

Business Start-Up Guide

for

Greer, South Carolina

Compiled and Provided by the



WELCOME

Our economic system is based upon free enterprise and the rights of each person to take the chance, follow the dream and open a business. The information enclosed in this document has been compiled to answer many of the questions that arise when a person begins to think about opening a business.

Owning and operating a business is hard work. It takes dedication, patience, and an assortment of skills and money. The individuals who have worked to gather this information are supportive of your desire to follow your dream. Take the time to read the material. Knowing how to handle the many details of going into business and knowing yourself is very instrumental in the success of your business.

This information may lead to additional questions. Do not hesitate to find an answer, no matter what the question. There is help available to help find the answers. Please call the Greer Development Corporation (GDC) office and our staff can help identify the best resource to assist you.

We ask your help in identifying additional topics that should be included in this guide. The more information we can provide, the better we can assist you and the others who will follow.

We hope this booklet will be of assistance. In order to receive the maximum benefits of the information contained in this booklet, we suggest you treat this booklet as you would a workbook. Start at the beginning and work through to the end, making notes along the way.

We commend you and look forward to working with you. Please give us a call if you have additional questions.

Best wishes,

Greer Development Corporation
111B South Main Street
Greer, SC 29650
(864) 416-0125

TABLE OF CONTENTS

What is an Entrepreneur?	4
Is Entrepreneurship for You?	5
Self-Biz Quiz	6
Checklist For Entrepreneurs	9
Business Plan	13
Feasibility and Marketing Strategy	15
Determining Cash Needed to Start a Business	17
Demographic Information	19
Greer Development Corporation	19
Legal Aspects of Starting a Business	20
South Carolina Business One Stop (SCBOS) Info	22
Zoning and Signage	23
Building Construction/Renovations/Occupancy	24
Licensing and Permits Information	25
Health Permits	26
Licensing Information	27
Taxes	29
Employer Tax Responsibilities	33
Utilities	35
Labor and Safety Regulation Information	36
Application, Hiring and Termination Process	38
Financing Information	40
Agribusiness	41
International Trade	42
Resource Directory	43
Glossary of Terms	46

NOTICE: The contents of this publication are presented for informational purposes only and should not be considered in any way legal or professional assistance. We encourage you to seek the advice and counsel of a licensed professional when dealing with legal and financial matters.

While care has been taken to provide accurate, up-to-date information, the information presented has been collected from numerous sources and is subject to errors and changes and should be further researched for updates and accuracy.

WHAT IS AN ENTREPRENEUR?

- *Someone who organizes and maintains a business venture*
- *Someone who takes on the risk and does what he/she wants in order to make a profit*
- *Someone who can coordinate the resources available to meet a need*

How can you become an entrepreneur? How can you start your own business? The Greer Development Corporation (GDC) has designed this booklet to simplify transition into the role of an entrepreneur. The ABC'S of Starting a Business in Greer, SC will make establishing your own business easier by giving you “one stop shopping” for the information you will need. The Greer Development Corporation is determined to promote economic growth and development. We believe this begins with you. By giving you the proper tools, we can help build a strong economic foundation.

IS ENTREPRENEURSHIP FOR YOU?

There is no way to eliminate all the risks associated with starting a small business. You can improve your chances of success with **good planning** and **preparation**. A good starting place is to evaluate your strengths and weaknesses as the owner and manager of a small business. Carefully consider each of the following questions.

- Are you a self-starter? It will be up to you - not someone else telling you to develop projects, organize your time, and follow through on details.
- How well do you get along with different personalities? Business owners need to develop working relationships with a variety of people including customers, vendors, staff, bankers, and professionals such as lawyers, accountants or consultants. Can you deal with a demanding client, an unreliable vendor, or unreliable staff person?
- How good are you at making decisions? Small business owners are required to make decisions constantly, often quickly, under pressure, and independently.
- Do you have the physical and emotional stamina to run a business? Business ownership can be challenging, fun and exciting. But it's also a lot of work. Can you face 12-hour work days six or seven days a week if necessary?
- How well do you plan and organize? Research indicates that many business failures could have been avoided through better planning. Good organization of financials, inventory, schedules, and production can help avoid many pitfalls.
- Is your drive strong enough to maintain your motivation? Running a business can wear you down. Some business owners feel burned out by having to carry all the responsibility on their shoulders. Strong motivation can make the business succeed and will help you survive slowdowns as well as periods of burnout.
- How will the business affect your family? The first few years of business startup can be hard on family life. The strain of an unsupportive spouse may be hard to balance against the demands of starting a business. There also may be financial difficulties until the business becomes profitable, which could take months or years. You may have to adjust to a lower standard of living or put family assets at risk.

SCORE SELF BIZ QUIZ

*Are you the type person who should open their own business?
Take this short quiz and see how your score adds up.*

MOTIVATION		Disagree					Strongly Agree				
1	I constantly see business opportunities or ideas with potential commercial value.	1	2	3	4	5	6	7	8	9	10
2	I like growing or building businesses or taking ideas and making something of them.	1	2	3	4	5	6	7	8	9	10
3	I regularly come up with new ideas on doing things better or more efficiently.	1	2	3	4	5	6	7	8	9	10
4	I am able to find solutions to challenges or problems.	1	2	3	4	5	6	7	8	9	10
5	I am able to find the help, assistance or resources I need to be successful.	1	2	3	4	5	6	7	8	9	10
6	I am a dynamic person providing vision, hope and energy to those with whom I work and partner.	1	2	3	4	5	6	7	8	9	10
7	I am a hard working person. I do what it takes to succeed.	1	2	3	4	5	6	7	8	9	10
8	I am able to adapt to changes & surprises quickly and successfully.	1	2	3	4	5	6	7	8	9	10
9	I am able to successfully manage risk associated with creating and growing a business.	1	2	3	4	5	6	7	8	9	10
10	I thrive on learning. I am constantly seeking new information that can help me with my business.	1	2	3	4	5	6	7	8	9	10
11	I am motivated by success and driven to do well.	1	2	3	4	5	6	7	8	9	10
12	I believe in working with others who can help me make my dream a reality.	1	2	3	4	5	6	7	8	9	10
CAPACITY RELATED TO BUSINESS SKILLS											
<i>Consider Yourself and Other Members of Your Management Team</i>											
13	Ability to assess market opportunities.	1	2	3	4	5	6	7	8	9	10
14	Ability to develop products or services.	1	2	3	4	5	6	7	8	9	10
15	Ability to provide products or services.	1	2	3	4	5	6	7	8	9	10
16	Marketing and communications capacity.	1	2	3	4	5	6	7	8	9	10
17	Fiscal management.	1	2	3	4	5	6	7	8	9	10
18	Ability to acquire financial capital.	1	2	3	4	5	6	7	8	9	10
19	Personnel or team, development & management.	1	2	3	4	5	6	7	8	9	10
20	Ability to develop and sustain partnerships.	1	2	3	4	5	6	7	8	9	10
21	Quality Control.	1	2	3	4	5	6	7	8	9	10

<i>CAPACITY TO NETWORK AND PARTNER</i>											
22	I am comfortable seeking information from others.	1	2	3	4	5	6	7	8	9	10
23	I regularly network to gain information for my business.	1	2	3	4	5	6	7	8	9	10
24	I have extensive resource network I am constantly building.	1	2	3	4	5	6	7	8	9	10
25	I am comfortable with partnerships.	1	2	3	4	5	6	7	8	9	10
26	I have two or more partnerships associated with my business.	1	2	3	4	5	6	7	8	9	10
27	I have learned how to deal with the challenges of partnering.	1	2	3	4	5	6	7	8	9	10
<i>SUPPORT FROM FAMILY AND COMMUNITY</i>											
28	I am challenged and happy in my work building a business.	1	2	3	4	5	6	7	8	9	10
29	There is good balance between my work and personal life.	1	2	3	4	5	6	7	8	9	10
30	Family and friends are supportive and encourage me.	1	2	3	4	5	6	7	8	9	10
31	My community is supportive of me and my undertaking.	1	2	3	4	5	6	7	8	9	10
32	My community is actively helping me build my business.	1	2	3	4	5	6	7	8	9	10

