



**AMBASSADOR
PROGRAM**

For Business Start-Ups and Retention



Prepared by:

Hermann Regional Economic
Development Corporation

Starting a Business in The Hermann Regional Economic Development Area

Hermann Regional Economic Development (HRED) is a not for profit corporation created by residents and business owners in the Hermann Community. Our community is made up of the area covered by the combination of Gasconade County R1 School District and the Hermann Area District Hospital.

HRED was created in order to attract young residents and families to the Hermann Community. This was undertaken in order to maintain the student population of the Gasconade County R1 and St. George Elementary schools.

By attracting families to the Hermann area, the Hermann Area District Hospital will increase the census and continue to offer excellent health services for the entire community and beyond.

This startup guide provides you with the basics necessary to start retail, commercial and industrial businesses. We in addition will also be able to assist you if you are an entrepreneur with new and viable products or ideas.

While developing this document we first attempted to cover all possible scenarios that could occur. Since HRED covers multi-counties and multi-cities as well it was becoming a confusing document. As a result of this effort, HRED created our Ambassador Program.

What is the Ambassador Program?

The Ambassador Program was developed as a result of trying to define all possible requirements to open a business in the HRED marketplace.

We were developing headaches based on the many different scenarios that could occur. As a result the Ambassador Program was developed.

When you contact either HRED, City of Hermann or the Hermann Area Chamber of Commerce and you will be assigned an HRED Ambassador.

That Ambassador will be working with you to make sure all necessary licenses, startup requirement, real estate needs, and “Oh-By-The-Ways” are addressed by directing and

assisting the start-up business through the process. This includes direction and assistance in developing the following information:

1. Licenses Required (Federal (in some cases), State, County, City)
2. Business Plans
3. Financial Referrals
4. Real Estate Options
5. Utility Connections and Requirements – Electric, Gas, Water, Sewer & Internet
6. In general act as a consultant to assist you and your business idea get off the ground.

Contact Information:

HRED:

INFO@HRED.ORG

636-594-2094

City of Hermann: Director of Economic Development and Tourism:

Hermann.tourism.director@gmail.com

573-486-5400

Chamber of Commerce:

Director@VisitHermann.com

573-486-2313

Remember....

The Ambassador Program makes sure we are here for you and your business.

Checklist and General Guidelines

Business Plan Outline

- Why do I need a Business Plan?
- What are the benefits of a Business Plan? Definitions
- What is an Executive Summary?
- What is a Mission Statement?
- What is a Vision Statement?
- What is a 'least-cost' provider?
- What is a SWOT analysis?
- What is a Capital Requirements Plan?
- What is an Income Statement?
- What is a Cash Flow Statement?
- What is a Balance Sheet?
- What is Cost of Goods Sold (COGS)?

Why do I need a Business Plan?

Lenders and investors are constantly presented with new business proposals. If you provide all the required information in a consistent format then lenders and investors can make an efficient and fair analysis about the viability of your business ideas. By preparing a comprehensive business plan you send a message to your lenders and investors that you have already made an objective assessment of your business ideas and that you are serious about your business plan.

What are the benefits of a Business Plan?

Benefits of a Business Plan include:

- 1 Ensures you take a disciplined approach to analyzing your business ideas.
- 2 Shows your investors and lenders that you have systematically analyzed your business ideas.
- 3 Helps you clearly define your goals and what you want to accomplish.
- 4 Helps you identify and analyze your risks as well as your opportunities.
- 5 Helps you assess the strength of your target market.
- 6 Helps you define your day-to-day business processes and challenges.
- 7 Helps you analyze costs and capital requirements.

Definitions

What is an Executive Summary?

An executive summary is a brief overview of a document. It allows the reader to quickly get an understanding of the content of a document without having to read the entire document.

What is a Mission Statement?

A Mission Statement describes the current purpose for the business. It answers the question "What is our current business?". It should identify the products, services, markets and customers of the business. The mission statement should be easily understood and should help employees and customers understand the day-to-day focus of the business. Be honest and objective when drafting a mission statement. A mission statement that is unrealistic or inaccurate may cause cynicism in employees as well as in existing customers.

