

## MODULE 3: TURNING AN IDEA INTO A BUSINESS

### Teaching Notes

#### Module 3 Objectives:

- Understand importance of business planning.
  - Understand basics of writing a business plan.
  - Understand funding landscape and options.
  - Become familiar with agencies and their relationship to a business and its owner.
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#### Understand importance of business planning. (Overhead 3-A)

***“Begin with the end in mind.”***

– Stephen Covey, *The 7 Habits of Highly Effective People*.

***“If you don’t know where you are going, how can you expect to get there?”***

– Basil S. Walsh.

***“Goals determine what you’re going to be.”***

– Julius Erving.

- **What is a business plan used for? A business plan has 3 primary purposes:**
  - **1. Charts course for business owner** – businesses that plan are more successful (Source: Sullivan, Robert. *The Small Business Start-Up Guide*. Great Falls, VA: Information International, 1998, p1).
    - Business planning gives the owner, and those affiliated with the owner such as staff, financial institutions, etc., a sense of where the business is heading.
    - Remember the marching band analogy, it takes planning to make the band head in the same direction.
  - **2. Provides introduction document for fundraising**
    - Whether it is a bank, the Small Business Administration, or a friend or family member...any person or institution lending money to your business wants to understand the business itself, the opportunity, the people involved, and other factors in making a decision about an investment.
  - **3. Drives action**
    - The best business plans address not only “what” but also “how”
      - What – the idea, the vision.
      - How – how this idea or vision will be implemented.
    - The first step, for any future entrepreneur, is to lay out the idea. What is the vision? The opportunity? As a business concept matures, it is imperative to address the “how” – that is, “how will I carry out this vision?”

➤ **EXERCISE:** 3-1 – “Imagine this”

- **Summary takeaway from exercise:** The act of research and planning, and communicating that research and planning, sends many messages to friends, employees, potential investors, and clients. It makes it all the more important to:
  - **Choose something you love**
  - **Do the “work” (Research and Planning)**
  - **Sell it (Think: Elevator Pitch from Mind Mapping Exercise)**

➤ **HOMEWORK:** 3-2 – Thinking about “how”

- **Summary takeaway from homework:** An idea is just an idea unless you act on it. Research (from Module 2) and planning are the first two steps in acting on your idea.

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## Understand basics of writing a business plan.

- **Typical sections of a typical business plan.** A business plan can contain many different sections and sub-sections. The sections mentioned in this module are to give students a basic understanding of the types of information required in a business plan.

**I. Executive Summary**

**II. Product or Service Description**

**III. Market Landscape**

**IV. Operational Plan**

**V. Sales and Marketing Plan**

**VI. Financial Plan**

**VII. Appendices**

**I. Executive Summary**

- **One page description of the business.** Usually provides a “snapshot” or brief of each of the business plan sections.
- **Refer to what you are seeking** (e.g. money, advice, staff...what is the reader supposed to do with this information?). A common mistake made by entrepreneurs in sharing their business plan is not stating what they would like from the business plan reader. Examples include:
  - Stating in a cover letter, or the plan itself, you are seeking X dollars to be paid back over a certain period of time.
  - Stating in a cover letter, or the plan itself, that you would like the reader to consider serving as an advisor to the business.

**II. Product or Service Description** - Your opportunity to make sure the reader understands your product or service. Make it clear and concise so the reader can keep that visual image as they read through the rest of the plan.

- A good idea is to offer a preview of your market research and mention the market opportunity or need that your product or service addresses.