SCORE SELF BIZ QUIZ SCORE CARD

Questions	Total Points	Value Factor	Points
1 – 2		X	=
3 – 12		X	=
13 – 21		X	=
22 – 27		X	=
28 – 32		X	=
TOTAL POINTS			

Scoring:

- ◆ *First Two Questions under Motivation:*
-2 questions x 10 pts. = 20 maximum pts. X factor of 1 = Score of 20
- ◆ *Remaining Questions under Motivation:*
-10 questions x 10 pts. = 100 maximum pts. X factor of .25 = Score of 25
- ◆ *Capacity – Skill Questions:*
-9 questions x 10 pts. = 90 maximum pts. X factor of .25 = Score of 22.5
- ◆ *Capacity – Networking/Partnering Questions:*
-6 questions x 10 pts. = 60 maximum pts. X factor of .25 = Score of 15
- ◆ *Support Questions:*
-5 questions x 10 pts. = 50 maximum pts. X factor of .25 = Score of 12.5

0 to 25 points	Low Potential
26 to 50 points	Some Potential
51 to 75 points	Moderate Potential
76 to 100 points	High Potential

Source: Center for Rural Entrepreneurship

ONE YEAR CHECKLIST FOR ENTREPRENEURS

Starting your own business is not something to be rushed into. Careful, advanced planning can ensure the success of your venture. Below is a suggested one-year plan.

ONE YEAR BEFORE START-UP

- Refine your ideas in writing. Determine exactly where you want to go.
- Decide what business you want to start. Be specific in your business definition.
- Assess the impact on your family and personal life. How will this affect your relationships? Will your family support the use of finances and time?
- Begin research. You must determine if there is a need for your product. This research can be performed by students, professionals, or even on your own.
- Build your personal skills by taking formal management/business courses at one of our fine educational facilities here in Upstate South Carolina.
- Contact the Small Business Development Center of South Carolina for assistance in writing a business plan and other business start up services.
- Contact the Small Business Development Center of South Carolina for information on educational seminars on labor/safety issues.

SIX MONTHS BEFORE START-UP

- Determine the focus of your business. What do you want to specialize in? It is easier to excel at one area than at many.
- Start writing your business plan.
- Define your target markets. Who is your intended clientele? Who should you aim your advertising towards?
- Research business and trade organizations. Most areas of business have agencies and organizations set up to facilitate business. Take advantage of what these groups have to offer.
- Start looking for the best location for your business. Do you need little or lots of space? Would your business be better suited downtown or in a rural part of the county? Is a store-front location needed or can you work from your home? Location can make or break a business. Conduct the search on your own or contact a real estate agent.

FOUR MONTHS BEFORE START-UP

- Name your business. Be careful in deciding on a name and be aware that someone may already be using the name. Have a few back-up ideas. You can check to see if a name is being used by contacting the South Carolina Office of the Secretary of State.
- Make a final selection of the business location. Make sure that the location you choose is within your budget and also fits into your business plan. Cheaper rent may cost you more in the long run. Remember: Location, location, location.
- Select outside advisors. This will be a very hectic time. It will be beneficial to have people you can call on to listen to your ideas, problems, and plans and provide feedback. These people should be able to provide you with guidance, constructive criticism, and feedback. They should be people experienced and knowledgeable in business.
- Set up a network of mentors. Select people who can help you by giving you insight and ideas.
- Choose your business' legal form. Will you be a partnership, sole proprietorship, or corporation? Legal form should be chosen very carefully as it can impact your business in many ways.
- Set up bookkeeping, accounting and office systems. How are you going to operate your office? If you are going to keep your own books, make sure your skills are adequate. Will you need to hire a bookkeeper/bookkeeping firm?
- Seek outside demographic information on your targeted customer base. Gather secondary information.
- Continue working on your business plan.

THREE MONTHS BEFORE START-UP

- Determine your cash needs. How much money do you need for start-up? What will be your monthly variable and fixed costs? What is your break-even point? These are all questions that must be answered. You must estimate your cash flows.
- Review preliminary financial objectives. How much profit do you expect to make? Are you planning on making investments? What is your intended cash flow?
- Decide on your pricing strategy. After determining your variable and fixed costs, decide what your markup rate will be. You will also need to consider demand and competitive factors in setting your price.
- Forecast sales. Contact the Small Business Development Center of SC or others in your field to help you forecast accurately.
- Determine your company's employee needs. How many people do you need on your staff? This is important to decide as it effects your requirements for insurance, cash flow, etc.
- Project your cash flow. Write out an estimated statement of all revenues and expenditures. This statement should cover one calendar year. Also project your net cash flow for the entire year.
- Continue working on and refining your business plan.

TWO MONTHS BEFORE START-UP

- Prepare your marketing plan. How are you going to market your product and how much will it cost? Are you going to use publicity? Are you going to use paid advertisement? You must decide how you will go about introducing your business to the public.
- Visit with the Zoning Administrator and begin the paperwork to obtain your Certificate of Occupancy and to ensure proper zoning is at the property for your business type.
- Review non-financial objectives (public image, legal questions). How do you want the public to see your business? Are you a family establishment or geared more toward adults? What form is your business taking? Do you have all legal documents needed?
- Prepare a preliminary balance sheet. Contact the Small Business Development Center of SC for assistance.
- Secure necessary financing. Whether through a private lender or through other sources, you must obtain the necessary amount of start-up capital.
- Secure insurance coverage if applicable. (See Labor/Safety)
- Determine advertising, promotion, and public relations strategies.
- Order opening inventories. Talk to your suppliers for estimated opening needs.
- Complete improvements to your facility.
- Start your hiring process. (See Labor/Safety)
- Refine your business plan.

ONE MONTH BEFORE START-UP

- Fine tune your cash flow budget.
- Prepare for your grand opening. The Greater Greer Chamber of Commerce or the Greer Development Corporation can be of assistance in planning your events. Be creative yet practical.
- Set up your office, display areas, etc. Have everything exactly as you want it. The last few days before opening are not the time to do this. The look of your store or office sets the tone for your business. You should put thought and time into it.
- Review your final checklist.
- Visit the Greer City Hall and go through the procedures necessary to obtain your business license.
- Register your fire alarms with the City of Greer, this can be done at City Hall and this is a one time fee of \$10 dollars.
- Hire your staff. (See Labor/Safety)
- Make sure everything works. It is better to find out that your equipment does not work in advance. In that case, you can make any necessary repairs and be ready to open your doors on time.
- Implement marketing, promotion, and opening plans. This will be a good time to start advertising in local newspapers, radio, and television if your budget permits. Remember: Word of mouth is your most powerful publicity! It's also the least expensive. Spread the word!

