STATE OF TENNESSEE

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT

B U S I N E S S E N T E R P R I S E R E S O U R C E O F F I C E

ANNUAL REPORT TO GOVERNOR AND GENERAL ASSEMBLY

STATE OF TENNESSEE
DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT
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Greetings:

Per TCA 4-26-105, the Department of Economic and Community Development, Business Enterprise Resource Office, (BERO) shall make a written report to the Governor, the Speaker of the senate, the Speaker of the house of representatives, the chair of the senate commerce, labor, and agriculture committee, the chair of the house commerce committee, and any governor's advisory committee on minority economic development, at least once each year.

Enclosed please find the BERO annual report for fiscal year 2008-2009. If you have any questions regarding the report, please contact Michelle Proctor, director, by telephone at (615) 741-8914 or by e-mail at Michelle.Proctor@tn.gov.

Respectfully Submitted,

Michelle C. Proctor

Michelle Proctor
BERO Director

Business Enterprise Resource Office

ANNUAL REPORT
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1. BACKGROUND

The Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO), was created in the Department of Economic and Community Development (ECD) by Chapter 135 of the Public Acts of 1977 , codified as Section 4-26-101 et seq, Tennessee Code Annotated. The legislative intent of the office, stated in Section 4-26-104, is to counsel and assist disadvantaged businesses so that they could "preserve free competition on equal terms" with other businesses.

BERO is part of the Business Development Division in ECD. Its main office is in Nashville with regional offices in Memphis, Jackson, Chattanooga and Knoxville. BERO staff includes a Director, Regional Enterprise Specialists and an Administrative Secretary. Additional staff information can be found in the Appendix 4.2.

1.1. Mission

The Business Enterprise Resource Office's (BERO) mission is to provide or arrange for technical, financial and managerial assistance to small, rural, minority- and women-owned businesses. BERO strives to expand economic opportunities for these businesses by providing information on procurement opportunities, loan programs and management programs with Tennessee private industry and government entities to help them to succeed and grow in the State of Tennessee. BERO also assists the Governor's Office of Diversity and Business Enterprise (Go-DBE) in its mission to expand procurement opportunities for minority, women-owned and small businesses who desire to do business with the State of Tennessee and pursue other procurement opportunities.

1. 2. Goals

1. Provide technical, financial and managerial assistance to small, rural, minority- and women-owned businesses.

2. Provide financial programs and information to small, minority-, women-owned and rural businesses that need access to capital.

3. Provide assistance with public and private procurement opportunities for existing small, rural, minority- and women-owned businesses by providing procurement-related events.

4. Assist the Governor's Office of Diversity Business Enterprise (Go-DBE) in expanding state procurement opportunities for small, rural, minority-, and women-owned businesses that desire to do business with the State of Tennessee.

5. Provide relevant and timely information on BERO activities to management and other interested parties through BERO Exit application reports.

1.3. Major Accomplishments

- Provided one-on-one assistance to 2,004 small, minority- and women-owned businesses

- Provided funding to rural entrepreneurs through the ECD-BERO Rural Enterprise Loan Fund

- Published the Tennessee Small Business Start-up guide in print and online (at www.tnecd.gov/bero) featuring information on regulations and resources for starting a business in Tennessee

- Coordinated Global Entrepreneurship Week 2008 resulting in more than 30 events that reached 1,000 entrepreneurs and business owners

2. BERO SERVICES

2.1. Technical Assistance

BERO Enterprise Specialists provide one-on-one technical assistance to entrepreneurs and small, minority- and women-owned businesses in Tennessee. Enterprise Specialists, who are located in each grand division of the state, assist clients with start-up concerns, such as licensing requirements, business and marketing plan development, capital identification and more. They also assist existing businesses with procurement opportunities (public and private), access to capital, certifications, business relocation and/or expansions, turn-around situations, etc.

Enterprise Specialists provide technical assistance through a variety of methods, including in-person, telephonically, or electronically. In addition, Enterprise Specialists coordinate with various local chambers of commerce and economic development agencies to provide one-on-one counseling on a regular basis in their communities. All technical assistance is recorded in a customized computer application, BEROExit. A variety of data is recorded in BEROExit by each client and reported in Section 3 of this report.

2.2. Access to Capital

A primary service of BERO is to assist small, minority- and women-owned businesses with identifying sources of capital. To achieve this goal, BERO works with a variety of traditional and non-traditional lenders to understand the financial products available to its clients in each region of the state. The Small Business Administration, regional development districts, traditional banks and non-traditional lenders are among BERO's leading financial partners.

Complementing the governor's initiative to provide a greater level of service and programming to rural communities, BERO started the first rural entrepreneurship loan fund in the department's history. Funded by a USDA grant, the fund provides micro-loans ranging between $500 and $10,000 to entrepreneurs and small business owners living in rural Tennessee. To qualify, applicants must live and operate their business in a rural area, as well as have five or fewer employees. In addition to access to capital, applicants will receive pre- and post-loan technical assistance from BERO Enterprise Specialists, as well as other resource providers.

Working in partnership with the Tennessee Small Business Administration, BERO assisted in the planning and/or promotion of several financing workshops for one of the newest SBA loan products nationwide, the Community Express Loan. The Community Express Loan provides loans ranging from $5,000 to $25,000 and does not impose a collateral requirement, enabling many more individuals to have access to small amounts of capital to start or continue operating a small business. In just a few years, this loan program has become the most widely-used SBA loan product in Tennessee.

2.2.1. Rural Enterprise Micro-Loan Fund

The Rural Enterprise Micro-Loan Fund is a small business loan program that ECD and BERO established with seed funding from USDA Rural Development. The goal of the program is to expand economic opportunities in rural Tennessee through entrepreneurship and small business growth.

The loan program is for entrepreneurs and small businesses in rural Tennessee. Small loans of $500 to $10,000 are available for purchasing equipment, inventory, working capital and/or fixed asset purchases. Loans are below interest market rates and collateral is required on loans of $5,000 and more. In addition to financing, all loan applicants receive free business counseling and technical assistance from BERO Enterprise Specialists.

2.2.2. Tennessee Rural Opportunity Fund

In September 2007, Governor Phil Bredesen announced the launch of another rural economic development fund, the Tennessee Rural Opportunity Fund - a joint fund created through a partnership between the State of Tennessee, the Tennessee Bankers Association and Southeast Community Capital, a not-for-profit community development financial institution. The fund will provide loans and technical assistance to small, disadvantaged, and early-stage businesses in rural Tennessee. The legislature approved a $1,250,000 appropriation through ECD for this $10,000,000 Fund.

