Profits are taxed as personal income for each individual partner. The advantages of a general partnership are its simple structure that avoids the legal structure of a corporation, the partners have unlimited access to the income of the company, the partnership can make unequal distributions of profits, and it is easy to transfer ownership interest. The disadvantages of a general partnership are no liability protection; all profits are taxed as self-employment, personal income; and the restrictions on the tax deductibility of medical insurance for partners. *See the comparison chart in the following section for details about a Limited Partnership.*

A **Limited Liability Partnership** is more closely regulated than a general partnership. There must be at least one general partner who manages the business and who is fully and personally responsible for all claims against the business (incurs unlimited liability). In addition, there are investors who play no part in the management of the business and whose liability for the business is limited to the extent of their investment. To establish a limited partnership, you must file an Application for Registration or Renewal of a Limited Liability Partnership with the Montana Secretary of State's Office. Limited Liability Partnerships must also file a Certificate of Domestic Limited Partnership with the Montana Secretary of State's Office.

A **Limited Liability Company** offers both the protections from personal liability of a corporation and the favorable tax treatment of a partnership. It provides for flexibility in the contribution and distribution of assets. Under this type of structure, you need not hold annual meetings, but you do need to file Articles of Organization and annual reports with the Montana Secretary of State's Office. Professional limited liability companies have the same requirements as professional corporations as described in the following section.

INCORPORATING A BUSINESS (CONTINUED)

A **Corporation** is a more complex form of business organization. It exists apart from its owners or shareholders and is a legal entity in its own right. As a separate entity, it has its own rights, privileges, and liabilities apart from the individuals who form it. A corporation has shareholders who invest money in the business and therefore own it. The shareholders hold an annual meeting at which they elect a board of directors. The board makes policy decisions for the company and selects the corporate officers who manage the company's daily affairs. A corporation affords limited liability to its shareholders and can continue on after the death of or transfer of shares by one or more of the owners.

There are several types of corporations; some operate for profit and other are not for profit. Consult an attorney and or accountant to advise you as to which type best suits your needs.

- The **C Corporation** designation refers to a standard, for-profit, state-formed corporation. A corporation which is properly formed and operated as a corporation assumes a separate legal and tax life distinct from its shareholders. The shareholders are the owners of a corporation. A corporation pays taxes at its own corporate income tax rates and files its own corporate tax forms each year. The owners pay individual income tax only on money they receive from the corporation as salary, bonuses, or dividends. Normally, a corporation's management and control is vested in the board of directors who are elected by the shareholders of the corporation. You must file Articles of Incorporation with the Montana Secretary of State's Office to establish a C corporation.
- An **S Corporation** is a regular corporation that has elected "S corporation" tax status. Forming an S corporation lets you enjoy the limited liability of a corporate shareholder but pay income taxes as if you were a sole proprietor or partner. All business profits or losses "pass through" to the owners, who report them on their personal income tax returns (as in sole proprietorships, partnerships, and LLCs). The S corporation itself does not pay any income tax, although an S corporation with more than one owner must file an informational tax return like a partnership or LLC, to report each shareholder's portion of the corporate income. You must file Articles of Incorporation with the Montana Secretary of State's Office to establish a S corporation. You also must apply to the Internal Revenue Service (IRS) to receive S corporation status. The IRS places limits on who can be a shareholder.
- **Statutory Close Corporations** allows a business to eliminate many of the formalities of a standard corporation. For example, the business can elect to operate without a board of directors. A shareholder of a statutory close corporation may not sell his shares in the business without the approval of the other shareholders. You must file Articles of Incorporation with the Montana Secretary of State's Office.
- **Professional Corporations** may be formed by individuals who are licensed in certain professions. This provides them with the benefits of a corporate structure for the business aspects of their practices while preserving the personal and professional relationship between them and the clients they serve. Shareholders may only be people who are licensed to render the specific professional service; at least half of the officers and directors must also be licensed. A professional corporation must file Articles of Incorporation with the appropriate professional licensing entity.
- **Nonprofit Corporations** are established solely for the benefit of charitable, religious, educational, or scientific purposes. No earnings are distributed to members, trustees, officers, or other individuals, except for compensation for services rendered. A nonprofit corporation is exempt from income tax. You must apply to the IRS for nonprofit status, and you must file Articles of Incorporation with the Montana Secretary of State's Office.