START-UP AND AFTER

- Budget your time. As a new business owner your time will be precious. Schedule your time wisely. It is important to get the maximum out of time you have available. You might consider reading some time management materials or speaking with someone who you think manages time wisely.
- Continuously update your product/service. What is good about your product? Make it better. What doesn't work with your product? Eliminate the problem as much as possible. If people patronize your business for the original product, an improved product can only increase that.
- LISTEN to your customers, advisors, and vendors. The customers are your cash flow. It is important to gather their opinions and put them to use. Their ideas can be helpful in updating your product. LISTEN to your advisors. You asked them to advise you for a reason. Let them guide you. LISTEN to your vendors. These vendors have been in the business much longer than you have. They can possibly provide you with money-saving or moneymaking ideas.
- Check cash flow budget against actual performance.
- Maintain good communications with your bankers and vendors, by keeping the lines of communication open you are helping yourself. Should you need their help in the future, you will be more likely to receive it.
- Continue to improve the 5 C's of credit (Character, Collateral, Capacity, Capital, and Condition).
- Work with investors. Make sure you are in contact with them. Make sure that you understand the conditions of your repayment. When are payments due? Make sure you fulfill all obligations to investors. You may need to call them again someday.
- Check cost of living budget. If you are drawing money from the company for living expenses, be sure to take only what is necessary. Stick tightly to your budget.
- CONSIDER DELAYING YOUR OFFICIAL GRAND OPENING / RIBBON CUTTING UNTIL YOU'VE BEEN IN BUSINESS FOR A COUPLE OF WEEKS. If you do, you can make sure that you've worked the "bugs" out and that all is running smoothly.

THE BUSINESS PLAN

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and proforma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

The following outline of a typical business plan can serve as a guide. You can adapt it to your specific business. Breaking down the plan into several components will help make drafting it a more manageable task.

Introduction

- Give a detailed description of the business and its goals.
- Discuss the ownership of the business and the legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

Marketing

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

Financial Management

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- Develop an expected return on investment & monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two year period.
- Discuss your breakeven point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements that address alternative approaches to any problem that may develop.

Operations

- Explain how the business will be managed on a day-to-day basis.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements, and issues pertinent to your business.
- Account for the equipment necessary to produce your products or services.
- Account for production and delivery of products and services.

Concluding Statement

- Summarize your business goals and objectives and express your commitment to the success of your business.
- Once you have completed your business plan, review it with a friend or business.
- When you feel comfortable with the content and structure make an appointment to review and discuss it with your lender. The business plan is a flexible document that should change as your business grows.

SOURCE: www.sba.gov

FEASIBILITY & MARKETING STRATEGY

Is Your Business Idea Feasible?

Answer the following questions regarding your idea. Give complete, well thought out answers to these questions. If you are unsure about or answer no to any of the following questions, then you would need to re-think your idea.

- What type of business do you plan to start?
- What kind of product do you plan to offer?
- Will your product satisfy a need yet unfilled?
- Will your product have a competitive edge based on price, location, quality or selection?

Researching Your Markets

It is recommended that you research your potential market demand for your product or service. First, determine what questions you need answered. The following are ideas on where to find the information you need.

Primary Data:

- Your experience.
- Experiences of people you know.
- Survey potential customers to determine their wants/needs, observe similar businesses.
- Interview these business's owners.
- Interview suppliers, vendors, bankers.

Secondary Data:

- Visit your public library.
- Contact trade associations (i.e. trade shows and trade journals).
- Contact the Greer Development Corporation, SBDC, SC Dept. of Commerce, and the Greater Greer Chamber of Commerce. See the Resource Directory for contact information.
- Use various search engines on the Internet (i.e. Yahoo, Google, MSN, Lycos, Alta Vista, etc.).

Marketing Your Business

In order to properly market your product, you need to answer the following questions. This information can be used to help you develop your marketing plan. Contact the Small Business Development Center of SC for more information on constructing this plan.

- Who are my customers? (This determines your target market.)
- Where are they?
- How many are there? (This indicates your market size.)
- What are their needs?
- Who are my competitors?
- How does my competition do it? (One method of marketing/dealing with competition is the end-run strategy. In this strategy you adopt your competitors' strategy with the intention of making it better.)
- How can I reach them? (The distribution of your product is very important. Where your product is located can affect how well it sells.)
- How much will they pay? (The pricing of your product is also very important. You must take into consideration what your competitors charge.)
- What are the market trends? (What are people buying? It is important to be aware of what market trends are. This relates back to knowing your customers' needs. Try to distinguish between trends and fads.)
- What are the technological trends? (One obvious answer to this question is the Internet. Will you be using technology? How can it be used to help your business? Do you need to advertise on the Internet? Do you need a network of computers for your business? If you are in a business related to technology. It is imperative that you stay abreast of any changes.)

DETERMINING CASH NEEDED TO START A BUSINESS

	Estimate of monthly expenses based on sales of \$ _____ Projected per year	Estimate of cash needed to start (Col 1X _____ months)
Salary of Owner/Manager	_____	_____
All other salaries/wages	_____	_____
Rent (building/equipment)	_____	_____
Advertising	_____	_____
Office Expense	_____	_____
Telephone and Fax	_____	_____
Internet Service	_____	_____
Other Utilities	_____	_____
Insurance	_____	_____
Taxes, inc. Soc. Security	_____	_____
Maintenance/Repairs	_____	_____
Legal/Professional Fees	_____	_____
Loan Payments	_____	_____
Miscellaneous	_____	_____
	_____	_____
SUBTOTAL	_____	_____
	_____	_____

One Time Start Up Costs***

Fixtures & Equipment	_____	_____
Decorating & Remodeling	_____	_____
Installation of Fixtures/Equip.	_____	_____
Starting Inventory	_____	_____
Deposits for Utilities	_____	_____
Legal/Professional Fees	_____	_____
Licenses & Permits	_____	_____
Adv/Promotion for Opening	_____	_____
Other	_____	_____
<i>TOTAL ESTIMATE OF CASH NEEDED FOR START UP</i>		<input type="text"/>

****To determine these amounts, get estimates from suppliers, contractors, professionals and/or government authorities to ensure accurate amounts.*

DEMOGRAPHIC INFORMATION

A variety of free demographic information is available please contact the Greer Development Corporation (GDC) for more information and to obtain the needed data you seek. This information breaks down population by different categories such as age, sex, race, income and education. It can be used to help identify the number of people who may use your business or services. GDC can provide you with maps, radius reports, and other various types of information that can assist you on your decision to open a business and where to open that business.

Other sources of information that would be helpful in understanding the demographic you are intending to serve:

- www.census.gov
- www.claritas.com
- www.ors.state.sc.us

THE GREER DEVELOPMENT CORPORATION INFORMATION

The Greer Development Corporation (GDC) is here to assist you in many different ways from information gathering to site-selection. The GDC is primarily focused on recruitment and retention of businesses involved in manufacturing, commercial, and office activities. GDC is also responsible for coordinating the recruitment / retention efforts for historic downtown Greer.

The corporation offers a variety of services to new and existing businesses that include:

- Data on available industrial & commercial properties
- Tax, incentive, financing and business start-up information
- Statistical data on the Greer marketplace
- Introductions to community resources - general contractors, engineers, financial institutions, local business leaders and government officials
- Site selection and community tours
- Geographic Information System (GIS) mapping & analysis

LEGAL ASPECTS OF STARTING A BUSINESS

Deciding what form of legal entity your business will take is an important decision. This will have an impact on the future of your business including your protection under the law, and the rules and regulations (for example, federal and state taxes) that will apply to you.

It is recommended that before you enter into any of these four forms of business that you contact an attorney, CPA, or other qualified individuals. Speaking with someone informed about the legal entities of business will reduce the risk of mistakes in the business setup. You can probably do the necessary paperwork and procedures yourself, but it makes sense to leave it up to the professionals. Also, contact the Small Business Development Center of SC for more information or GDC.