2.2.3. Small and Minority-Owned Business Assistance Program

The Small and Minority-Owned Business Assistance Program was created within the State of Tennessee Treasury Department by Public Chapter 830 of the Acts of 2004. The legislative intent is for the department to use this assistance provided by this program to support outreach to new, expanding and existing businesses in Tennessee that do not have reasonable access to capital markets and traditional commercial lending facilities. SMOB consists of loans and program services. Loans up to $125,000 are available for acquisition of machinery and equipment, working capital, supplies and materials, inventory and certain other business-related activity. Interest rates will range between 2 percent below prime and 2 percent above it. SMOB will provide program services in the form of technical assistance, education and consulting services to qualifying businesses, including financial counseling, loan packaging assistance, cash flow management, financial management systems, strategic planning, conducting workshops and seminars, and certifying qualifying businesses with the Governor's Office of Diversity Business Enterprise.

ECD supports this program and will market this opportunity to small, minority- and women-owned businesses statewide.

2.2.4. Small Business Administration Loan Programs

BERO educates entrepreneurs and diversity businesses on loan programs that are available through the SBA. BERO provides general information about SBA loan programs, identifies local SBA lenders, and partners with the SBA Tennessee District Office to host educational SBA loan workshops in rural and urban parts of Tennessee. A listing of the workshops can be found in the appendix under Training and Workshops.

Two SBA loan programs to note are the Community Express Loan Program and the Patriot Express Loan Program. The Community Express Loan Program is a highly successful pilot program by the SBA to provide small loans, $5,000-$25,000, with no collateral requirement to new and existing businesses. In FY2007, 461 Community Express loans were made at a value of $4,988,000 in Tennessee. The Patriot Express Loan Program is specifically for veterans and members of the military community wanting to establish or expand small businesses. Loans are available up to $500,000. The Patriot Express loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Patriot Express loans feature SBA's lowest interest rates for business loans, generally 2.25 percent to 4.75 percent over prime depending upon the size and maturity of the loan.

2.3. Procurement Opportunities

BERO assists small, minority- and women-owned businesses with identifying private and public sector procurement opportunities. For businesses that would like to do business with the State of Tennessee, BERO refers them to Go-DBE and assists them with the certification

process, if requested. BERO partners with the University of Tennessee Center for Industrial Services Procurement Technical Assistance Center to provide technical assistance to clients wishing to do business with the federal government and its prime contractors. Finally, each Enterprise Specialist networks with local and regional public and private sector organizations to identify procurement opportunities for BERO clients.

2.3.1. Governor's Office of Diversity Business Enterprise

BERO supports the Governor's Office of Diversity Business Enterprise's mission to increase procurement opportunities to small, minority- and women-owned businesses in Tennessee. BERO Regional Enterprise Specialists market the program statewide and assist businesses with completing the vendor registration and certification form.

2.3. Information Resource

BERO serves as an information resource for entrepreneurs and existing small and diversity business owners. BERO distributes start-up guides to entrepreneurs and entrepreneur resource providers, such as chambers of commerce. Upon request, BERO performs limited data research for clients in the areas of market research and building availability.

BERO has developed an online county resource directory that lists all small and diversity business resources by county. These resources are categorized into six main areas: starting a business, managing a business, financing a business, opportunities, exporting and micro-enterprise. This online directory can be found at http://www.tnecd.gov/bero.

2.4. Community Outreach

BERO conducts regular community outreach activities throughout Tennessee, particularly in rural communities. The goal is to provide information on new and existing programs to communities that might not have known about them otherwise. To accomplish this goal, Enterprise Specialists work with local economic development officials to conduct meetings, presentations and workshops in their communities. BERO strives to provide access to programming to rural residents by rotating its conferences throughout the state and by making its staff available in rural areas so that residents do not have to travel long distances.

2.4.1. On-Site Business Counseling

BERO partners with chambers of commerce to provide on-site business counseling to entrepreneurs and small businesses. The chamber markets the counseling opportunity and schedules one-on-one appointments for the Enterprise Specialist. The Specialist brings information and resources to provide local entrepreneurs with start-up guides, financing programs, etc. The counseling sessions are held monthly, quarterly, semiannually, or on a case-by-case basis.

2.4.2. Workshops and Trainings

BERO partners with local, regional and state organizations to provide small business workshops for entrepreneurs. BERO reached 5,505 individuals during its presentations this fiscal year and participated in small business events that reached another 11,399 small business owners and entrepreneurs. To raise awareness about small business resources to economic development officials, BERO regularly makes community visits, and reached 2,563 individuals during these visits. BERO's total outreach impact totals 19,467 in fiscal year 2008-2009.

2.4.3. Three-Star Community Development Program

For the second year, BERO partnered with the ECD Three-Star Program to include entrepreneurship development components in the 2008-2009 program of work. Communities were encouraged and rewarded for developing basic

and advanced programs and services that enhance entrepreneurship. From fiscal year 2007-2008 to fiscal year 2008-2009, certified communities reported 199 entrepreneurship development components, a 197 percent increase in reported entrepreneurship activities.

A list of the entrepreneurship components can be found in the Appendix 4.4.

3. Performance Measures

To measure its impact on the small, minority- and women-owned business community, BERO has several performance measures in place to capture data on its clients. This data is collected in a customized computer application, BEROExit. Below are reports from July 1, 2008 – June 30, 2009 on BERO client demographics, assistance requested and referrals for additional assistance.

The primary data that is collected by client is:

- Ethnicity
- Gender
- Assistance Requested
- Referrals Made

Per its enabling legislation, BERO assists disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community. A "disadvantaged business" is a business that is solely owned, or has at least 51 percent of outstanding stock owned by a person who is either:

(A) by reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;

(B) impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war,

(C) unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;

(D) in a state of chronically low income because of long residence in an urban area with high unemployment and low income; or

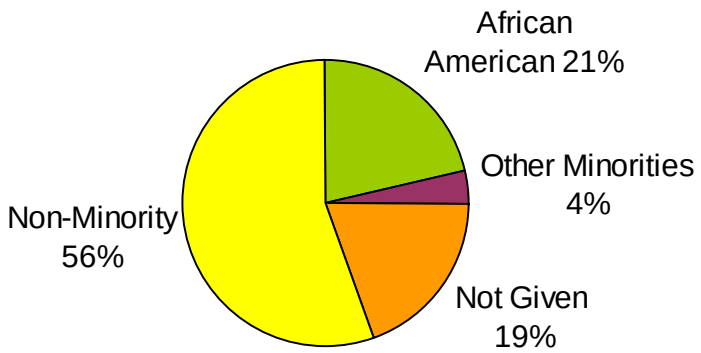
(E) impeded from normal entry into the economic mainstream because of a disability.

During one-on-one technical assistance with a client, the BERO Enterprise Specialist completes an assessment of the client's requests for assistance; twenty-four percent of all requests are for financing and eighteen percent of all requests are for assistance with public and private sector procurement. Other major areas of request pertain to business planning (14%), marketing (13%), certification (9%), start-up (8%), licensing (7%), taxes and other (4%).