What is a Vision Statement?

A Vision Statement describes the future aspirations for the company. The Vision Statement should describe a strong and positive future that is beyond the comfort level of current day-to-day expectations.

What is a 'least-cost' provider?

In any market there are businesses that target the high-end luxury market, companies that target the middle market (good value but lower price) and finally companies that sell a comparable product but for the least cost. Typically the product in this final category is a no-name brand and may be of a lesser quality. This final group is called the 'least-cost' provider.

What is a SWOT analysis?

A SWOT analysis is a planning tool to help you objectively assess a business situation. The acronym SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Strengths and Weaknesses are internal factors affecting the success of your venture while Opportunities and Threats are external factors affecting your success. A SWOT analysis helps you objectively analyze the potential for your organization. A SWOT analysis can be used for planning at the organizational level or it may be used at a departmental level.

What is a Capital Requirements Plan?

A capital requirements plan describes how much money you need to finance any new business purchases as well as day-to-day operations in order to accomplish your business plan. It should describe how much cash you and other investors have provided and how much more you will need. It should also describe how this cash will be paid back.

Financial Statements:

What is an Income Statement?

The income statement (also called profit and loss statement) establishes the profit or loss a business has made in a given period by comparing revenue to expenses. The income statement will show the financial progress of an organization over a period of time.

What is a Cash Flow Statement?

The cash flow statement shows the net change in cash holdings for an organization by comparing the cash coming in to the cash going out for a fixed period of time. Projected cash flow statements will help an organization anticipate cash requirements and help prevent crippling cash shortages.

What is a Balance Sheet?

The balance sheet describes the net worth of an organization by comparing assets, liabilities, and owner's equity. The balance sheet shows the financial state of the company at one point in time.

What is Cost of Goods Sold (COGS)?

In a manufacturing environment, **Cost of Goods Sold** includes the material costs AND the direct labor costs necessary to produce finished goods. In a simple retail or wholesale environment COGS can be calculated as beginning inventory plus purchases minus ending inventory. Ideally this indicates the inventory consumed in the reporting period.

Starting a Business in the HRED Area

As you proceed through the process of starting your business, use this checklist as a guide to help ensure you operate your business in compliance with federal, state and local governments.

Critical steps in the planning process:

Register the name of your business with the Secretary of State by filing the necessary forms and paperwork. That office can be reached by calling (573) 751-4153.

The types of legal structure are: sole proprietorship, partnership, limited partnership, limited liability company (LLC), or corporation. You can find a discussion of the issues involved in the legal formation of your company at

<http://www.missouribusiness.net/doingbusiness/legalform.pdf>.

Each of these legal structures has unique registration requirements:

- Sole Proprietorship and Partnerships - file a "Fictitious Name Registration."

<http://www.sos.mo.gov/business/corporations/forms.asp>

- Corporations and LLC - file the articles of incorporation or articles of organization (LLC), which can be found at:

<http://www.sos.mo.gov/business/corporations/forms.asp>

- Information on federal LLC requirements can be found on the web at:

<http://www.irs.gov/pub/irs-pdf/p3402.pdf>

- S-corporation status - requires that you form your Missouri Corporation or LLC and also file IRS Form 2553

<http://www.irs.gov/pub/irs-df/f2553.pdf>

To check on the availability of a business name, you can search the Secretary of State's database online at:

<http://www.sos.mo.gov/BusinessEntity/soskb/csearch.asp>

Obtain local business licenses through the city or county government (generally this is the Hermann City Clerk or the Gasconade, Montgomery Franklin or Warren County Clerks). Your HRED Ambassador will assist you in the correct political entity.

If you will be selling retail or wholesale, you will need a sales tax number or use tax. Any business making retail sales is required to collect sales tax. Businesses operating solely as a wholesaler should also complete form 2643 and register as a wholesaler. Go to the Missouri Department of Revenue site at: <http://www.dor.mo.gov/tax/business/sales/forms/> or call at (573) 751-2836 to get a sales tax number or sales tax exemption.