THERE ARE FOUR BASIC FORMS THAT A NEW BUSINESS CAN TAKE:

- Sole Proprietorship
- Partnership (General or Limited)
- Corporation (C or S)
- Limited Liability Company (LLC)

A **sole proprietorship** is usually owned and operated by one person. Under the law, it is not actually considered a legal entity. It is instead considered an extension of the person who owns the business. This individual has sole ownership of assets, but is also solely liable for the debts of the business.

A **partnership** can be formed in two ways. A general partnership is comprised of two or more individuals who join to start a business. Each person has proportional ownership of the business assets and proportional liability for business debts. Each person also has authority in running this business. A partnership agreement can be drawn up to alter each person's particular liability. However, despite this document, creditors may collect from each and every member of the partnership (this may include personal assets).

A **limited partnership** is made up of one or more general partners as well as one or more limited partners. Limited partners contribute capital and share in profits/losses. These limited partners, however, take no part in the running of the business and are not held liable for the organization's debts.

Whether taking part in a general or limited partnership, it is advisable that you draw up a partnership agreement. This document will detail each partner's rights and their responsibilities. Partnerships are required to file both federal and state income tax. While the partnership is not typically taxed, each partner reflects charges for the partnership on his/her personal tax returns.

A **corporation** is an entity, which must be approved by the state of South Carolina through the Office of the Secretary of State. A corporation must file federal, state, and local taxes on its operations. One advantage to a corporation is the protection from liability afforded to shareholders. However, when an organization is small, creditors may require personal guarantees from pre-dominate owners. Another advantage to the corporation is the ease of raising capital through the sale of common or preferred stock. A disadvantage of the corporation is that the organization's income will essentially be taxed twice (once for the business and again on the shareholders personal income tax after collecting dividends). There are two types of corporations: C and S.

The C corporations have their own tax identification numbers and pay their own taxes. The S corporation is the opposite. It is not taxed as if it is a corporation at all. Instead it is taxed similarly to a partnership. Its gains and losses are reflected on the personal income tax of the shareholder. The S corporation does not provide protection from liability to its shareholders. (The distinctions between Sand C corporations can be complicated. It is very important that you consult with someone who is knowledgeable on the subject before making a decision.)

In order to incorporate your business, contact the Office of the Secretary of State. You will then reserve your corporation name. The incorporation process must be completed within 90 days. The Office of the Secretary of State will instruct you in the completion of all documents needed. You will be required to pay an incorporation fee every year by April 1.

The Office of the Secretary of State

Edgar Brown Building
Capital Complex
1205 Pendleton Street
Suite 525
(803) 734-2170
www.scsos.com

This incorporation process includes publishing your intent to incorporate in the local newspaper's legal publication. Newspapers do charge for this service. For the Greer Area, please contact the following:

The Greenville News
305 South Main Street
P.O. Box 1688
Greenville, SC 29601
(864) 298-4100

The Spartanburg Herald-Journal
189 W. Main Street
Spartanburg, SC 29306
(864) 582-4511

The Greer Citizen
105 Victoria St.
Greer, SC 29650
(864) 877-2076

An attorney can usually perform the necessary procedures for you for several hundred dollars. How much it will cost depends on the attorney and your business type.

The **limited liability company (LLC)** is one that is owned by two or more persons known as members. It is a mixture of other forms of organization. This form combines some of the partnerships, corporations, and S corporation's best features. Similarly to a corporation, you must reserve a name and file the articles of incorporation. You and your fellow members should write an operating agreement to control the conduct of the business.

A LLC shields the personal assets of members as if they were shareholders in a corporation. It also eliminates double taxation. Because a LLC is a somewhat new organizational form, it is unclear how the partnership tax rules will apply. You may not be able to conduct inter-state trade as a LLC. Many state and foreign governments have not yet approved this form. In addition a LLC may not have a perpetual life. While this form of organization is gaining popularity, you must take great care in the establishment of a LLC to insure pass-through tax treatment.



Another Resource is the South Carolina Business One Stop (SCBOS)

South Carolina Business One Stop is a one-time registration site designed to help you organize your new business via the Internet, and to cut out the numerous mailings and visits to different agencies.

With **SCBOS** (www.scbos.com) you can fully form your business at the Secretary of State's Office, set up accounts at the Department of Revenue and the Employment Security Commission, and even begin any necessary application processes at the Department of Health and Environmental Control. You'll be able to apply for different licenses and you'll make just one payment for all of the fees. Finally, there are information areas that will assist you with the type of business you're forming.

Before using SCBOS we strongly recommend that you take the time to view the *Overview of the SCBOS tutorial* on the website. Visit the website to see many other tutorials to assist you in using SCBOS.

Also, remember that you'll be providing information for all of these agencies at one time. So, the application process will be more comprehensive but over all you won't have to spend time at all of these agencies filling out paperwork and searching for a parking space. Instead, you'll be ready to start your business within minutes.

Businesses that wish to organize solely with the Secretary of State must still use the Secretary of State's forms. SCBOS does offer some services for existing businesses.

ZONING AND SIGNAGE

Once you have chosen a tentative location for your business, contact the zoning department to determine the permitted uses of that location. It will be best if you start here at the Zoning Office then go to Building and Codes and discuss the necessary steps it takes to get a Certificate of Occupancy. The Zoning Office will discuss the area with you and determine if there might be special restrictions on that area. **DO NOT INVEST ANY MONEY IN A LOCATION UNTIL ZONING HAS BEEN THOROUGHLY RESEARCHED!!!**

The Office of Zoning Administration can help you determine if your location and type of business are in compliance with ordinances. You will be required to submit your business plans to the zoning office to determine if the business complies/can be adapted to comply with the following:

- Current zoning classification
- Building setbacks
- Off-street parking availability and service entrance requirements
- Buffer yards or required screening
- Lot area minimum
- Sign regulations

Sign permits are required for erecting and placing any mounted or free-standing signs. Applications are filed through the zoning office. For specific information about signage, call the Zoning Administrator at 864-848-2175. If your plans do not/cannot meet these specifications, you can discuss options with the zoning office. If you find the current zoning classification of your potential location does not allow for your business, you may file an appeal for rezoning. In order to file this appeal, contact the Zoning Administrator's office. An answer on this appeal can usually be expected 2-4 weeks after submission of your application packet.

If located in the City of Greer please contact:

The City of Greer
Zoning Administrator
301 E. Poinsett Street
Greer, SC 29651
(864) 848-2175

If in Greenville County please contact:

Greenville County
Zoning Enforcement Officer
301 University Ridge, Suite 4100
Greenville County Square
Greenville, SC 29601
(864) 467-7425

If in Spartanburg County please contact:

Spartanburg County
Administration Building
Main Level, Suite 500
366 North Church St.
Spartanburg, SC 29303
(864) 596-2727

BUILDING CONSTRUCTION & RENOVATION

A building permit must be obtained for both new construction and renovations of and additions to existing buildings. Before constructing a new facility or renovate an existing one, you must have this permit. Once you have obtained a building permit, complied with the regulations pertaining to the area you are in, and construction is complete, your facility will need to be inspected. You will then apply for a Certificate of Occupancy. Without this certificate, it is illegal for your business to reside in the facility.

If located in the City of Greer please contact:

City of Greer Planning and Codes Department
301 E. Poinsett Street
Greer, SC 29651
(864) 848-2175

If in Greenville County please contact:

Greenville County
Codes Enforcement
301 University Ridge
Suite 4100
Greenville County Square
Greenville, SC 29601
(864) 467-7090

If in Spartanburg County please contact:

Spartanburg County
Administration Building
Main Level, Suite 500
366 North Church St.
Spartanburg, SC 29303
(864) 596-2727

LICENSING AND PERMITS INFORMATION

Business License Information

The requirement is a business license. Business licenses are issued by cities to businesses located within the city limits and for businesses conducting business within the city limits. These licenses can be obtained through the city hall. Businesses locating in a structure (building, office space, etc.) must obtain zoning approval and a certificate of occupancy issued by the Codes department prior to obtaining the business license. When applying for the business license, the business will need to give a valid Federal ID number or Social Security number. The fee for a business license is based upon the projected sales (or gross receipts, gross sales, tax return or total contracts) and category of the business.