**III. Market Landscape** - All of your market research tools from Module 2 will come into play for this section. Plan to cover:

- **The industry and its characteristics.**
  - **Size – (Units and Dollars).** How big is your market? For instance, if there are two dog grooming shops in your town, how many dogs do they serve? How many dollars does that represent?
  - **Growth** – Is the market growing, or, are sales “flat” (remaining constant or the same)?
  - **Consumer behavior** - Do people switch based on price, or, do they tend to make choices based on location and relationship/service?
  - **Other factors** – What other factors influence your market? Think about these carefully. Discuss it with friends. Run your thoughts by advisors. With each person to whom you show your business plan, it will improve.
- **Target markets. What markets are you targeting?** Women, men, students, older people, your home town, your street? Think in terms of:
  - **People** (gender, age, income/working status, etc.) – also known as “demographic”,
  - **Place** (where they live, work, etc.) – also known as “geographic”, and
  - **Preference** (needs, wants they have, products they use, lifestyles and interests) – also known as “psychographic”.
- **Competition.** What is the competition doing in this market? What do customers say about them? How are their products priced? How long have they been in business and what do they sell? Are they growing, shrinking? All of these questions can help shed light on what “space” (or opportunity) there is for you in this market.

**IV. Operational Plan** – This is what your business will look like and how it will work. Remember the “how” exercise from earlier? Your ability to think about “how” will come into play in the operational plan.

- **Team and Structure**
  - **Management team and roles** – List the management team and board of advisors. These are the individuals who will be carrying out, and advising, the operations of the company.
    - **Tip: Present team member bio.** List the team member’s name, their title, and a description of their past experience and education. Explain what role they will play in the company. If you are the sole employee, explain your own background and experience.
    - **Tip: Project needs for staff in the future.**
    - **Tip: What function in the company will they be handling?** Financial, sales, marketing, customer service, other? Providing an organizational chart can be helpful.

- **RESOURCE:** Refer to the following resource to see examples of organization charts or “org charts”  
<http://www.smartdraw.com/examples/orgchart/index.htm>
- **Form of ownership** – what type of company will you have? A sole-proprietorship, partnership, LLC, C-Corporation? Business owners make form of ownership decisions based on many factors including: Liability, tax implications, and control.
  - **Sole Proprietorships** – are the most common form of small business (as discussed in Module 1).
  - **RESOURCE:** Refer to the following resource for more information on form of ownership:  
[http://www.sba.gov/starting\\_business/legal/forms.html](http://www.sba.gov/starting_business/legal/forms.html)
- **Business location** – where is the business located? Is it a home-based business or will there be a retail or office location.
  - **Tip: List advantages.** If the location offers some advantage (e.g., proximity to clientele, low cost, etc.) mention this in the plan.
- **Product/Service Plan** – you know what product or service you will offer, now we get to the “how”. Where will the materials come from? How will it be delivered? And other operational questions.
  - **Detailed description of product/service** – in an earlier section, an overview description was provided. Now, if there is more detail, it can be written in this section.
  - **Supplier/Manufacturing/Inventory detail** – where will the materials for the product be purchased? If it's a service, where will the skills be obtained to render the service? Will a product be stocked (inventoried) and, if so, how? Where will the product be assembled if that is required?
- **Major Year 1 Tasks and Future Goals**
  - **Year 1 Tasks** - List the major tasks to be accomplished in Year 1 to meet your revenue objective listed in the financial section.
    - **Tip: List dates and status too.** If you have already accomplished some of the tasks, this will demonstrate progress.
  - **Future Goals** – List your vision for the company in 3 to 5 years.
    - **Tip: Be as specific as possible.** Will the product or service be the same, but bought by more people, or in different areas? Will there be a completely new follow-on product or service like in the Doggie Services example?

**V. Sales and Marketing Strategy-** Don't just try one thing after another – this wastes time, energy, and money. Think seriously about the customers you want to reach and how best to appeal to their needs. In other words, have a plan and develop strategies to meet your objectives. As Harvard Business School finance professor Paul Marshall once said, “A business needs to make stuff and sell stuff.” If you're not doing that, there's not a lot to talk about. This section gets at the “sell stuff” component.