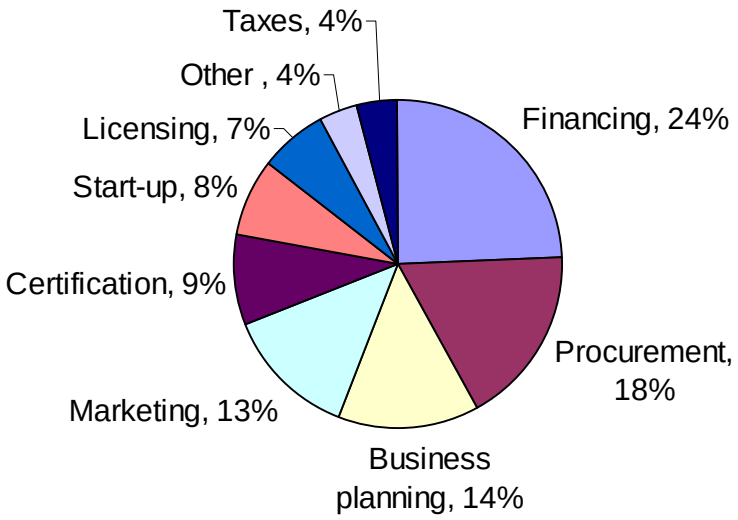
After the Specialist makes an assessment, he/she identifies additional resources that are available to the client depending on his/her needs. On average, BERO identifies five additional resources for every client. Thirty-two percent of all referrals are for financial assistance, either to an SBA lender, traditional bank or non-traditional lender, such as the Southeast Community Capital Corporation. The source data for the graphs and charts can be found in the Appendix 4.3.

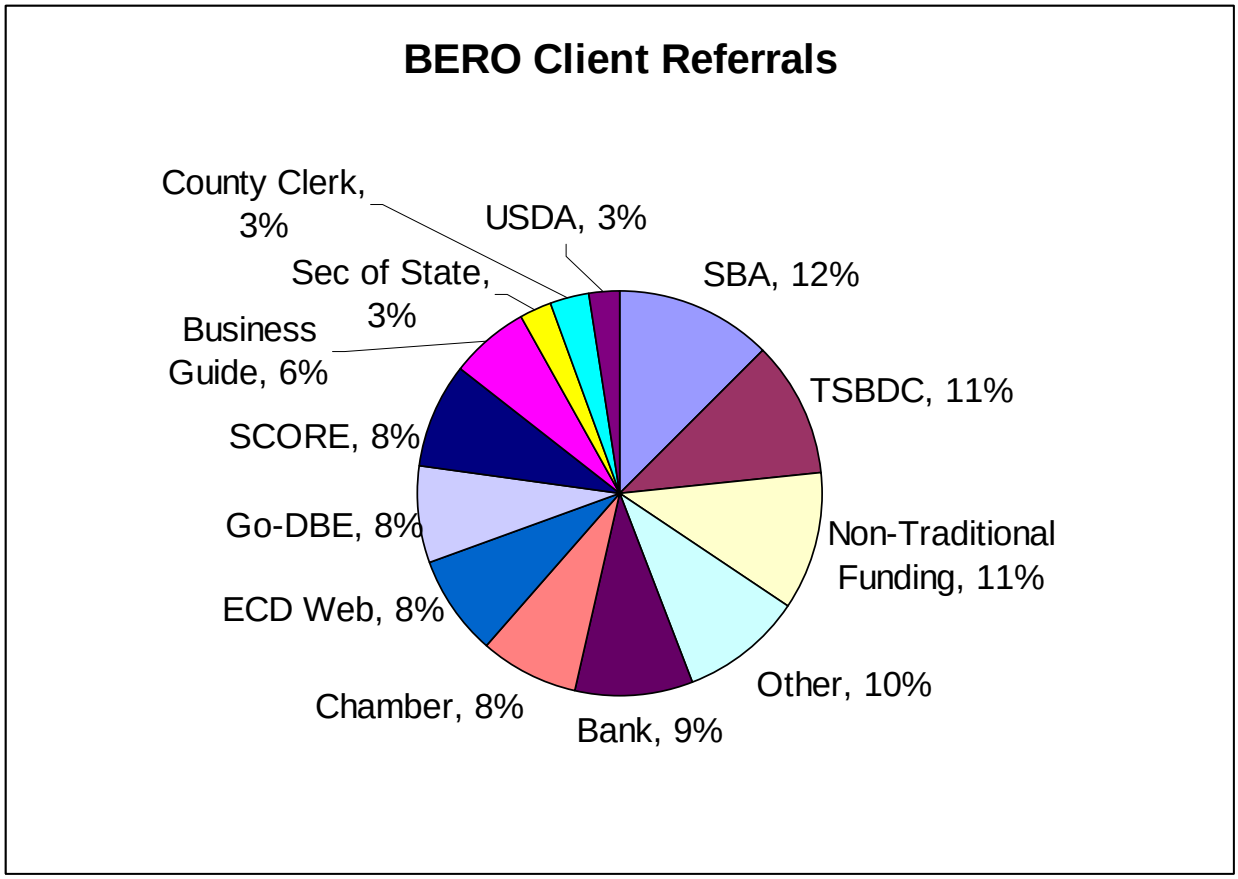
Additional charts are provided regarding the types of assistance requested by our clients as well as our list of referrals.

BERO Client Ethnicity



BERO Client Assistance Requests




BERO Client Referrals
County Clerk, 3%
USDA, 3%
Sec of State, 3%
SBA, 12%
Business Guide, 6%
TSBDC, 11%
SCORE, 8%
Go-DBE, 8%
Non-Traditional Funding, 11%
ECD Web, 8%
Other, 10%
Chamber, 8%
Bank, 9%

Tennessee Code/Title 4 State Government/Chapter 26 Business Enterprise Office

Chapter 26 Business Enterprise Office

4-26-101. Establishment. -
4-26-102. Chapter definitions. -
4-26-103. Powers and duties. -
4-26-104. Purpose and construction. -
4-26-105. Reports. -
4-26-106. Disadvantaged business loan guarantee program. -
4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives. -

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4-26-101. Establishment. -There is established within the department of economic and community development an office of business enterprise.
[Acts 1977, ch. 135, § 1; T.C.A., § 4-2601.]

4-26-102. Chapter definitions. - As used in this chapter, unless the context otherwise requires:

(1) "Bid bond" means a bond conditioned upon the entering into a contract by a bidder, if the bidder receives the award thereof, and furnishing the prescribed payment bond and performance bond;

(2) "Commissioner" means the commissioner of economic and community development;

(3) "Department" means the department of economic and community development;

(4) "Director" means the director of the office of business enterprise;

(5) "Disability" means a physical impairment that, in the written opinion of a person's licensed physician, substantially limits one (1) or more of the major life activities of such person and is expected to continue to exist for more than five (5) years. As used in this subdivision (5), "major life activities" means caring for oneself and performing manual tasks, which includes writing, walking, seeing, hearing, speaking, and breathing;

(6) **"Disadvantaged business"** means a business that is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is either:

(A) By reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;

(B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;

(C) Unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;

(D) In a state of chronically low income because of long residence in an urban area with high unemployment and low income; or

(E) Impeded from normal entry into the economic mainstream because of a disability;

(7) "Obligee" means:

(A) In the case of a bid bond, the person requesting bids for the performance of a contract; or

(B) In the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond;

(8) "Payment bond" means a bond conditioned upon the payment by the principal of money to persons under contract with the principal;

(9) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms;

(10) "Prime contractor" means the person with whom the obligee has contracted to perform the contract;

(11) (A) "Principal" means:

(i) In the case of a bid bond, a person bidding for the award of a contract; or

(ii) The person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of such person's obligation the surety is bound under the terms of a payment or performance bond.