COMPARISON OF LEGAL FORMS AND STRUCTURES

Type of Entity	Main Advantages	Main Drawbacks
Sole Proprietorship	Simple and inexpensive to create and operate. Owner reports profit or loss on personal tax return.	Owner personally liable for business debts.
General Partnership	Simple and inexpensive to create and operate. Owners (partners) report their share of profit or loss on their personal tax returns.	Owners (partners) personally liable for business debts.
Limited Partnership (LP)	Limited partners have limited personal liability for business debts as long as they don't participate in management. General partners can raise cash without involving outside investors in management of business.	General partners personally liable for business debts. More expensive to create than general partnership. Suitable mainly for companies that invest in real estate.
Limited Liability Partnership (LLP)	Mostly of interest to partners in old line professions such as law, medicine, and accounting. Owners (partners) are not personally liable for the malpractice of other partners. Owners (partners) report share of profit or loss on personal tax returns.	Unlike a LLC or a professional limited liability company, owners (partners) remain personally liable for many types of obligations owed to business creditors, lenders, and landlords. Often limited to a short list of professions.
Regular C Corporation	Owners have limited personal liability for business debts. Fringe benefits can be deducted as business expense. Owners can split corporate profit among owners and corporation, paying lower overall tax rate.	More expensive to create than partnership or sole proprietorship. Paperwork can seem burdensome to some owners. Separate taxable entity.
S Corporation	Owners have limited personal liability for business debts. Owners report their share of corporate profit or loss on their personal tax returns. Owners can use corporate loss to offset income from other sources.	More expensive to create than partnership or sole proprietorship. More paperwork than for a limited liability company which offers similar advantages. Income must be allocated to owners according to their ownership interests. Fringe benefits limited for owners who own more than 2% of shares.
Professional Corporation	Owners have no personal liability for malpractice of other owners.	More expensive to create than partnership or sole proprietorship. Paperwork can seem burdensome to some owners. All owners must belong to the same profession.
Nonprofit Corporation	Corporation does not pay income taxes. Contributions to charitable corporation are tax-deductible. Fringe benefits can be deducted as business expense.	Full tax advantages available only to groups organized for charitable, scientific, educational, literary, or religious purposes. Property transferred to corporation stays there; if corporation ends, property must go to another nonprofit.
Limited Liability Company (LLC)	Combines a corporation's protection from personal liability for business debts and pass-through tax structure of a partnership. Significantly easier to maintain than a corporation. IRS rules now allow LLCs to choose between being taxed as a partnership or as a corporation.	More expensive to create than a partnership or sole proprietorship. State laws for creating LLCs may not reflect latest federal tax changes.
Professional Limited Liability Company	Same advantages as a regular limited liability company. Gives state licensed professionals a way to enjoy those advantages.	Same as for a regular limited liability company. Members must all belong to the same profession.

BUSINESS FINANCING

There are several sources to consider when looking for business financing. The primary source of capital for most new businesses comes from savings and other forms of personal resources. Many entrepreneurs also look to private sources such as friends and family. The most common source of business financing is a financial institution such as a bank or credit union.

Before meeting with a lender:

- Contact the lender for the bank's requirements on business loans (business plan, financials, documents, etc.)
- Make sure the lender is looking for loans of your size and type and discuss whether you meet the lending requirements.
- Ask for a loan application
- Meet with a counselor at Prospera/Montana WBC for information and review of your business plan and business financial projections
- Make an appointment with your lender of choice
- Rehearse your presentation. Remember the lender is like a customer, you must convince them that your business has merit