**Advertising spending: Where do small businesses spend their money? (Overhead 3-B1)** Advertising is a type of promotion, which we will learn about (below). While there are no definitive studies out there telling us exactly where small businesses spend their money, we can get a sense of trends:

- **Third largest expenditure** - Marketing is typically the third largest expenditure as percent of sales. (Source: [www.MarketingPower.com](http://www.MarketingPower.com))
- **Growing favoritism toward online** - Many small business owners favor online marketing methods over offline marketing methods. Reasons for this likely include the ability to reach a wider audience at a low cost.
  - **Most important online marketing tactics for small business owners:**  
69% "Web sites are essential to my marketing plan"  
36% "Search engine key words are essential to my marketing plan"  
24% "E-mail marketing is essential to my marketing plan"
  - **Most important offline marketing tactics for small business owners:**  
35% - fostering good community relations  
27% - public relations/ media coverage  
Source: [www.emarketer.com](http://www.emarketer.com)
- **The Four Ps** – the four "Ps" is taught in many business schools as a way to think about marketing.
  - **Product** – where is this product/service in its "lifecycle"? Is it a known, accepted product? Or, is it new and innovative? Be prepared to address this in a business plan.
    - **Example: Mature product** - A product that is accepted might require less consumer education, but, it means there is more competition.
    - **Example: New/introductory product** - A new, innovative product might mean you have to educate the consumer on "what is this thing?", but, there will be less competition.
  - **Place** – where is your product or business sold? On the web, out of your house, at school, door to door, at a shop, over the phone?
    - **Tip: Sales strategy** – walk through the "how" of a sale. If you will sell on the phone, how will that work? How will you get contact numbers? How will you convince them?
  - **Price** – how much does the product cost? Be prepared to demonstrate the thought behind the cost of your product or service from two perspectives:
    - **Internal/Cost perspective** – what does it cost your business to make the product or offer the service? If your goal is 50% profit, and your product costs \$10 to make, you will need to sell it for \$15. Will the market pay \$15 for this product?
    - **External/market perspective** – what will the market pay for this product? (Referred to in Module 2 as "willingness to pay"). Research plays a strong role here.
  - **Promotion** – there are three primary ways to promote products and services, how will you employ each?

- **Type of promotion - Advertising** – From flyers, to internet banners, to ads in the paper and on TV...this is what is meant by “advertising”.
  - **Tip: Advertising value** - There are equations to compute the value a business is receiving by using a particular form of advertising. This is called CPM or “cost per thousand”. Ask publishers to demonstrate the value to you.
  - **RESOURCE:** Refer to the following resources to understand ways to evaluate costs of advertising and other ad terms:
  - [http://marketingtoday.com/tools/cpm\\_calculator.htm](http://marketingtoday.com/tools/cpm_calculator.htm)
  - [http://searchcio.techtarget.com/sDefinition/0,,sid19\\_gci211535,00.html](http://searchcio.techtarget.com/sDefinition/0,,sid19_gci211535,00.html)
- **Type of promotion - Publicity** – Public relations, or “PR” is one of the cheapest ways to advertise your product or service. There needs to be a compelling story. What is yours?
  - **Tip: Made you look!** - Think about “what is interesting, different, compelling, personal, make you laugh, or make you cry about my product or service?”.
- **Type of promotion - Personal Selling – Getting out there and selling** your product is another major component to selling and marketing a product. With the advent of technology, many sales are done via email, the web, in addition to in person and over the phone.
  - **Tip: Relationships** - Never forget the importance of relationship with clients and the community at large.

#### GENERAL TIPS

- **Tip: Go Guerilla** - Be willing to employ “guerilla marketing strategies” which are low-cost, unique marketing ideas. Get creative! Flyers, business cards, websites, promotions, joining community groups and chambers of commerce, publicity...these are all low or no-cost marketing methods.
- **Tip: Objective-based promotion** - When determining a marketing strategy, it is important think about your objectives. For example, are you trying to find new customers? You are providing a product or service that will meet your customers’ needs; focus on those needs. Does it save time? Save money? Ease anxiety?
- **Tip: Why is this special?** - When developing a Business Plan, marketing will be a key to whether your business will be successful or not. As you develop your plan, always keep in mind this question: *So, what makes your product or service so special?* Maybe the way you market makes it special through entertainment value if the product, itself, is not too special.

**Conclusion:** If you've differentiated your product or service from your competitors, targeted a potential market realistically, and have developed a strategic promotional plan, you are well on your way to a successful business!