(B) A principal may be a prime contractor or a subcontractor;

(12) "Subcontractor" means a person who has contracted with a prime contractor or with another subcontractor to perform a contract; and

(13) "Surety" means the person who:

(A) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond;

(B) Under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or

(C) Under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

[Acts 1977, ch. 135, § 2; T.C.A., § 4-2602; Acts 1987, ch. 369, § 2; 1993, ch. 488, § 1; 1994, ch. 767, §§ 1, 2.]

4-26-103. Powers and duties. -

(a) The department is authorized to:

(1) Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses;

(2) Receive funding from sources other than the state;

(3) Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business;

(4) Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses;

(5) Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses;

(6) Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate recommendations to the governor and the general assembly;

(7) Employ such personnel as may be required to implement and administer this chapter; and

(8) (A) Develop sources of capital for minority entrepreneurs;

(B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and

(C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

(b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

(2) The department shall maintain complete and consistent program data.

[Acts 1977, ch. 135, § 3; T.C.A., § 4-2603; Acts 1988, ch. 532, §§ 3, 4.]

4-26-104. Purpose and construction. -

This chapter shall be liberally construed to carry out the following purposes and objectives that:

(1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;

(2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and

(3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

[Acts 1977, ch. 135, § 4; T.C.A., § 4-2604.]

4-26-105. Reports. -

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the senate commerce, labor and agriculture committee, the chair of the house commerce committee, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

[Acts 1977, ch. 135, § 5; T.C.A., § 4-2605.]

4-26-106. Disadvantaged business loan guarantee program. -

(a) (1) The general assembly finds that conventional funding sources for emerging and expanding disadvantaged businesses are limited or nonexistent.

(2) The general assembly further finds that promoting and encouraging economic opportunity and development within the state's minority community is a worthy public purpose.

(3) Such economic opportunity and development serve the health, safety and welfare of all citizens through creation of long-term employment opportunities, reduction of unemployment, diminished demand for costly social services and increased revenue collections.

(b) (1) There is created within the state treasury a restricted account not to exceed fifty thousand dollars ($50,000) to be known as the "disadvantaged business loan guarantee account."

(2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.

(3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.

(c) (1) There is created within the department the disadvantaged business loan guarantee program.

(2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

(3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.

(4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.

(5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.

(6) The department may establish other terms and conditions for guarantees of loans.

(7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.

(8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

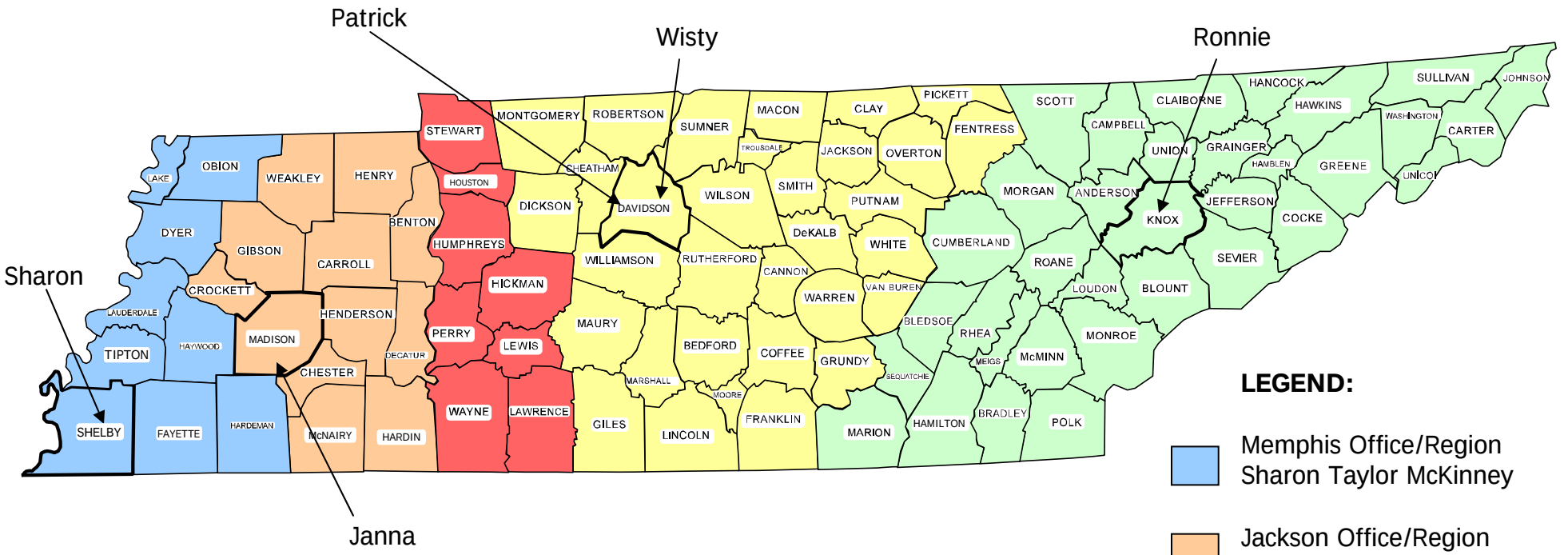
[Acts 1990, ch. 1071, § 1.]

4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives. -

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller.

[Acts 2006, ch. 935, § 3.]

BERO Specialist Territories



Three-Star Community Development Program
Entrepreneurship Components

Best Practices: Develop an Action Plan for Entrepreneurial Development
Communities need to cultivate entrepreneurship within the community's strategic plan. Include ways to connect industry with emerging and small businesses.