If you plan to operate a business in the City of Greer or conduct business with the City of Greer, you must obtain a city business license. The Counties of Greenville and Spartanburg do not have business license fees. For more information on Business Licenses in the City of Greer, please contact either the City of Greer or the Greer Development Corporation.

If your business will be located within the City of Greer limits, please contact the Finance Director and he can discuss the Business License Fee and Registration Fee with you:

Greer City Hall

Attn: Finance Director
301 E. Poinsett Street
Greer, SC 29651
(864) 848-2150
www.cityofgreer.org

There are additional licenses or forms that must be supplied if you are in certain lines of business:

- Contractors: Must provide a certificate of liability state general liability limits and workers compensation insurance. Also must obtain a decal for each vehicle that will be located on the job site. If you are a general contractor, must provide a list of all sub-contractors that you are using.
- Retailers: Must provide a copy of your SC Retail Sales License.
- Businesses that sell alcohol: Must provide a copy of your ABC License.
- Restaurants and Hotels: Must charge an additional 2% sales tax for the Local Accommodations and Hospitality Tax and remitted to the City of Greer.

The City does reserve the right to deny, restrict, suspend, or revoke a business license applied for or issued for just cause.

An additional license, which may be required, is a Certificate of Occupancy. The purpose of this license is to enable city government to enforce zoning laws and make sure that the building meets all building codes.

To obtain a Certificate of Occupancy please contact the Building Inspector at:

City of Greer Planning and Codes Department

301 E. Poinsett Street
Greer, SC 29651
(864) 848-2175

In the City of Greer you will have to register your alarms with the Fire Department to ensure compliance and safety for your business. Also you need to schedule an inspection or have questions regarding either fire codes or fire alarms for your home or place of business, contact

The City of Greer Fire Marshal

(864) 848-2169

HEALTH PERMITS

If your business is to involve food processing, handling, storage, or distribution, you must obtain permits from the County Health Department (s), which handles the permits for the entire county and city. If you are unsure if your business needs a permit, contact the Health Department.

Greenville County Health Department

200 University Ridge
Greenville, SC 29602
(864) 282-4100

Spartanburg County Health Department

151 E. Wood St.
Spartanburg, SC 29305
(864) 596-3337

LICENSING INFORMATION

Federal Licensing

Most new small businesses most likely will not require any type of federal licensing to conduct business, unless you will be engaged in one of the following activities:

- Rendering investment advice
- Making alcohol products
- Making tobacco products
- Preparing meat products
- Making or dealing in firearms

You would need a Federal permits also to start large operations such as a television station, radio station, common carrier, or producer of drugs or biological products. The aforementioned businesses are all heavily governmentally regulated. For information on federal licensing for these types of businesses, contact:

The U.S. Department of Alcohol, Tobacco, and Firearms – *District Office*

6701 Carmel Road, Suite 200
Charlotte, NC 28226
(704) 716-1800

The U.S. Federal Drug Administration – *District Office*

60 8th Street, NE
Atlanta, GA 30309
(404) 253-1169

The U.S. Federal Communications Commission – *District Office*

3575 Kroger Boulevard
Duluth, Georgia 30096
(888) 225-5322

State Licensing

Many licensing regulations should be considered when establishing a business or practicing certain regulated occupations in South Carolina. Contact the Secretary of State's office for a listing of all occupations that require state licensing. Below is some the professions that have licensing regulations.

For information, contact:

The State of South Carolina
Occupational & Professional Licensing Boards
(803) 896-4300

- *Athletics*
- *Accountancy*
- *Amusement Rides*
- *Architectural Examiners*
- *Auctioneers*
- *Audiologists*
- *Barber Examiners*
- *Chiropractor Examiners*
- *Construction Contractors*
- *Cosmetology*
- *Engineers and Land Surveyors*
- *Environmental Certification Board*
- *Foresters*
- *Funeral Services*
- *Geologists*
- *Long Term Health Care*
- *Medical Examiners*
- *Motor Vehicle Management*
- *Nursing*
- *Occupational Therapy*
- *Optician*
- *Optometry*
- *Pharmacy*
- *Physical Therapy*
- *Pilotage (Port)*
- *Podiatry*
- *Pyrotechnic Safety Board*
- *Residential Builders Commission*

TAXES

STATE OF SOUTH CAROLINA

Sales and Use Taxes

Every business that sells tangible personal property, such as merchandise, to customers is required to obtain a seller's permit. This is issued from the state sales tax agency. (There are some businesses, however, that are exempt from this requirement.) Typically, a separate permit must be obtained for every business in which property subject to sales tax is sold. If selling to a retailer, wholesalers and manufacturers usually do not have to collect sales tax on the goods they sell. This, however, is contingent on whether the retailer has a valid seller's permit and can provide you with a "resale certificate".

Similarly, retailers are not required to pay sales tax on items you purchase for resale. You may purchase blank resale certificates at office supply stores. If state law requires that your business collect sales and use tax, you must keep detailed records of your gross receipts from sales/rentals. These records must include all sales/rentals whether or not you believe them to be taxable. Your records must also include evidence of all deductions you claim on sales/use tax returns. In addition you must record the total purchase price of all tangible personal property acquired for sale, lease, or consumption. Sales tax forms must be filed monthly. The taxes must also be paid on a monthly basis. You can contact the South Carolina Department of Revenue to petition for special permission to pay/file quarterly.

Contact:

The South Carolina Department of Revenue
301 Gervais Street
P.O. Box 125
Columbia, S.C. 29214
Phone: (803) 898-5000
Fax: (803) 898-5822

Local Hospitality Tax

If you are operating your business in the City of Greer and your business involves prepared food and beverages there is a Local Hospitality Tax of 2% (two percent). This tax goes directly to fund the parks and recreation department for the City of Greer. The money is used to help provide excellent recreation opportunities for the children in the community and to maintain the park system within the City of Greer.

For more information please contact:

Greer City Hall
Attn: *Finance Director*
301 E. Poinsett Street
Greer, SC 29651
(864) 848-2150
www.cityofgreer.org

State Excise Taxes

In addition to federal excise tax, you may be responsible for collecting state excise tax as well. The categories are comparable to the federal categories. Alcoholic beverages, tobacco products, motor carriers, and trucks with more than two axles are included in the taxed categories. You should contact the South Carolina Department of Revenue for complete information.

For information on state excise taxes, contact:

The South Carolina Department of Revenue
Greenville Field Office
211 Century Drive
Suite 210-B
Greenville, SC 29607
Phone: (864) 241-1200
Fax: (864) 232-5008

Estimated State Income Taxes

The State of South Carolina also requires that you pay estimated state income taxes. The payment dates for estimated state tax are the same as those for federal payments. You should contact the South Carolina Department of Revenue for complete information at:

Contact:

The South Carolina Department of Revenue
301 Gervais Street
P.O. Box 125
Columbia, S.C. 29214
Phone: (803) 898-5000
Fax: (803) 898-5822

FEDERAL

Federal Excise Taxes

There are some forms of business on which the U.S. Government requires additional taxation. This will be a tax that you are responsible for collecting. This tax does not come out of your pocket. Typically it is added to the sale price of your product or service. Form 720. Quarterly Federal Excise Tax Return is used to file most federal excise taxes. Federal excise taxes can be broken into nine general categories of products and services.