Bank	Location	Phone Number	Other Branches
American Bank	Bozeman	587-1234	Livingston, Big Sky
American Federal Savings Bank	Bozeman	586-0251	Livingston, Big Timber
Bank of the Rockies	Livingston	222-9010	Clyde Park, Emigrant
Bank of Bozeman	Bozeman	587-5626	---
Big Sky Western Bank	Bozeman	587-2922	Belgrade, Big Sky, Four Corners
First Community Bank	Three Forks	285-9999	---
First Interstate Bank	Bozeman	556-4900	Belgrade, Gardiner, Livingston
First Madison Valley Bank	Ennis	682-4215	---
First Montana Bank	Bozeman	587-2227	---
First Security Bank	Bozeman	585-3800	Belgrade, Three Forks, W. Yellowstone
Manhattan Bank	Manhattan	284-3255	Bozeman, Churchill, Three Forks
Mountain West Bank	Bozeman	587-5600	---
Rocky Mountain Bank	Bozeman	556-7600	Whitehall
Rocky Mountain Credit Union	Bozeman	586-1505	---
Sky Credit Union	Bozeman	587-1750	Belgrade, Livingston
Stockman Bank	Bozeman	556-4100	---
U.S. Bank	Bozeman	585-5222	---
Valley Bank of Belgrade	Belgrade	388-9550	Ennis
Wells Fargo Bank Montana	Bozeman	586-3381	Livingston
Yellowstone Basin Bank	W. Yellowstone	646-4000	---

LENDING REQUIREMENTS

Lenders use the “6 or 8Cs of lending.” They include: credit, capital, collateral, character, cash flow, capacity, commitment and conditions.

CREDIT – Your credit background is important. If you feel you have credit problems, obtain a copy of your credit report in advance and be prepared to explain any problems or discrepancies. Your credit *will* be checked and your score will be factor. (Refer to page 16 for credit reporting agencies).

CAPITAL – You must put cash into your business if you expect someone else to provide funds. There are no 100% financing programs. Be prepared to provide at least 20% of all startup and/or equipment costs.

COLLATERAL – Lenders want security for the funds they lend with a pledge of business assets (vehicles, equipment, real estate, etc.) and if necessary, personal assets. Home equity funds obtained through separate financing may be subsequently used for business financing.

CHARACTER/COMMITMENT – Experience you bring to the table, such as small business management and education, and your commitment to success. The fact that you can produce something people in the market want to buy does not guarantee the success of your business. You also have to manage marketing, hiring employees, record keeping, problem solving and planning. Your commitment is your ability and willingness to succeed.

CASH FLOW/CAPACITY – Can your business support the business’ debt and expenses? The ability to repay the loan is determined by cash flow projections. Your business must be profitable sometime in the first year or early in the second year when considering startup costs and matching month-by-month expenses to month-by-month revenues.

CONDITIONS – Lenders will consider anything that affects your business such as the current economic climate and the impact of economic trends.

Documents a lender will require:

- Business plan (including projected financial statements)
- Personal financial statement
- At least three years of projected financials including monthly cash flows, income statement and balance sheet
- Sources and uses of funds statement
- 3 years of personal federal income tax returns
- 3 years of business federal income tax returns or audited financial statements

Additional documents that may be required:

- An appraisal of land and building(s); and any written cost estimates for construction
- Any relevant contracts, leases, or buy-sell agreements
- Letter of commitments from other lender(s) or investor(s)
- Personal financial statements of guarantors or co-signers
- Articles of organization, articles of incorporation, partnership agreement, and by-laws

BIZ PLAN TIP

Be prepared for lender questions:

- ✓ How much money do you want?
- ✓ How much are you investing in your business?
- ✓ How will the loan be used?
- ✓ How long do you need to repay the loan?
- ✓ How will the loan be repaid?
- ✓ What type of and how much collateral do you have to offer?

BUSINESS FINANCING PROGRAMS

U.S. Small Business Administration (SBA)

programs are one potential source of funding. To better understand the SBA and their loan guarantees, some frequently asked questions are outlined below. For additional information about the program, visit www.sba.gov.

What is the SBA?

The U.S. Small Business Administration is an independent agency of the U.S. Government. It is charged with the responsibility of providing four primary areas of assistance to American small businesses. These are: advocacy, management, procurement and financial assistance. Financial assistance is delivered primarily through SBA's investment programs, business loan programs, disaster loan programs and bonding for contractors.

How do I access SBA financing programs?

If you're planning to start a business or expand an existing business, you might need financing help. SBA participates in a number of loan programs designed for business owners who may have trouble qualifying for a traditional bank loan.

To start the process, you should visit a local bank or lending institution that participates in SBA programs. SBA loan applications are structured to meet SBA requirements, so that the loan is eligible for an SBA guarantee. This guarantee represents the portion of the loan that SBA will repay to the lender if you default on your loan payments

What is an SBA Guarantee?