**VI. Financial plan** – projected income and expenses. Include section for investors where applicable.

- **Projected Income: Revenue – expenses = income**
- **Thinking about revenues vs. income**
  - **Revenue** is the money you make each year in your business. Think about what income you expect to make in your business: (Refer to EXERCISE 3-4)
  - **Expenses** are the costs you incur to run your business.
  - **Income** is the money you, or the business, can keep. Revenues – Expenses = Income.
- **Revenue**
  - **Defining a unit.** For example, in the Doggie Services case a grooming could cost \$35 per.
  - **Defining your market.** What % of the market might you capture (top down) or how many clients do you think you can serve (bottom up)?
    - **Optional Advanced #1:** The first of the three primary financial statements/reports used by business owners is an Income Statement.
      - Revenues - are one of two major categories on an income statement.
      - Expenses – this is the other category on an income statement.
- **Expenses** – expenses are costs to run your business.
  - **Your time** – many entrepreneurs do not count this as a “cost” to start with. This is “sweat equity” or your own effort invested in the business.
  - **Salaries** – will you need to pay other people in starting or running your business?
  - **Rent** – will you need to pay rent for your business? Low cost start-up ideas include working from home.
  - **Utilities** – will you need to pay power, gas, or other utilities if running your business from home?
  - **Telephone** – will you use your cell phone or home phone for business calls?
  - **Car** – will you use your car, or your parents' car, or incur gas expenses while running your business?
  - **Insurance** – will you need to insure your business? Check with an advisor.
  - **Machinery** – will you need special machinery for your business?
  - **Equipment** – will you buy any office equipment (fax machine, computer, etc.) for your business?
    - **Optional Advanced #2:** The second of the three major financial statements or reports is a balance sheet which has three components:
      - **Assets** - Equipment and machinery are examples of “assets” that will wind up on a balance sheet.

- **Debt** - If you borrowed money from an investor, this would show up on your balance sheet as "debt".
- **Owners Equity** – If you invested some of your own money in the business, this would show up on the balance sheet as "owners equity".
- **Office** – will you buy paper, pens, or other supplies for your business?
- **Inventory** – will you need to buy materials to make a product you are selling?
- **Marketing/Promotion** – will you buy advertising space, print flyers, or do other types of marketing or promotion?
- **Professional Dues or Fees** – will you subscribe to a magazine to learn about your market? Will you join an association requiring dues (in your industry or chamber of commerce)? Will you hire a lawyer to help you incorporate your company?
- **Other** – what other costs will there be to run your business not covered by the above?
- **Your Revenues – your expenses = your profit.**
  - **1. Write down your projected income for a month or a year.**  
Example = \$100.
  - **2. Write down your projected expenses for a month or a year.**  
Example = \$75.
  - **3. Subtract #2 from #1. Example \$100-\$75=\$25.**
  - **4. Divide your answer by #1. Example \$25/\$100= 25%.**
  - **5. This is your estimated percent PROFIT for your business.**
- **What do entrepreneurs do with profit?**
  - **Invest back in the business** (e.g., buy next year's inventory, keep as a cash surplus "just in case").
  - **Pay back investors** – banks, family, friends, others.
  - **Keep it for themselves** – invest for college, use as spending money.
  - **A combination of the above.**
    - **Optional Advanced #3:** The last of the three important financial statements is the "Cash Flow Statement". This demonstrates the cash position of the company at a point in time. For more on cash flow, see:  
[http://www.entrepreneur.com/Magazines/MA\\_SegArticle/0,1539,265225----1-,00.html](http://www.entrepreneur.com/Magazines/MA_SegArticle/0,1539,265225----1-,00.html) and  
<http://www.onlinewbc.gov/docs/finance/cashflow.html>.
- **Proposed plan to meet your capital (= "money") needs**
  - **When completing exercise 3-4, Part II, think about:**
    - **Which items need to be bought NOW?** (Necessary for the operation of the business)
    - **Which items can be bought later?** (Possibly purchased with initial profits of business).
    - **Where will you get the money that you need NOW?**
      - To be discussed in "Funding landscape" section....



**VII. Appendices** – Appendices allow entrepreneurs to display detailed spreadsheets, market research, and other “bulky” items without disturbing the flow of their plan.