Federal Identification Number (EIN) - generally required only when you have business partners, hire employees, form a corporation or LLC. However, your bank may require an EIN to open a business account. Go to the IRS web site at <http://www.irs.gov/pub/irs-pdf/fss4.pdf> to get form SS-4.

Hiring Employees:

Before you hire any employees:

Obtain a Federal Employer Identification number (IRS form SS4)

<http://www.irs.gov/pub/irs-pdf/fss4.pdf>

Obtain a Missouri Employer withholding number by filing Missouri Department of Revenue form 2643 (Missouri Department of Revenue 573-751-5752)

<http://www.dor.mo.gov/tax/business/register/forms/2643.pdf>

File form 2699 to determine liability status for Unemployment Insurance contributions to the Missouri unemployment compensation fund.

<http://www.dolir.mo.gov/es/ui-tax/2699-5-ai.pdf>

For more information, contact the Missouri Division of Employment Security (573) 751-3328 or 751-3215; on the web at

<http://www.dolir.mo.gov>

Make appropriate arrangements to pay Workers Compensation Insurance. For more information call Missouri Division of Worker's Compensation 1-800-775-2667 or (573) 751-4231 or on the web at:

<http://www.dolir.mo.gov/>

Once you have hired an employee:

Each employee must complete the IRS form W-4 and a Missouri form W-4. A copy of the federal W-4 or the Missouri form must be forwarded to the Missouri Department of Revenue within 20 days of the new hire.

For more information, visit the IRS website at <http://www.irs.gov>

The employee must complete an I-9. The employer keeps this form on hand in a separate file. Download the form at:

<http://uscis.gov/graphics/formsfee/forms/files/i-9.pdf>

With the first payroll you will:

- o Withhold state income tax and federal income tax at a percentage determined by salary and exemption information stated on the form W-4.
- o Withhold 6.2% of the employee's salary for Social Security taxes.
- o Pay 6.2% of the amount of the employee's salary for Social Security taxes.
- o Withhold 1.45% of the employee's salary for Medicare taxes.
- o Pay 1.45% of the employee's salary for Medicare taxes

- o Make monthly payment of these taxes to an approved banking institution on the 15th of the month.
- o File reports with the government on a quarterly and annual basis; and, issue W-2 reports to employees at the end of the year.
- o For more information, visit the IRS website at: <http://www.irs.gov> IRS Publication #15 is a good resource.

The employer is required to display appropriate work posters informing employees of their rights regarding discrimination, unemployment benefits, worker compensation, Equal Employment, Federal Minimum Wage, FMLA, OSHA, and Polygraph Protection Act. These posters can be downloaded from <http://www.dol.gov/osbp/sbrefa/poster/main.htm>.

Review OSHA guidelines and check workplace safety procedures with all employees. OSHA Region VII (816) 426-5861 or <http://www.osha.gov>

Additional resources related to hiring employees include:
<http://www.dolir.mo.gov/Resource.pdf>
<http://www.dol.gov/compliance/>

Additional Suggestions

- Evaluate the feasibility of your business idea. Refer to <http://www.missouribusiness.net/docs/evalbus.pdf> to evaluate your idea and estimate your start-up costs before you spend a lot of time and money.
- Prepare a written business plan. For information on writing a business plan, refer to: <http://www.missouribusiness.net/doingbusiness/index.asp>
- Check on local zoning ordinances, regulations, building permits and fire codes through the city or county government.
- Determine whether your business requires a state or federal license or permit to operate. Also check on state or federal regulations that may affect your business. Information on selected types of businesses is available on the web at: <http://www.missouribusiness.net/iag/index.asp>
- Select a banking institution and open a business account.
- Consult with an insurance agent regarding fire, accident, liability, theft, and other types of commercial insurance.
- Contact an accountant to determine if you are required to make quarterly estimated income tax payments to the IRS and self-employment tax payments. Information on taxes for small business and/or self-employed can be found at <http://www.irs.gov/businesses/small/index.html>
- File annual tax information for state and federal government.
- Keep a good set of records for all business activities.