It works like an insurance policy for a bank making a loan. Under the guarantee concept, commercial lenders make and administer the loans. The business applies to a lender for their financing. The lender decides if they will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guarantee if the loan is to be made. The SBA guarantee is made to the lender to assure the lender that in the event the borrower does not repay their obligation and a payment default occurs, the SBA will reimburse the lender for its loss, up to the percentage of SBA's guarantee. Under this program, the borrower remains

obligated for the full amount due. Although there are additional fees for a SBA guarantee, it may be the only way you will qualify for a business loan from your bank, especially if you are starting a new business or have little collateral. Also, the time you have to repay the loan is usually longer than the term a commercial lender would give. And, in some cases you may only have to invest 10% of your own cash into the business, rather than the normal 20-30%.

SBA Loans for New Business Starts and Business Expansions

Basic 7(a) Loan Programs: Gives 7(a) loans to eligible borrowers for starting, acquiring and expanding a small business. This type of loan is the most basic and the most used within SBA's business loan programs. Borrowers must apply through a participating lender institution.

Certified Development Company (CDC) 504 Loan Program: Provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.

Microloan Program: Offers very small loans to start-up, newly established or growing small business concerns. SBA makes funds available to nonprofit community based lenders which, in turn, make loans to eligible borrowers in amounts from \$500 up to a maximum of \$50,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level.

www.SBA.gov/content/sba-loans

ALTERNATIVE FUNDING SOURCES AND PROGRAMS

Revolving Loan Funds (RLFs)

Small businesses often need to tap into non-traditional sources of capital. One of those non-traditional sources are revolving loan funds. There are a number of revolving loan funds for businesses in Gallatin and Park Counties. Each loan fund has unique requirements, but all RLFs share the requirement that the business create and retain jobs with the loan proceeds. Prospera Business Network manages and administers three Revolving Loan Funds: City of Bozeman Revolving Loan Fund, Park County/City of Livingston Revolving Loan Fund and Prospera's USDA Intermediary Relending Program (IRP) Revolving Loan Fund. Detailed information as well as loan applications can be found on Prospera's website at: www.prosperabusinessnetwork.org. Revolving Loan Funds are also available for Gallatin County as well as the City of Belgrade. More information on each of those loan funds can be found at: www.mtfinanceonline.com.

The RLF programs that are managed by Prospera Business Network are detailed below:

City of Bozeman Revolving Loan Fund Program: provides capital to local Bozeman companies to further economic expansion and the creation of quality jobs within the city. Typically these loans are made to local projects that cannot attract sufficient private financing or are unable to secure all of their financing needs through a commercial lender. The maximum City of Bozeman RLF loan is \$250,000. There is a job creation requirement as well as a matching requirement for these loans.

City of Livingston/Park County Revolving Loan Fund Program: provides financing to local City of Livingston or Park County companies to further economic expansion and the creation of "quality" jobs within the area. Typically these loans are made to local businesses that cannot attract sufficient private financing or are unable to secure all of their financing needs through a commercial lender. The maximum City of Livingston/Park County RLF loan is \$200,000. There is a job creation requirement as well as a matching requirement for these loans.

USDA Intermediary Relending Program (IRP) Revolving Loan Fund Program: provides financing to

businesses located in the rural areas of Gallatin County and Park County. Prospera's IRP Loan Fund was established with funding from the U.S. Department of Agriculture Rural Development's Intermediary Relending Program (IRP) and the Montana Board of Investments. The goal of the Fund is to support economic growth and the creation of higher paying jobs in Gallatin County and Park County. These loans are made to local businesses that cannot attract sufficient private financing or are unable to secure all of their financing needs through a commercial lender. The maximum IRP loan amount for this loan fund is \$250,000. There is a job creation requirement as well as a matching requirement for these loans.

For more information please see our loan applications on prosperabusinessnetwork.org or call our office at 406-587-3113.

Crowdfunding

Crowdfunding or collaborative funding is becoming a more common way for businesses to finance their business venture. There are a number of online crowdfunding platforms available that raise funds from vast networks of friends, family, colleagues and outside investors. There are two models available for crowdfunding, the first being donation-based in trade for product, perks or rewards. The second is investment crowdfunding, where there is a potential financial return for the investor, unlike the donation model. For additional information and the top crowdfunding websites, visit www.crowdsourcing.org.