- **EXERCISE:** 3-3 – Business plan brainstorm
- **EXERCISE:** 3-4 – YOUR business plan

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### Understand funding landscape and options.

- **Funding, financing, etc.** – whatever you want to call it, funding for your business is typically OPM “Other People’s Money” unless you have a great deal of cash sitting around to finance your company. Funding is needed for a few primary reasons:
  - **Pay start up costs** – until the owner can make enough profit.
  - **Fund growth** – for example, opening 3 additional dog groomer locations. Or maybe the owner wants to buy the building in which they have their office.
  - **Short term cyclical needs** – for example, a beach towel manufacturer may need extra money before the summer. During and after the summer, the owner can easily pay back the short-term money borrowed.
  - **Just in case** – some owners like to have money around ‘just in case’.
- **Quick facts about funding** – According to the Small Business Administration:
  - **Credit** - 82.5 percent of small firms used some form of credit in 1998.
  - **Sources of capital/funding** - Small firms use many different sources of capital, including their own savings, loans from family and friends, and business loans from financial institutions.
  - **Most commonly used** - Credit cards, credit lines, and vehicle loans are the most often used types of credit. Commercial banks are the leading suppliers of credit, followed by owners and finance companies.
  - **Learning more** - Data from the Federal Reserve Board Survey of Small Businesses Finances, 2003 are currently being prepared. Visit [www.SBA.gov](http://www.SBA.gov) and type in “credit” for more information.
- **What funding options to you have?** It starts close to home:
  - **Debt** – funds that you pay back + interest.
    - **Example:** You borrow \$10 at 10% interest. You have to pay back the \$10, plus \$1 (10%) of interest.
    - **Example:** Your life – many houses and cars are bought using debt.
      - **More on Debt:**  
<http://sbinfoCanada.about.com/cs/financing/g/debtfinance.htm>
  - **Equity** – funds are received in exchange for a percent of ownership in the business.
    - **Example:** You borrow \$10 from a friend. You give the friend ownership in your business in exchange for this.

- **More on Equity:** There are many more complex elements to equity. See more at:  
<http://sbinfocanada.about.com/cs/financing/a/bizfinancing.htm>
- **Four Sources of Funding** - Within these two broad categories, there are four primary sources of funding:
- **1. Financial Institutions, examples:**
  - **Community Banks** - a local bank near you that is only in your community (see [www.ibaa.org](http://www.ibaa.org)).
  - **Large banks** - like Bank of America, Wachovia, etc.
    - **A form of debt - Credit card** – founders will often use their own personal credit cards (beware!) for business expenses and start-up needs. (Note: This actually constitutes borrowing from a financial institution).
    - **Reality Check Note:** As with any form of debt, payback is required. As part of using debt, including credit cards, intelligently, see [www.getsmart.com](http://www.getsmart.com) to check your credit.
  - **Small Business Administration** – the Small Business Administration provides loans, often through local banks, to small businesses. Other organizations also work with small businesses to provide loans. Learn more at:
- **2. Founder, Family, and Friends**
  - **Founder** – founders almost always provide some sort of financing for their business. 74% of starts ups are funded by founders.
    - **Pros:** retain control in business (not giving up a % of business like with equity).
    - **Cons:** Must have money to pay back (with interest).
  - **Friends and Family** – next, founders will often ask friends or family for money.
    - **Pros:** Friends and family are easily accessible, family and friends might believe in you, entrepreneur does not “share” control of the business.
    - **Cons:** Limited amount of funds available, can damage personal relationships.
    - **Reality Check Note:** Friends and families might be the only choice a business owner has for start-up funds. A bank might not take the risk.
- **3. Angel Investors** – Angel investors offer money and expertise. They are wealthy individuals – often entrepreneurs themselves – who invest in smaller businesses in exchange for a percent of ownership.
  - **Pros:** Prefer smaller investments, will take on risk.
  - **Cons:** Prefer to have a say in running the firm, entrepreneur has to “get along” with angel, entrepreneur loses some control in the business.
  - **Reality Check Notes:** Angel investors are the oldest, largest, and most often used sources of outside funds for

entrepreneurial firms. The US has almost 3 million angels investing more than 50 billion each year.