They are:

- Motor vehicle use tax (vehicles greater than 55,000 lbs. gross weight)
- Retailers tax (certain types of fuels)
- Retail excise tax on the sales of the following: Heavy trucks/trailers, tires and tubes, recreation equipment (e.g. fishing/hunting supplies), firearms and ammunition
- Air transportation tax (if you are transporting people by air, you have to collect this tax)
- Communications taxes (e.g. on telephone or teletype services)
- Wagering taxes
- Taxes on U.S. mined coal
- Environmental taxes (imposed on petroleum products, various chemicals, and hazardous wastes)
- Alcohol, firearms, ammunition, and tobacco taxes

Be sure to contact the IRS for complete information on federal excise taxes.

For more information, contact:

Internal Revenue Service
Greenville Field Office
440 Roper Mountain Rd.
Greenville, SC 29615
(864) 284-9097

Federal Income Taxes

The amount and way you will pay federal income taxes will be dependent on the legal form in which your business is organized.

For a sole Proprietor or a member of a Partnership: In either of these arrangements you will be required to make estimated federal income tax payments and federal self-employment tax payments in advance. These individual payments are due in four installments. These payment deadlines are April 15, June 15, September 15, and January 15 for one whose tax year is the calendar year. Any amount left unpaid will be due April 15th of the following year. The Form 1040-ES is used to file these taxes. 90% of your estimated tax must be paid during the course of the year.

For a corporation: The corporation is responsible for paying estimated corporate taxes if it has taxable income. These taxes can be due as soon as the fourth month of the corporation's first tax year. The proper form for filing these taxes is the Form I 120-W. You must deposit these payments in a bank licensed to accept federal tax payments. The corporation will be issued a coupon book. These coupons will carry the corporation's tax ID number and are to be used with all federal tax payment deposits.

All forms necessary to file any of the estimated taxes mentioned above are available at your local IRS office. A coupon book will be mailed to you upon receipt of your Form SS-4 (the form filed requesting a tax ID number).

For more information, contact:

Internal Revenue Service
Greenville Field Office
440 Roper Mountain Rd.
Greenville, SC 29615
(864) 284-9097

Federal Tax Identification Numbers

Your federal tax identification number is the number used to file your taxes. It acts in a similar capacity to your social security number on your personal income taxes. In fact, if you are a sole proprietorship you will probably use your social security number. In partnerships and corporations you will need a Federal Tax ID number.

For more information, contact:

Internal Revenue Service
Greenville Field Office
440 Roper Mountain Rd.
Greenville, SC 29615
(864) 284-9097

EMPLOYER TAX RESPONSIBILITIES

Income Taxes

Businesses with employees must pay employer taxes and withhold employee taxes for both the State and Federal governments. These should be deposited in any Federal Reserve Bank. You will be given a coupon book to accompany your deposits. Those deposits are required monthly or quarterly. The South Carolina and US Departments of Revenue will determine your time of payment. You will be required to withhold Social Security and Medicare taxes. In addition to this withholding, the employer must pay a matching amount. You should consult the current year tax calendar for present percentages.

For more information, contact:

Internal Revenue Service
Greenville Field Office
440 Roper Mountain Rd.
Greenville, SC 29615
(864) 284-9097

Unemployment Insurance Taxes

Federal Unemployment Insurance Tax is the employer's responsibility. This is not withheld from employee wages. Contact the South Carolina and US Departments of Labor and Revenue to receive the Employer's Tax Guide and other relevant information.

Workers' Compensation Insurance

Workers' Compensation insurance is required of any business with more than three employees. The rates vary with the business type and the risk level. For more information, contact the State Board of Workers' Compensation.

Contact Info:

State Board of Workers' Compensation Commission Office
(803) 737-5700

Business Insurance

There are numerous insurance providers for you business in the area. Please consult you local yellow pages for a list of possible providers. If further assistance is needed, please contact the Greer Development Corporation at (864) 416-0125.

Employer Taxes

There are taxes that as an employer you are responsible for both withholding from employee wages as well as paying yourself. Your business must be registered with the South Carolina Tax Commission. Form SCTC-111, available from the tax commission, is used to register your business. This form is also used to obtain a retail license and a withholding number (if you have employees). Forms are available on-line from the SC Dept. of Revenue at www.SCTax.org.

UTILITIES

Establishing Water, Sewer, Gas and Power in the City of Greer

The Greer Commission of Public Works is in business to provide first-class water, wastewater, gas and electric service to its' customers.

You will be required to sign a service contract and pay a deposit. This deposit is refundable at the closing of your final bill. The amount of your deposit is dependent on the size of your business and its estimated water use.

To sign up for service please visit the Greer Commission of Public Works at 301 McCall Street in Greer, SC or call 864-848-5500 or visit their website at www.greercpw.com

Other Utility Providers in the Area and their contact info:

	<u>Phone Numbers</u>	<u>Website</u>
• Bellsouth	1-866-620-6900	www.bellsouth.com
• Charter	1-888-438-2427	www.charter.com
• Duke Power	1-800-POWERON	www.duke-energy.com
• Piedmont Natural Gas	1-800-752-7504	www.piedmontng.com
• SJWD Water District	1-864-439-4423	www.sjwd.com
• Blue Ridge Water District	1-888-664-1419	www.brrwc.org
• Laurens Electric Cooperative	1-800-942-3141	www.laurenselectric.com

LABOR & SAFETY REGULATION INFORMATION

Educating Yourself on Labor/Safety Issues

The SC Department of Labor is available to provide consultation to new businesses in the state. The local and state departments offer educational seminars and presentations throughout the year. These classes cover a wide range of labor-related topics such as labor laws, labor issues, prevailing wages, unemployment insurance, benefits, and employment services. It would be advisable to contact the SC Dept of Labor office regarding these classes. These seminars are intended to provide you with all the information you need to prepare you for the employment aspects of running a business. You should begin these classes up to one year before your intended start-up. At these seminars you will be provided with a section of the instructional workbook. After attending a certain number of these seminars, you will have the entire workbook. The SC Dept of Labor can help walk you through all of your employment and labor problems.

The South Carolina Dept. of Labor, Licensing and Regulation

Synergy Business Park
Kingstree Building
110 Centerview Dr.
Columbia, SC 29210
Main Number: (803) 896-4300

Also for more information on business start-ups and educational opportunities, please contact:

The Small Business Development Center of South Carolina

Greenville Area Office
CU Renaissance Center
135 S. Main Street
Suite 600
Greenville, SC 29601
Phone Number: (864) 370-1545

Spartanburg Area Office
Spartanburg Human Resource Center
142 S. Dean St.
Suite 216
Spartanburg, SC 29302
(864) 316-9162

OSHA

The issuing and enforcing of occupational and safety health regulations is handled by the United States Department of Labor. The Occupational Safety and Health Administration (OSHA) is the federal agency which administers these policies. The requirements put forth by OSHA include posting notices to employees and maintaining accurate records of employee injuries. OSHA will provide you with information on all requirements as well as related publications. OSHA policies and regulations must be posted in the workspace where all employees may see.

In addition to OSHA the US government also supports the Employment Standards Administration, Mine Safety and Health Administration, Veterans Employment and Training Service and the Pension and Welfare Benefits Administration. Each of these departments is designed to protect both the employer and employee. Similar to OSHA, each issues and enforces a unique set of requirements and regulations.