Three-Star components to encourage entrepreneurial development are:

a. Tools for Startups: Provide easy tools on "How to Start a Business":
- Host a section on the chamber of commerce and/or local government Web sites with applicable links;
- Publish/provide copies of a small business guide at the chamber of commerce(s);

b. Provide information: Establish and maintain a small business resource area (kiosk) with relevant entrepreneurial programs and information

c. Encourage 'Buy local': establish a Web site that promotes local retailers and services; it may include Web site links, summary of products/services for sale, contact information.

d. Community Volunteerism for Entrepreneurship: Local residents that provide 100 hours of documented assistance (at no cost) to local small businesses and entrepreneurs within an approved organization, such as SCORE, local micro-organization, etc., will receive Three-Star credit.

e. Entrepreneurship Training:
- Elected official(s) should attend two entrepreneurship conferences in the state to network with other organizations to maintain best practice methods and stay current on entrepreneurship training and program trends.
- Include an entrepreneurship awareness component to the adult and/or youth leadership program (including, but not limited to, guest speakers, such as, TSBDC, state departments of BERO-ECD, Agriculture, local entrepreneurs, etc.)

f. Small Business Survey:
Conduct a small business survey to gain insight into the needs and expectations of entrepreneurs and small businesses, as well as to determine the 'gaps' in information in the community.

STRATEGIC ACTION: Establish a Dedicated Local Government Funding Source
The dedicated funding source will be for the establishment and sustained presence of a full-time small business counselor designated to providing assistance to local entrepreneurs and small businesses on issues related to the categories below. The initial funding source must be for a three-year period and include office space for the counselor as well as the following:

- Start-up Concerns
- Access to Capital
- Business plan development
- Training opportunities
- Marketing
- Procurement
- Other

TENNESSEE SMART START

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- About the Guide

> "Our efforts should not come as a surprise in a state where the Governor himself is an entrepreneur"

I am pleased to have this opportunity to express the support of the State of Tennessee to entrepreneurs and aspiring entrepreneurs who provide such valuable innovation and energy to our state's economy. As you know, Tennessee has had remarkable success in economic growth and that success is largely attributable to the diversity of our business and industry sectors. The vast majority of companies in Tennessee are small businesses, begun by individual business owners who dream of building success through their hard work, tenacity and willingness to accept risk.

While Tennessee's efforts to attract new, large companies to our state has gained notoriety, more than half of the jobs created in Tennessee over the past five years have come through the expansion of existing Tennessee companies, many of them small businesses. At the Tennessee Department of Economic and Community Development, we're committed to helping Tennessee companies grow. In 2003, we began the Business Enterprise Resource Office or BERO with the specific goal of assisting small, minority-, and women-owned businesses in getting started and becoming sustainable. In 2006, BERO launched its Business Matchmaking to give small companies a chance to meet with procurement officers from large corporations and government agencies. In 2006, more than 900 small Tennessee companies signed contracts for more than a half million dollars through Business Matchmaking. BERO also provided business counseling to nearly 2,000 Tennessee companies and created an online business resource www.tnecd.gov/bero to make services more accessible to Tennessee entrepreneurs. In 2007, BERO launched a micro loan program to help individual entrepreneurs gain access to badly needed capital.

Our efforts should not come as a surprise in a state where the Governor himself is an entrepreneur. Tennessee Gov. Phil Bredesen is a prime example of how a good idea coupled with hard work and ingenuity breeds success. A business plan drafted by Gov. Bredesen at his kitchen table eventually grew to become a publicly traded company with more than 6,000 employees.

I hope you take inspiration from the pages of this guide and that when you make the decision to start your own business, you'll do it here in Tennessee. With one of the best business climates in the country, there's no better place to realize your dream than the Volunteer State and there's no better time to begin that journey than right now.

Matthew Kisber, Commissioner
Department of Economic & Community Development

For the STARTING entrepreneur, one of the first decisions you will need to make is whether to purchase an existing business, franchise, or to start a new business.

There are unique benefits and concerns for each option; however, it is ultimately up to you to decide which course to take.

Purchase an Existing Business

You may save time and trouble by purchasing an existing business. If you are considering purchasing a business that is a sole proprietorship or general partnership, you are buying assets from the owner. You will need to obtain a new business license for the existing business from your county clerk office. You are not assuming liabilities unless you specifically agree to it. Make sure all taxes that were due prior to the purchase are paid or you may be required to pay outstanding taxes.

The advantages of buying a business are avoidance of start-up costs, usually, little to no downtime in acquiring customers, established vendor relations, and some kind of financial history on which you can base your decision. The disadvantages of buying a business may be the other side of the advantages listed. There may be few customers to acquire, vendor relations may be terrible because of unpaid bills, and the financial history may not be as rosy as the owner projects.

Once you have decided to purchase an existing business, there are a few steps to take. Decide what you want the business to accomplish. Do you want to make a living; provide employment for you, a spouse, children and their spouses? Locate an existing business that is for sale. Entrepreneurs may use business brokers to find businesses that are for sale, the Chambers of Commerce and business advisors, such as attorneys and CPAs, may also know of businesses for sale. Determine the value of the business you plan to buy. This is as much art as science. A business is valued by either the worth of its assets, ability to generate cash, the client base, earning ability, or physical assets only. An analysis of the company's profit-and-loss statements from three years should help you determine trends, a rough cash flow, and profitability of the business.

Most entrepreneurs are compelled to seek outside financing to close the deal. In these cases, most lenders will require some owner financing. This serves to reduce their risk as well as keep some owner involvement or at least interest in the continued success of the venture.

The bottom line is that after careful and knowledgeable analysis, you can purchase a business that can help you realize your dreams. However, without a careful and knowledgeable analysis, the purchase can turn into a nightmare of bankruptcy and strained relationships.

SELECTING A *Business*

Buying a Franchise

A franchise is the right or license to sell the franchiser's products or services. The benefits of the franchise industry are they offer a package of assistance, marketing data, proven products and/or services. Depending on the franchise purchased, your risk may be considerably less than starting a venture from scratch. A successful franchise may offer a known product or service, a certain level of demand, and established pricing. Many franchisers perform marketing studies, including data about the target market, analysis of competitors' products and pricing, trends, estimated sales projections, product design, and delivery. This gives you the benefit of a large corporate support staff for minimum cost. On the other hand, as the franchisee, you usually pay an up-front fee plus periodic franchise fees for corporate overhead (management, advertising, etc.). A franchise may require you to purchase inventory from approved vendors or from the corporate office exclusively. Some franchisers require a minimum level of sales or profitability for continuation of the relationship.

When you are interested in purchasing a franchise, you will need to sign a contract with the franchising company. The franchise contract explains the conditions of the relationship between the franchiser and franchisee. You must make the initial contact either in writing or by phone. The object of the initial contact is to obtain the franchiser's Uniform Franchise Offering Circular (UFOC). The UFOC will provide enough information to enable you to make an informed decision. By law, the UFOC must meet the requirements of the Federal Trade Commission's Franchise Rule. The law also requires the UFOC be provided at the first "personal" meeting, 10 business days prior to signing a franchise contract, or 10 business days prior to any payments. In Tennessee, there are no other disclosure documents required. However, there are additional laws governing packaging, alcoholic beverages, and petroleum-based fuels (TCA 47-25-1000-1300). In addition, there are several laws covering termination of franchises.