- **4. Private Equity/Venture Capital Funds** – Many people are familiar with the term “Venture Capital”. Venture capital is a subcategory of “Private Equity”. For more on private equity, see: The National Venture Capital Association - <http://www.nvca.org/>.
  - **Pros:** Will invest more money than other sources, take risks financial institutions won't, offer support, always looking for right firm.
  - **Cons:** entrepreneur loses some control in the business, access can be hard without a referral, VCs want a quick return on their investment, VCs only interested in “high potential” firms.
    - **Optional Advanced:** The next type of funding is from the public markets. Also known as an “IPO” this is when a company “goes public” or offers stock in the company to the general public. For more on IPOs and going public, see:  
<http://www.sec.gov/answers/ipo.htm> and  
<http://www.hoovers.com/global/ipoc/index.xhtml> and .

➤ **EXERCISE:** 3-5 – YOUR funding options

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**Become familiar with agencies and their relationship to a business and its owner.**

**Establishing a business the right way** - You have a good idea, you have a good plan, but now is the time to understand that there are factors influencing how you do business. There are different organizations of which you need to be aware that can govern how you think about your office space, your employees, your pay, etc.

Smart future entrepreneurs “dot their Is and cross their Ts” in setting up shop. Below is an overview list of agencies and groups which the students may need to contact in establishing their business. (Note: Encourage the students to take good notes as they will have an exercise relating to this ... EXERCISE 3-6).

- **Zoning office** – especially if you are starting a home business, you need to know zoning rules. Most cities and many counties have zoning ordinances that limit whether you can operate a business from home. Some activities that may be restricted are:
  - **Increased vehicular traffic**, both moving and parked on the street  
Prominent signs
  - **Number of employees** in your home

- **Use of a home** more for business than as a residence (determined by the percentage of space used for the business)
- **Selling retail goods** to the public out of your home
- **Storage** - Storing hazardous materials inside or outside your home
- **Learning more** – To learn about the zoning ordinances in your area, do an internet search with “zoning office” and your home town.

Sources: *Start Your Own Business: The Only Start-Up Book You'll Ever Need* (Entrepreneur Press) & [www.Entrepreneur.com](http://www.Entrepreneur.com)

- **Internal Revenue Service** – If you plan on making money, you should get to know the IRS. The IRS, as many know, is the US federal agency that collects taxes. You should reference their website for the following information in starting your business:
  - **Do I need to file taxes?** - You must file a tax return if you had net earnings from self-employment of \$400 or more.
  - **Federal ID number** – A Federal ID Number, also known as an “EIN” or Employer Identification Number, is not required for every business. Check [www.IRS.com](http://www.IRS.com) to see if you need an EIN. Most sole proprietorships without employees do not need an EIN.
  - **Payment of employees** – Most employees are either W-2 employees (full time or “on payroll”) or 1099 employees (contract employees). The IRS is such a fixture in business life that many business owners refer to the status of their staff by the IRS classification (e.g., W-2, 1099). The main difference between these two types of staff is based on which party is responsible for making certain payments and filings with the IRS? See [www.IRS.gov](http://www.IRS.gov) for more information on this topic.
  - **Learning more** - [www.IRS.gov](http://www.IRS.gov)
- **Business License. Do I need one?** Most states have licensing requirements for certain types of businesses.
  - **Examples** of businesses requiring licensing include Barbers, Attorneys, Doctors, Dentists, Contractors, Insurance Brokers, Opticians, Veterinarians.
  - **Learning more** - To see if you need a business license for your type of business, do an internet search using the terms “business license” and your home town.
- **State corporation commission** - or the state entity presiding over business incorporation, needs to be contacted if you have chosen a form of ownership for your business that needs to be registered with the state.
  - **Examples** - LLC, c-corp, nonprofit.
  - **How to incorporate** – most smart entrepreneurs consult advisors such as an attorney and/or an accountant in selecting a corporate form. There are also services to incorporate on the web, albeit this is not the best way for a fledgling company to start.
  - **Learning more – forms of ownership** - Learn more about different forms of ownership (also discussed in earlier modules) by doing an internet search

on “form of ownership” or “incorporation” or going to  
<http://www.allbusiness.com/articles/Incorporation/674-31-1799.html>.