Occupational Safety and Health Administration

U.S. Department of Labor
61 Forsyth Street, SW
Atlanta, Georgia 30303
(404) 562-2300
www.osha.gov

OSHA - Columbia Area Office

1835 Assembly Street, Room 1472
Columbia, South Carolina 29201-2453
(803) 765-5904

APPLICATION, HIRING, & TERMINATION PROCESS

There are basic ground rules to hiring and firing employees. There are legal requirements to acquiring or terminating employees. If handled incorrectly, personnel issues can result in legal problems. These legal problems can be large enough to shut down your business. It is important to make sure all your bases are covered. In addition to the do's and don'ts listed below, contact the South Carolina Department of Labor for more on correct hiring and firing policies.

Application and Hiring

DON'T:

- *Ask obvious questions.* Do not ask questions regarding sex, age, race, etc. or anything related to these areas. These are sensitive areas and cannot be used as discriminating factors. Some applicants may believe that all gathered information is used. It is for this reason that you should not ask these questions. It is best to avoid these topics so as to eliminate all possibility of legal problems.
- *Write on the job application form.* Any notes taken during interviews should be made on photocopies or other paper. This allows you to preserve the original application without marring it for your permanent records.

DO's:

- *Limit your interview questions to job duties.* There is no reason to ask questions that do not apply to the responsibilities of the position. You may ask if an applicant has any barriers to completing the duties. Do not ask questions like "Do you have children?" or "Are you married?" Small talk is acceptable if the interviewer is careful. Do not venture into conversation that might produce seemingly discriminatory information.
- *Make sure all company procedures follow employment statutes.* Have your advisors or attorney review your system for application, hiring, and termination before you begin hiring and periodically thereafter.
- **EDUCATE YOURSELF!** The best way to prevent problems is to be familiar with the law. When you are in doubt about any issue concerning labor or safety, contact the South Carolina Department of Labor. See the Resource Directory for contact information. Also contact a lawyer that specializes in employment law, this can be found in the yellow pages.

TERMINATION

DO's:

- *Review company policies.* If you have not yet developed company policies regarding application, hiring, and termination, call the SCDOL. Make a checklist of your procedures. Make sure that you have followed the rules in the firing process. If you have not completed your checklist, **YOU SHOULD NOT TERMINATE THE EMPLOYEE YET.** Take care to finish all steps in the process to alleviate any questions and possible legal repercussions.
- *Have a stated code of expected employee behavior.* Many employers face problems due to unclear expectations of conduct. It is easier to prove reasons for termination if such a code is in place. This documentation will be helpful if you are faced with paying restitution because it will show that you had sufficient cause to terminate the employee.
- *Conduct an exit interview.* This allows you to tie up any loose ends. Final paychecks can be issued, and company property (e.g. keys, paperwork, and files) can be returned. Ask the employee what he/she liked or disliked about your company. Ask for feedback on aspects of your company of which this person has knowledge. This person might be a bit more forthcoming with problems or constructive criticisms than someone who still works there.
- *Keep termination of an employee between you (management) and the employee.* The fired employee will appreciate your discretion in this matter. Termination should not be discussed with other employees. Privacy can help you avoid harsh feelings and legal repercussions.
- *Have employees sign a release.* If you are offering the fired employee severance pay or anything else of value, have him/her sign a release of liability to the company. This may protect you in case of legal action.

Where to Find Your Labor Force

There are many resources through which one can find employees. The first things that typically come to mind are the classified advertisements in local newspapers. You can place ads in these publications for week long and even month long periods. Contact all the area newspapers and on-line services in the area for more information.

Other sources of help in finding a labor force, please try:

	<u>Phone Number</u>
• Greenville County Workforce System (OneStop) <i>Website ---www.greenvillewib.com</i>	(864) 467-8080
• South Carolina Employment Commission <i>Website --- www.sces.org</i>	(803) 737-2588
• Upstate Workforce Investment Board <i>Website --- www.upstatewib.org</i>	(864) 596-2028
• South Carolina Department of Commerce – Community Development <i>Website --- www.sccommerce.com/buildyourcommunity.html</i>	(803) 734-0451
• Upstate One Stop Career Center	(864) 562-4168
• Spartanburg ESC One-Stop Satellite Career Center	(864) 573-7525

FINANCING INFORMATION

When starting a business, one important consideration is where to obtain capital to back your venture. Most start-up businesses require a capital contribution by the entrepreneur, usually 20%. The remaining financing may be available from local banks or may require private investors. There are several Small Business Administration loan programs available to businesses, all of which require bank participation. These loan programs, however, are not guaranteed. They are all subject to change based on the SBA's current budget.

- ***SBA Low Doc.*** This program provides financing for small businesses through guaranteeing a percentage of the bank's loans to the business. The maximum loan is \$150,000 and not more than an 80% guarantee. The loan is administered by the bank and is termed "Low Doc" because documentation has been greatly reduced and red tape is at a minimum. Eligible expenditures are for land and building, machinery and equipment, inventory, and working capital.
- ***SBA Guaranteed Loan Program 7(A).*** This program provides financing to small businesses through guaranteeing a percentage of the bank's loan to the business. Eligible expenditures are for land and building, machinery and equipment, working capital, and some restructure of existing debt. The maximum SBA will guarantee is \$750,000 and not more than 75% of the total loan.
- ***SBA 504 Loan Program.*** This program provides financing for small business through a low interest, fixed rate, long-term loan. The Small Business Administration takes a second lien position behind the bank. Eligible expenditures are for land and building, long-life machinery and equipment. The minimum SBA will finance is \$125,000, and the maximum is \$1,000,000. Job creation is a requirement of the program.

While each of these programs has specific requirements for eligibility, there are certain standards that must be met for all loan programs. A loan applicant must be of good character; show the ability to operate a small business successfully, and have a reasonable amount of his/her own resources to invest to withstand possible losses. In addition, the following will likely be required:

- Credit Report
- Collateral adequate to secure the debt. List of collateral and its value
- Appraisals required on real property used as collateral
- Personal guarantees required of those persons (or companies with 20% ownership)
- Secondary collateral may be required
- Personal financial statements & financial statements of business (if applicable)

How To Apply

You must first seek financing from a bank or other private source. If that is available at reasonable terms, the SBA cannot make the loan. Take your business plan to your banker and discuss your financial requirements with him/her. Their involvement is essential. Then, call the Small Business Development Center (864) 370-1545 to discuss the project's eligibility for SBA assistance.

Banks in the Area

If you need to know of banks in the Greer Trade Area, please contact the Greer Development Corporation.

AGRIBUSINESS

If your business will involve the production or the packaging of food or cosmetics, this field of business also encounters special restrictions and opportunities. For more information on agribusiness ventures, contact the SC Department of Agriculture of the SC Dept. of Commerce at:

South Carolina Department of Agriculture
Wade Hampton Office Building, 5th floor
Columbia, SC 29201
(864) 734-2210
www.sdda.state.sc.us

South Carolina Dept. of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201
(803) 737-0400
www.sccommerce.com

INTERNATIONAL TRADE

International trade can be difficult, but also can provide tremendous opportunities. Most start-up businesses will not be participating in international trade. However, if you choose to export or import goods, the following contacts may provide you with valuable information. The United States Export Assistance Center can provide you access to all federal exporting resources.

There also is a Foreign Trade Zone located in the Greer Trade Area; it is referred to as Foreign Trade Zone #38. These zones are special areas for businesses engaged in international trade, the zones allow for goods that are imported to be duty-free. The zone also has many other benefits that are related to importing and exporting of goods. If you desire more information, please contact the SC Port's Authority Commercial Business Development office or the Greer Development Corporation has numerous information pieces related to Foreign Trade Zone #38 that can be shared.