ALTERNATIVE FUNDING

(CONTINUED)

Grant Funding

Generally, grant funding to start a for-profit business does not exist. A grant sounds like “free money.” Unfortunately, some unscrupulous operators sell manuals, workshops, and other materials on how to obtain “free” grant money to start a for-profit business. Beware of such ploys; if it sounds too good to be true, it probably is too good to be true.

Unless there is a specific purpose for a business to seek a grant, a business owner can usually better focus their efforts on improvements to their business. Grants are generally given for clear and specific purposes. Grant money is not only scarce, but the time invested in applying, performing work required, and reporting on the use of funds may be better spent elsewhere in your business. Writing a grant proposal can be very similar to writing a business plan.

Many **foundations** offer grants to individuals for educational purposes in the form of scholarships, fellowships, and funds for special studies or research. There are also a number of foundations that offer grants to non-profit organizations. Many others offer grants to educational institutions for special studies and research. Generally, foundations do not make grants to for-profit businesses. When an individual finds a grant that assists their business, it is usually for a very specific purpose and not for general business operating purposes.

Government grants are only given for specific purposes. Various agencies offer grants for business activities that align with their missions. Federal government grant programs generally support non-profit organizations, intermediary lending institutions, and state and local governments and are not given directly to small businesses.

The exceptions to this are two governmental programs which include the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Through these two competitive programs, SBA ensures that the nation's small, high-tech, innovative businesses are a significant part of the federal government's research and development efforts. Eleven federal departments participate in the SBIR program; five departments participate in the STTR program. For example, the Department of Defense awards grants to technology companies that will do specific research benefiting the mission of that agency. Visit www.sbir.gov for more information.

Additional grant resources for small business:

- U.S. Government
www.grants.gov
- Catalog of Federal Domestic Assistance
www.cfda.gov
- Foundation Center
www.fdncenter.org
- Council on Foundations
www.cof.org

DIRECTORY OF BUSINESS RESOURCES



Prospera Business Network

A member-supported non-profit economic development organization in southwestern Montana whose purpose is to advance, challenge and inspire our regional business communities. Prospera is dedicated to supporting business expansion, retention and relocation by providing access to business consulting, financing, professional development and economic research. www.ProsperaBusinessNetwork.org | (406) 587-3113

Montana Women's Business Center (WBC)

A program of Prospera Business Network, the Montana WBC is partially funded by the U.S. Small Business Administration. The Montana WBC is focused on providing free confidential business counseling and low-cost training services to women entrepreneurs. www.MontanaWBC.org | (406) 587-3113

Other Local Business Resources

Bozeman and Livingston BEAR Programs

Business Expansion and Retention (BEAR) programs connect business owners and operators to free mentoring and training services/resources.

www.bozemanbear.com |
wsd.dli.mt.gov/local/livingston/pages/bear.asp

Bozeman SCORE Chapter

Retired and working business counselors volunteering their time to help small businesses start, grow, and achieve their goals through education and mentorship.

www.scorebozeman.org | (406) 586-5421

Bozeman IRS Taxpayer Assistance Center

1805 S. 22nd St. Bozeman, MT
Monday-Friday: 8:30 a.m.- 4:30 p.m.
(406) 582-8671

Helpful IRS Publications: #334: Tax Guide for Small Businesses and #583: Starting a Business & Keeping Records
www.irs.gov/publications/index.html

Career Transitions

Provides adult education and training programs and manages the area's farmers' markets.

www.careertransitions.com | (406) 388-6701

Downtown Bozeman Association (DBA)

A membership organization promoting downtown Bozeman as a center of business, culture and entertainment, while contributing to a strong local economy.

www.downtownbozeman.org | (406) 586-4008

Montana Small Business Development Center (SBDC)

Offers business consulting to small businesses.

www.sbdc.mt.gov | (406) 841-2747

Northern Rocky Mountain Resource Conservation & Development

Provides solutions to conservation and development and enhances economic prosperity in Gallatin, Park, and Meagher Counties.

www.nrmrcd.org | (406) 222-7227

Employer Resources

IRS Employer's Tax Guide

www.irs.gov/pub/irs-pdf/p15.pdf

Montana Department of Labor & Industry Workforce Services Division - *Employer Resources*

www.wsd.dli.mt.gov/service/employer_resources.asp |
(406) 444-4100

Montana Department of Labor & Industry *Labor Standards Bureau - Employment Laws*

www.dli.mt.gov/resources/laws.asp |
www.erd.dli.mt.gov/labor-standards-bureau.html | (406)
444-5600