- **Learning more – corporation commission** – state corporation commission – by doing an internet search of “corporation commission” and your home state.
- **Department of Labor** – companies need to become familiar with the Department of Labor when they have employees. There are laws with which you need to comply including:
  - **Wages** – are you paying someone enough? What is the minimum wage?
  - **Health insurance** – in what circumstances do you need to provide health insurance?
  - **Benefits** – in what circumstances do you need to provide certain benefits, such as unemployment benefits, retirement, leave?
  - **Work environment** – workplace safety and health is a concern, especially for certain industries involving hazardous materials or dangerous job roles.
  - **Hiring, firing** – what are the rules around hiring and firing?
  - **Learning more** – [www.DOL.gov](http://www.DOL.gov). Check, also, on particular regulations for your state.
  - **Important Note:** Different laws apply to different business sizes. What size business is yours? You can learn more [www.NFIB.org](http://www.NFIB.org).
- **Small Business Administration** – the small business administration is the federal government agency tasked with providing small business loans and assistance.
  - **Loans** – SBA administers three separate loan programs for small business. For more information, visit:  
<http://www.sba.gov/financing/basics/sbarole.html>
  - **Certification** – federal and state governments have special contracts for small and minority-owned businesses as well as businesses located in certain developing areas. To learn more about this, conduct a search on the SBA's website ([www.SBA.gov](http://www.SBA.gov)) and type in “certification” or “minority certification” or “hub zone”.
    - **Women-owned business:** As of April, 2005 – women-owned businesses are not formally recognized by the federal government as a particular category for which contracts are set aside. However, certification can still be valuable. To learn more, go to the Women's Business Enterprise National Council [www.WBENC.org](http://www.WBENC.org).
- **Associations and Membership Organizations:**
  - **For the established entrepreneur:**
    - **National Federation of Independent Business** – [www.nfib.org](http://www.nfib.org) – the largest advocacy organization representing small and independent businesses in the US. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America.
      - **Policy** – what policies passed in Congress might impact your small business? Health coverage? The ability of large businesses to have an

advantage over small businesses in government contracts? NFIB believes supporting pro-small-business political candidates is crucial to defending free enterprise in America.

- **Resources** – <http://www.nfib.com/page/toolsHome>
- **United States Association for Small Business and Entrepreneurship** – USASBE - <http://www.usasbe.org> - a comprehensive organization of outstanding researchers, scholars, teachers, administrators, and public policy makers interested in entrepreneurship and small business.
- **Young Entrepreneur's Organization** – [www.yeo.org](http://www.yeo.org) - global, non-profit educational organization for today's leading business owners, the Young Entrepreneurs' Organization (YEO), and its sister graduate organization, the World Entrepreneurs' Organization (WEO), strives to help its members build upon their successes through an array of learning and networking opportunities.
- **For the emerging entrepreneur**
  - **DECA** – [www.deca.org](http://www.deca.org) - the association for students and teachers of marketing, management and entrepreneurship providing: Leadership training, Conferences for networking, building skills and competing, Classroom support of materials and ideas, Co-op job placements for real-world learning Corporate support and partnerships.
  - **NFTE** – [www.nfte.com](http://www.nfte.com) – The National Foundation for Teaching Entrepreneurship. NFTE teaches entrepreneurship to young people from low-income communities to enhance their economic productivity by improving their business, academic and life skills.
  - **Junior Achievement** – [www.ja.org](http://www.ja.org) - Junior Achievement uses hands-on experiences to help young people understand the economics of life.
  - **FBLA** – [www.fbld.org](http://www.fbld.org) – Future Business Leaders of America's leadership and career programs bringing together business and education.
  - **Students in Free Enterprise (SIFE)** – [www.sife.org](http://www.sife.org) – global university-focused organization for students interested in business.