There are a couple of different franchising formats. Business Format franchising includes ongoing operational interface with the franchise. Franchisees may purchase inventory, trademark goods, take advantage of national or regional advertising, receive bookkeeping support, and training assistance from the franchiser. Most fast food franchises fall into this category. The other type is Product and Trade Name franchising which

NEW IDEAS

involves buying one product line for resale and using the franchiser's name. Automobile dealerships and retail service stations fall under this category.

Talk with other franchise owners. They can provide invaluable insight into their particular business and their view of franchiser support. Do your research! There are several sources of information on more than 3,000 U.S. franchisers: Entrepreneur Magazine, Franchise Opportunities Handbook (published by the U.S. Dept. of Commerce) and Inc. Magazine.

There are also franchise assistance companies that help individuals identify the franchise that is right for them. These companies will do a lot of research for you and they have relationships with many existing franchisers. They can also assist you with turning your existing business into a franchise model. These companies include Entrepreneur's Source, FranNet, and Fran Choice, among others. These companies will either charge you or the franchisers a fee for their services.

The Entrepreneur's Source helps individuals by educating, coaching, and guiding them though franchise ownership. They charge a flat fee once you have identified the franchising opportunity to pursue. Their initial services are provided at no cost.

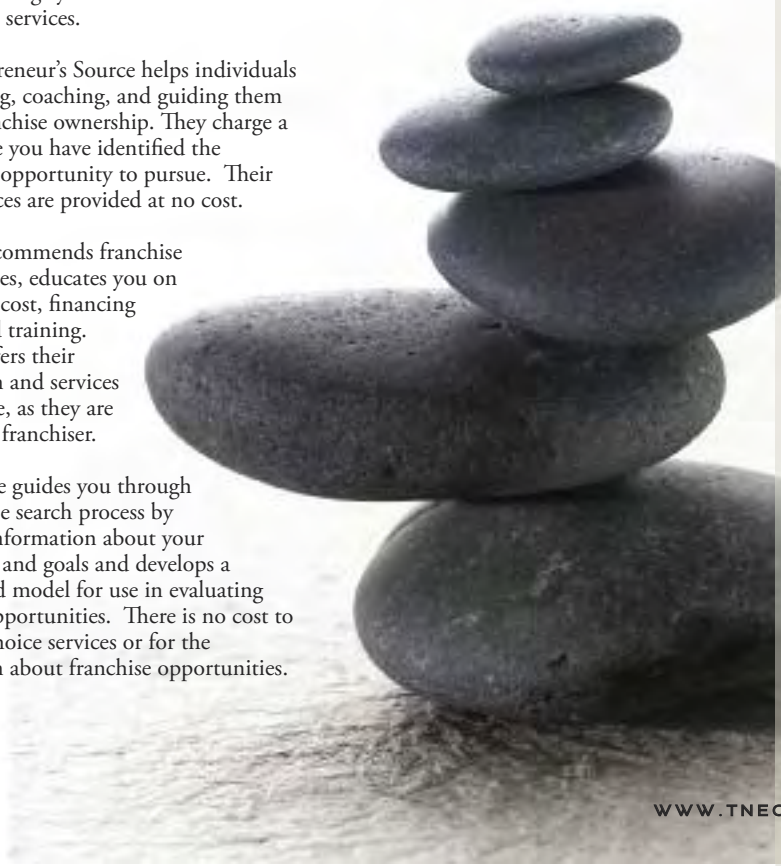
FranNet recommends franchise opportunities, educates you on anticipated cost, financing options and training. FranNet offers their information and services at no charge, as they are paid by the franchiser.

Fran Choice guides you through the franchise search process by gathering information about your experiences and goals and develops a personalized model for use in evaluating franchise opportunities. There is no cost to use Fran Choice services or for the information about franchise opportunities.

Starting a new business

The benefits of starting your own business include flexible hours, being your own boss, getting away from a corporate setting, and having no limit to your income. The time required in a start-up business, energy needed to run a new business, stress put on family, and financial stress could be a few of the concerns for starting a business. The online entrepreneur self-assessment (www.sba.gov/assessmenttool) can be used to determine if you are ready to start your own business.

Will you be working full-time or part-time? A part-time home-based business can add income to increase the household budget. Starting part-time, enables you to learn valuable lessons in business management, especially time management. These lessons can function as a stepping-stone to running a full-time business.



As you enter this endeavor, recognize that the most important ingredient is you. Know your personality, interests, abilities, drive, commitment, relationships, priorities, and dreams. In addition, you should ask yourself a few questions. Do you have the required experience in marketing, pricing, financial projections, and bookkeeping?

Remember, businesses, home-based or otherwise, do not operate by producing goods or services. They operate by selling those goods and services at a profit. They make profits by controlling costs to produce goods and services at a lower cost than they sell them. Does the business you are thinking of starting require learning new skills? It may be harder to develop skills on your own than in a corporate setting that offers training as well as colleagues to help the learning process. There are a variety of resources online or in person.

Find contacts online

Tennessee Small Business Resource Directory

www.tnecd.gov/bero

Setting Up Your Business

Choosing the right legal structure for your business will require that you to contact an attorney, CPA or a business counselor. You need professional advice on the pros and cons of each legal structure. Legal structures include: Sole Proprietorships, Partnerships, C Corporation, S Corporation (also called Subchapter S Corporation), Limited Liability Company or Limited Liability Partnership.

Sole Proprietorships

The majority of small businesses start out as sole proprietorships. One person, usually the individual who has day-to-day responsibilities for running the business, owns the firm. Sole proprietors own all the assets of the business and the profits generated by it. They also assume complete responsibility for all of its liabilities. In the eyes of the law and the public, you are one in the same with the business. Sole proprietorships pay less in taxes than corporations. Net income from the business is regular income filed on the owner's personal income tax return. Sole proprietors need a business license from the county and/or municipality in which the business operates.

Partnerships

A General Partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money,

Legal structures include:

- Sole Propreitorships
- Partnerships
- C Corporations
- S Corporations (also called subchapter S Corporation)
- Limited Liability Company

property, labor or skill, and expects to share in the profits and losses of the business. An example of a general partnership is a husband and wife owned business. This type of partnership is not a form of a corporation and carries the same personal liability as a sole proprietorship.

A General Partnership must file an annual information return to the IRS to report the income, deductions, gains, losses, etc., from its operations, but it does not pay income tax. Instead, it "passes through" any profits or losses to its partners. Each partner includes his or her share of the partnership's income or loss on his or her tax return.

All partnerships, should execute a partnership agreement. The Partnership Agreement is a contract between the partners of the business that details expectations, contributions, and the responsibilities of each partner. Discuss future expectations with your partner(s). Do they want to grow a company to operate, do they want to grow a company to sell short-term, how will profits be distributed, and what percentages? Each partner should contribute value to the business and each partner must recognize the value of the others' contributions. Determine ahead of time who will contribute cash, labor, industry experience and knowledge, sales leads, loans or guaranties. Responsibilities may differ from contributions, so be sure to define the partner's individual responsibilities as well as the group responsibilities. Include who can sign debt instruments for the partnership, who determines compensation, salaries, draws or profit sharing, who will handle the record keeping, who oversees recruitment to, or dissolution of, the partnership, and who can make amendments to the Partnership Agreement. In any case, the Partnership Agreement should be a written, notarized document. A lawyer can draw up the agreement and act as a facilitator to cover points not previously included. There are examples of Partnership Agreements online at www.state.tn.us/sos, www.sba.gov and www.score.org.