Montana Dept. of Revenue - *New Hire Reporting*

www.revenue.mt.gov | (406) 444-6900

Local Job Service Offices Directory

www.montanajobs.us

Bozeman Job Service Workforce Center

www.wsd.dli.mt.gov/local/bozeman | (406) 582-9200

Livingston Job Service Workforce Center

www.wsd.dli.mt.gov/local/livingston

DIRECTORY OF BUSINESS RESOURCES (CONTINUED)

Local Industry Resources

Gallatin Association of Realtors
www.gallatinrealtors.com | (406) 585-0033

Montana Manufacturing Center
Statewide outreach and assistance center that assists manufacturers with equipment, buildings, processes, and people.
www.mtmanufacturingcenter.com | (406) 994-3812

Montana Manufacturing Information System
A directory of Montana manufacturers with resources for Montana manufacturers.
www.mmis.umt.edu

Montana World Trade Center
Membership organization that works to increase international trade.
www.mwtc.org | (406) 243-6982

TechLink
Helps the US Dept. of Defense and other organizations commercialize leading-edge new technology by partnering their labs with private sector companies for technology, licensing and research and development.
www.techlinkcenter.org | (406) 994-7700

Southwest Montana Building Industry Association (SWMBIA)
Bozeman-based trade association for professionals providing quality housing.
www.swmbia.org | (406) 585-8181

Chambers of Commerce

Belgrade Area Chamber of Commerce
www.belgradechamber.org | (406) 388-1616

Big Sky Chamber of Commerce
www.bigskychamber.com | 406-995-3000

Bozeman Area Chamber of Commerce
www.bozemanchamber.com | (406) 586-5421

Cooke City Chamber of Commerce
www.cookecitychamber.org | (406) 838-2495

Gardiner Chamber of Commerce
www.gardinerchamber.com | (406) 848-7971

Livingston Area Chamber of Commerce
www.livingston-chamber.com | (406) 222-0850

Manhattan Chamber of Commerce
www.manhattanareachamber.com | (406) 284-4162

Three Forks Chamber of Commerce
www.threeforksmontana.com | (406) 285-4753

West Yellowstone Chamber of Commerce
www.destinationyellowstone.com | (406) 646-7701

Montana Chamber of Commerce
www.montanachamber.com | (406) 442-2405

Government Resources

Business USA
Provides access to programs and tools such as financing, exporting, and starting and growing a business.
www.BusinessUSA.gov | 1-800-FED-INFO

Department of Commerce - *Business Resources Division*
Offers information, technical assistance and financing to help start or expand a business in Montana.
www.businessresources.mt.gov | (406) 841-2730

Department of Commerce – *International Trade Office*
Provides assistance for Montana companies pursuing commercial opportunities abroad.
www.exportmontana.com | (406) 841-2754

Department of Commerce – *Made in Montana Program*
Helps build recognition for products that are "authentically" Montana, those grown, created, made, and/or enhanced in the state.
www.madeinmontanausa.com | (406) 841-2757

Department of Commerce – *Montana Film Office*
Brings productions (feature films, commercials, documentaries, television programs, and still shoots) into Montana for the overall economic benefit of the state.
www.montanafilm.com | (406) 841-2876

Department of Public Health and Human Services - *Food and Consumer Safety*
Provides public health protection through the delivery of technical services, education and training, information, and enforcement of health protection standards through local health departments serving Montana counties.
www.dphhs.mt.gov/publichealth/fcs | (406) 444-2408

DIRECTORY OF BUSINESS RESOURCES (CONTINUED)

Government Resources (continued)

Governor's Office of Economic Development

Offers a helpful overview of state and federal business assistance resources, grants, licensing, Montana's competitive advantage details, and news from the state's primary economic liaison.

www.business.mt.gov

Montana Secretary of State

Houses helpful Business Services page, with access to forms, filings, and a help center.

www.sos.mt.gov

State of Montana

Official state website with a helpful Business overview page.

www.mt.gov

Department of Public Health and Human Services - *Food and Consumer Safety*

Provides public health protection through the delivery of technical services, education and training, information, and enforcement of health protection standards through local health departments serving Montana counties.