United States Export Assistance Center
216 S. Pleasantburg Drive
Buck Mickel Center
Greenville, SC 29607
(864) 250-8429

SC Ports Authority
Commercial Business Development Office
176 Concord St.
Charleston, SC 29401
(843) 577-8144

South Carolina Dept. of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201
(803) 737-0400
www.sccommerce.com

RESOURCE DIRECTORY

Economic Development and Business Organizations

- The Greer Development Corporation
(864) 416-0125
www.greerdevelopment.com
- The Greater Greer Chamber of Commerce
(864) 877-3131
www.greerchamber.com

Government Services

- The City of Greer
(864) 848-2150
www.cityofgreer.org
- Greenville County Offices
(864) 467-7105
www.greenvillecounty.org
- Spartanburg County Offices
(864) 596-2526
www.spartanburgcounty.org
- The State of South Carolina
www.sc.gov
- Small Business Administration (US Government)
www.sba.gov
- IRS Small Business Tax Workshop: Presented by the IRS in multiple locations in the Upstate from 9am to 4pm. For information and reservations telephone your local SBDC office at (864) 370-1545.

- Business Tax Guide for SC: This guide is updated annually and available online at www.sctax.org or by mail for a small fee to handle postage.

Contact:
South Carolina Dept. of Revenue
Administrative Division
PO Box 125 – Zip code 29214
301 Gervais Street
Columbia, SC 29201
(803) 898-5000

Educational Resources Related to Small Business Start-Ups

- CCH- Business Owner’s Toolkit Website:
www.toolkit.cch.com
- Kauffman Foundations Resources for Entrepreneurs
www.entreworld.org
- PriceWaterhouseCooper- Vision to Reality
www.pwcglobal.com
- The Wall Street Journal Center for Entrepreneurs
www.startup.wsj.com
- Microsoft Small Business Solutions
www.bcentral.com

Entrepreneurship Assistance

- Small Business Development Center
www.clemson.edu/sbdc
- SCORE
<http://piedmontscore.org>
- The Center for Rural Entrepreneurship
<http://www.ruraleship.org/>
- South Carolina Department of Commerce
www.scommerce.com
- International Economic Development Council
www.iedconline.org/?p=Guide_Small_Business

Utilities

	<u>Phone Numbers</u>	<u>Website</u>
• Bellsouth	1-866-620-6900	www.bellsouth.com
• Charter	1-888-438-2427	www.charter.com
• Duke Power	1-800-POWERON	www.duke-energy.com
• Piedmont Natural Gas	1-800-752-7504	www.piedmontng.com
• SJWD Water District	1-864-439-4423	www.sjwd.com
• Blue Ridge Water District	1-888-664-1419	www.brrwc.org
• Laurens Electric Cooperative	1-800-942-3141	www.laureselectric.com

Banks / Financing / Legal

- **Trademarks, Copyrights, and Patents:** Information on patent laws and inventions is available through federal bookstores and the Dept. of Commerce. Patent attorneys and agents can be located through the yellow pages of the telephone directory.

To Register a patent or trademark, contact:

For copyright information, contact:

US Department of Commerce
Patents and Trademarks Office
P. O. Box 1450
Alexandria, VA 22313-1450
(800) 786-9199

Copyright Office
101 Independence Ave., SE
Washington, DC 20559
(202) 707-3000

- **Legal Advice:** You can profit from obtaining legal advice when you make many decisions about your business. To locate an attorney in your area or with expertise in special areas, you may contact:

The SC Bar Association, Lawyer Referral Service
1-800-868-2284

Real Estate

- Be very careful about real estate transactions. Before signing a lease or contract, you should speak with a realtor. To locate a realtor check the yellow pages or:

South Carolina Association of Realtors
PO Box 21827 (zip 29221)
3780 Fernandina RD
Columbia, SC 29210
(803) 772-5206

Demographics

Census Data: The South Carolina Data Center acts as the primary clearinghouse in South Carolina for Bureau of Census products. Assistance is provided on such topics as population estimates and projections, sources of data, census concepts and definitions, and interpretation and use of data. For more information on the SC Data Center, contact:

SC State Data Center
Div. of Research and Statistical Services
1000 Assembly St., Suite 425
Columbia, SC 29201
(803) 898-9940

Other

Obtaining a Bar Code or Universal Product Code (UPC):

- To obtain an application for a bar code, contact GS1 (formerly the Uniform Code Council) at (937) 435-3870.
- Fill out the application completely and return to the Uniform Code Council with the required fee.
- The fee is dependent on your annual sales. Minimum fee for new products is \$300.
- Processing the application takes approximately 10-15 days upon their receipt of application and fee.
- You will be issued a bar code and instruction for getting the bar code on your product.

GLOSSARY OF TERMS

Assets - Resources, owned or controlled by a company, that have future benefits. These benefits must be quantifiable in monetary terms.

Balance Sheet - A list of a company's assets, liabilities, and owner's equity at a particular point in time.

Break Even - The unit volume where total revenue equals total cost; there is neither profit nor loss.

Capacity - The amount of goods or work that can be produced by a company given its level of equipment, labor, and facilities.

Capital - The funds necessary to establish or operate a business.

Cash Flow - The movement of money into and out of a company; actual income received and actual payments made out.

Cash Flow Statement - A presentation of the cash inflows and outflows for a particular period of time. These flows are grouped into major categories of cash from operations, cash investing activities, and cash-financing activities.

Collateral - Assets pledged in return for loans.

Conventional Financing - Financing from established lenders, such as banks, rather than from investors; debt financing.

Debt Financing - Raising money for a business by borrowing, often in the form of bank loans. (See Conventional Financing above)

Debt Service - Money being paid out on a loan; the amount necessary to keep a loan from going into default.

Disbursements - Money paid out.

Equity - Shares of stock in a company; ownership interest in a company.

Expenses - Outflows of resources to generate revenues.

Fixed Costs - Those costs that are not responsive to changes in volume over the relevant range of time.

Income Statement - A matching of a company's accomplishments (i.e. sales) with effort (expenses from operations) during a particular period of time. (Revenues -Expenses = Net Income)

Leasehold Improvements - The changes made to a rented store, office or plant, to suit the tenant and make the location more appropriate for the conduct of the tenant's business.

Letter of Intent - A letter or other document by a customer indicating the customer's intention to buy from a company.

Liabilities - Commitments to payout assets (typically cash) to or render services for creditors.

Licensing - The granting or permission by one company to another to use its products, trademark, or name in a limited, particular manner.

Liquidity - The ability to turn assets into cash quickly and easily.

Market Share - The percentage of the total available customer base captured by a company.

Net Worth - The total ownership interest in a company, represented by the excess of the total amount of assets minus the total amount of liabilities.

Partnership - A legal relationship of two or more individuals to run a company.

Profit Margin - The amount of money earned after the cost of goods or all operating expenses are deducted; usually expressed in percentage terms.

Pro Forma Statements - A financial statements detailing management's predictions.

Receipts - Funds coming into the company; the actual money paid to the company for its products or services; not necessarily the same as a company's actual receipts.

SBA — Small Business Administration

SBDC — Small Business Development Center

Sole Proprietorship - Company owned and managed by one person.

Variable Costs - Those costs that are directly responsive to changes in volume over the relevant range of time.

Venture Capitalists - Individuals or firms who invest money in new enterprises.

Working Capital - The cash available to the company for the ongoing operations of the business.

NOTICE: The contents of this publication are presented for informational purposes only and should not be considered in any way legal or professional assistance. We encourage you to seek the advice and counsel of a licensed professional when dealing with legal and financial matters.

While care has been taken to provide accurate, up-to-date information, the information presented has been collected from numerous sources and is subject to errors and changes and should be further researched for updates and accuracy.