Corporations

Incorporation gives the business a legal existence separate from an individual person. That is, it can own assets and conduct business in its own name. A business assumes a corporate identity when registered or "incorporated" with the Tennessee Secretary of State. A corporation can shield you and the stockholders from personal liability from any lawful activities. Corporations pay federal taxes at a higher rate than sole proprietors. The corporation is liable for the state's franchise and excise tax. There are two basic types of corporations, the C and S Corporations.

The basic requirements for an S Corporation include:

The company must be a Domestic Corporation with one class of stock

Have no more than 35 citizens or legal resident shareholders

All your shareholders must consent to S Corporation status

Use a permitted tax year

Company must file IRS Form 2553

C Corporations are standard corporations that are primarily used by large groups of investors. A few of the requirements to be a corporation include having a board of directors and corporate officers, having stockholders as owners, holding regular board meetings, maintaining board minutes, approving corporate resolutions. The corporation allows the board to authorize certain actions such as borrowing money, entering into contracts and allocating corporate resources beyond routine business transactions.

If your business is an eligible domestic corporation, you can avoid double federal taxation (paying taxes to the corporation and again to the shareholders) by creating a S Corporation under the rules of Subchapter S of the Internal Revenue Code. Under the laws of Tennessee, an S Corporation is incorporated. Therefore, they are subject to state franchise and excise taxes. In this way, the S Corporation passes its items of income, loss, deduction, and credits through to its shareholders to be included on their separate returns.

If the company is incorporated outside of Tennessee, you are required to obtain a Certificate of Authority to conduct business operations within Tennessee. The Certificate of Authority, TCA 48-11-309, is evidence that out-of-state corporations are in good standing in their state and are authorized to conduct business in the State of Tennessee.

Requirements for an LLC include:

- Membership fee is due annually
- LLC fees range from $300 – $3,000
- An annual report filed with the Secretary of State
- Financial records prepared for any member requesting them
- Board minutes recorded and maintained
- Memberships sold only when all members agree to the transaction

Limited Liability Company

Limited Liability Company (LLC) is a relatively new business structure allowed by state statute. An LLC can be expensive to organize and requires more administrative work than other legal forms of business. LLCs are popular because, similar to a corporation, owners have limited personal liability for the debts and actions of the LLC. Other features of LLCs are more like a partnership, providing management flexibility and the benefit of pass-through taxation. Owners of an LLC are called members. Since most states do not restrict ownership, members may include individuals, corporations, other LLCs and foreign entities (businesses outside of Tennessee). There is no maximum number of members. Most states also permit "single member" LLCs those having only one owner. A few types of businesses generally cannot be LLCs, such as banks and insurance companies. There are special rules for foreign LLCs.

The Tennessee Bar Association (TBA) will guide you to a legal referral service and help you discover if you would qualify for free legal service. The TBA also has an online information section titled LawBytes. LawBytes is a free public service program that offers easy-to-understand summaries on more than 70 topics, ranging from employment law to wills and estates. More information about TBA and LawBytes can be found online at www.tba.org.

The Tennessee Society of Certified Public Accountants (TSCPA) is the state professional organization for certified public accountants. TSCPA can help businesses find a Certified Public Accountant (CPA) to assist with the start-up and running of the business. TSCPA also has an online Small Business Resource Center. The Small Business Resource Center mission is to educate, provide information, and resources that would assist small business enterprises. This and more information can be found online at www.tncpa.org.

FEIN

If you do not want to use your social security number to identify your business, you are required to obtain a Federal Employer Identification Number (FEIN) from the IRS. The FEIN is your business's permanent identification number and can be used for most of your business needs, including: opening a bank account; applying for business licenses; and filing a tax return by mail.

You can register for you FEIN online at http://www.irs.gov or by calling (800) 829-4933. All corporations and partnerships are required to have an FEIN.

Advantages of Tennessee

There are many benefits to relocating your business to Tennessee. Tennessee fosters a pro-business climate that gives access to vital economic components, such as a right-to-work environment, a dependable and educated workforce, and a wealth of technology resources that provide opportunity for business growth and profitability. In addition, Tennessee offers a reasonable cost of living and does not impose a personal state income tax or a state property tax.

Tennessee compares favorably with the cost of living in other states. In fact, its eleven largest cities rank below the national average for cost of living and housing costs are among the lowest in the nation. Tennessee enjoys a generally mild climate, providing favorable conditions for the state's many advantages as well as working and living with a minimum of weather-related disruptions. Tennessee borders eight states and is within a day's drive of 75% of the U.S. population.

Tennessee has a strong entrepreneurial climate. Recently, Tennessee ranked as having the fourth highest entrepreneurial activity rate in the nation, in a national study . The State of Tennessee supports small businesses and entrepreneurs with a low business tax burden, lower cost of living, an online business registration systems, access to nontraditional financing, state sponsored health insurance program for small businesses and a diverse, robust economy proximity to 75% of the U.S. population.

Foreign-Owned (Out-of-State) Corporations

The State of Tennessee recognizes businesses incorporated outside of Tennessee as foreign-owned (or out-of-state) corporations. When you relocate your business to Tennessee, you will need to decide if you will operate your business as a foreign-owned business or establish your business as a Tennessee corporation. Foreign-owned businesses pay a one time $600 fee and a $20 annual fee to the Tennessee Secretary of State. You will need to fill out application form ss-4429 for corporations and application form ss-4236 for an LLC. These forms can be found online at www.tn.gov/sos. A letter of good standing from your original state needs to accompany your application. Typically, remaining a foreign owned business is beneficial only if you plan to continue operations in your original state. A trusted CPA can advise you on the specific tax liabilities for your business.

Relocating Your Business to Tennessee

If you plan to cease operations in the state you are moving from, you should register your business with the Tennessee Secretary of State as a Tennessee corporation. You can register your corporation online through the One Stop Business Resource portal found at: www.tennesseeanytime.org/osbr. In addition to registering your corporation with the Tennessee Secretary of State, you can register with the Tennessee Departments of Revenue and Labor and Workforce Development.

You will most likely need to obtain local business licenses through the county clerk office where the business will be located in Tennessee. If you are in a regulated industry, such as general contracting, that requires specific licenses, check with the regulatory agency who licenses you to see if they have a reciprocal agreement with the State of Tennessee to transfer your license.

Relocating Your Family

The State of Tennessee provides a Newcomer's Guide online at http://www.tennesseeanytime.org/local/relocate.html. The guide provides helpful links and information on becoming a legal resident in Tennessee and familiarizing yourself with Tennessee's communities, neighborhoods and education systems.