www.dphhs.mt.gov/publichealth/fcs | (406) 444-2408

Government Contracting Resources

Federal Business Opportunities

Allows users to search over 23,000 active federal listings.

www.fbo.gov

Montana Procurement Technical Assistance Center (PTAC)

Provides technical assistance for businesses interested in doing business with the Federal Government.

www.MontanaPTAC.org | (406) 869-8410

Montana OneStop Vendor Resource

Connects users with information about doing business with the state, register to be placed on Montana's Vendor List, and search Solicitations.

www.mt.gov/business | (406) 444-3823

Business Plan Resources

Bplans.com

Largest online collection of free sample business plans as well as

interactive tools, calculators, and assorted management resources.
www.bplans.com

Buzgate.org - America's Entrepreneurial Education and Resource Network

Connects small and medium-sized businesses to free local government and nonprofit assistance programs.

www.buzgate.org

Ewing Marion Kauffman Foundation – eVenturing

Vast array of free tools and resources for entrepreneurs, policy makers, investors, mentors, researchers and academics around the world.

www.eventuring.org

My Own Business

Offers a wide range of business resources including sample business plans.

www.myownbusiness.org

Marketing Resources

American Marketing Association

One of the largest marketing associations in the world, with over 30,000 members.

www.marketingpower.com

Direct Marketing Association

The world's leading independent organization for data-driven marketers.

www.the-dma.org

Guerilla Marketing Online

Access articles, a free coaching video series, and purchase guerilla marketing guides.

www.gmarketing.com

Sales and Marketing Management Magazine

Provides easy access to the most relevant trends, strategies, exclusive research, expert voices, and cutting-edge case studies to help readers sell more, manage better, and market smarter.

www.salesandmarketing.com

DIRECTORY OF BUSINESS RESOURCES (CONTINUED)

Financial and Tax Planning Resources

360 Degrees of Financial Literacy

A FREE program of the nation's certified public accountants to help American understand personal and business finances. Financial topics include business financial basics, tax planning, recordkeeping, home-based business, budgeting and financial calculators.

www.360financialliteracy.org

Internal Revenue Service (IRS) - Tax Information for Business

A complete tax planning resource for businesses of any size and at every state of business.

www.irs.gov/businesses

Green Business Resources

Biomimicry 3.8

Trains, equips and connects engineers, educators, architects, designers, business leaders and other innovators to emulate nature's 3.8 billion years of brilliant designs and strategies.

<http://biomimicry.net>

GreenBiz Group

Provides clear, concise, accurate and balanced information, resources and learning opportunities to help companies of all sizes and sectors integrate environmental responsibility.

www.greenbizgroup.com

SBA Green Business

Offers a helpful overview of certification and labeling information and links to resources.

www.sba.gov/content/starting-green-business

Western Sustainability Exchange

Conserves open space, wildlife habitat and farming and ranching heritage to strengthen rural economies.

www.westernsustainabilityexchange.org

Yellowstone Business Partnership

Unites area businesses dedicated to preserving a healthy environment and offers a fantastic UnCommon Sense leadership program which helps participants implement sustainability initiatives through a two-year guided course.

www.yellowstonebusiness.org

Consumer Credit Reporting Agencies

Annual Credit Report.com

Allows you to request a free credit report once every year from each of the three nationwide consumer credit reporting companies.

www.annualcreditreport.com

Experian

Offers personal and business credit reports and also analytical and marketing tools for purchase.

www.experian.com | (888) 397-3742

Equifax

Offers credit and risk indicator reports and ongoing credit and risk monitors for purchase.

www.equifax.com | (800) 685-1111

Trans Union

Offers a variety of credit report add-ons for purchase to assist with business decisions.

www.transunion.com | (800) 916-8800

Legal Resources

FindLaw

Pioneer and leader in online legal information.

www.findlaw.com

Nolo

One of the web's largest libraries of free consumer-friendly legal information

www.nolo.com

Patents, Trademarks and Copyrights

Montana Tech Library - Patent Depository

Offers assistance with patent and trademark searches.

www.mtech.edu/library | (406) 496-4281

U.S. Copyright Office

Provides access to copyright law, news, publications, forms, and a search feature.

www.copyright.gov

U.S. Patent and Trademark Office

Provides access to patent and trademark laws, news, publications, forms, and a search feature.

www.uspto.gov