Taxes and Insurance

When you start or expand a business in Tennessee, it is important to understand the potential tax liability. This section will provide you with a basic understanding of standard taxes that may affect you while doing business in Tennessee. The information provided in this section will assist you in estimating tax payments to include in cash flow projections of the business plan. You should also consider local property taxes and special excise taxes that may be applicable. The main areas of tax for small businesses are local, state, federal, franchise and excise taxes, and sales and use taxes.

Local, State, and Federal Taxes

The Tennessee General Assembly authorizes counties and municipalities to levy a privilege tax, that is, a tax for the privilege of operating a business in their jurisdictions. All counties with the exception of Clay, Morgan and Macon levy the tax as a business license tax. Incorporated cities can also impose the privilege tax. This tax is based on a percentage of sales or gross receipts in succeeding years. If the business has a physical location in several different cities or counties, the business is liable to each city or county based on sales or receipts accumulated in each location. All businesses generally are subject to this tax.

Exempt businesses include manufacturers, businesses with less than $3,000 in annual sales, and professionals such as doctors and lawyers. The U.S. Treasury collects federal taxes through the Internal Revenue Service (IRS). The legal structure of your business determines what federal taxes are due and payable. There are four general kinds of federal business tax: federal income tax, self-employment tax, employment tax, and excise tax. Every business must file an annual income tax return to the federal government. Publication 583 released in January 2007 is a good starting point for information about federal taxes. This and many more relevant IRS publications can be found online at www.irs.gov.

The Tennessee Department of Revenue is the state's chief tax collector and is responsible for collecting approximately 92 percent of total state tax revenue. The most common business taxes they collect are franchise and excise taxes and sales and use tax. The Department publishes a start-up guide specific to tax liabilities. You can access the guide online at: http://state.tn.us/revenue/business/startingnewbus.htm.

Franchise and Excise Tax

Franchise and excise tax, Tennessee's corporate tax, is based upon the higher of two bases on either net worth or book value of real and tangible property owned or used in the state, plus rental values. Most businesses (except general partnerships, sole proprietorships and those businesses exempt in T.C.A. 67-4-2008) organized for profit and doing business in Tennessee are subject to the state's franchise tax. Out-of-state companies doing business in Tennessee are liable even if they are not based in Tennessee, but they may apportion their tax base. If you have a question concerning whether or not your business is exempt from this tax, please contact the Tennessee Department of Revenue at www.tennessee.gov/revenue.

The excise tax is based upon the net earnings of taxable entities conducted within Tennessee. Most businesses (except general partnerships, sole proprietorships and those businesses exempt in T.C.A. 67-4-2008) organized for profit and doing business in Tennessee are subject to the state's excise tax. Out-of-state companies doing business in Tennessee are liable even if they are not based in Tennessee, but

Franchise Tax:

Tax on the greater of net worth or book value of property owned or used in Tennessee

Tax rate is 25 cent per $ 100

Pollution Control Equipment is exempt

Property under construction and not being utilized in not included

Property rented from the industrial development corporation may be valued by capitalizing it on the books

Excise Tax:

Tax is based on the net earning of the company derived from doing business in Tennessee

Tax rate is 6.5%

Sales outside of Tennessee are not taxed

All capital losses are claimed in the year incurred

Net operating losses can be carried forward for 15 years Sales and Use Tax

7% state sales tax plus the applicable local rate (2.25% - 2.75%) on any person or company who manufactures, distributes of sells tangible personal property within the state
No Sales Tax is levied on:

Purchases, installation, and repairs of qualified industrial machinery

Raw materials for processing

Pollution control equipment for manufacturers

Reduced sales tax rates for manufactures' use of energy fuel and water (1.5% vs. 7%)

Qualified industrial supplies

Items purchased for resale.

Containers, packaging, and wrapping materials

Additional exemptions of credits may be available

they may apportion their tax base. If you have a question concerning whether or not your business is exempt from this tax, please contact the Tennessee Department of Revenue.

Sales and Use Tax

The sales and use tax is a consumer-oriented tax imposed on the manufacture, distribution, or retail sale of tangible personal property within the state. It also is imposed on many forms of services. Any business that sells, leases, or rents tangible personal property or services (unless the business is specifically exempt) is liable.

Online or Web-based Businesses

The State of Tennessee recognizes online or web-based businesses as Tennessee businesses. Tennessee web-based businesses are liable for the same taxes and regulations as businesses with a storefront. Tennessee web-based businesses that sell products or taxable services are required to collect sales tax from their Tennessee consumers. If they sell to consumers outside of Tennessee, they are not required to collect sales tax, because those consumers are required to pay a use tax to their domestic departments of Revenue. More information on this topic can be found online at www.tn.gov/revenue.

Registering Your Business

You can register your business with the Tennessee Department of Revenue online at: www.tennesseeanytime.org/bizreg/.

Assistance with Taxes

The IRS and Tennessee Department of Revenue provide assistance to new and existing businesses to understand and comply with their tax burdens. The IRS sponsors educational workshops that are delivered through Small Business Development Centers throughout the state. You can find contact information for the Centers in the Appendix of this guide. The IRS also publishes free cd's and online video instructions for small business at www.irs.gov/smallbusiness. The Tennessee Department of Revenue publishes a tax guide for new businesses. You can also send questions via e-mail to TN.Revenue@state.tn.us.

Tax-Based Incentives

Tennessee allows businesses a franchise and excise tax credit based on a minimum level of capital investment and number of jobs created, called the job tax credit. The amount of tax credit and the period of time the credit may be used are determined by the size of the business investment. Typically, the minimum requirements are $500,000 in capital investment and creation of 25 qualified full-time jobs with health insurance. In addition to the job tax credit, other tax credits apply to: industrial machinery, emerging industry, daycare facility, and pollution control equipment. The Tennessee General Assembly authorizes all tax credits and incentives mentioned above. Detailed information on all of the tax credits listed above can be found online at tnecd.gov/bizdev_incentives.htm.

Tennessee Jobs Tax Credit for Employing Persons with Disabilities

Employers may be eligible for a tax credit if they hire employees with disabilities who have received vocational rehabilitation services through the state Division of Rehabilitation Services. Entities doing business in the State of Tennessee that create new jobs, either full time or part time, that are filled by individuals with disabilities may be entitled to a one-time job tax credit.

T.C.A. § 67-4-2109(g) provides for a job tax credit of $5,000 for each net new full-time employee job and a credit of $2,000 for each net new part-time employee job for employment of persons with disabilities who are receiving Tennessee state services directly related to the disabilities. Employment of the person with a disability must create a net increase in the number of persons with disabilities employed by the taxpayer within the 90-day period immediately preceding the employment. The

taxpayer must provide the qualifying employment for at least 12 consecutive months for no less than the minimal hours per week as described in the enacting legislation.

To claim the tax credit, the taxpayer must file a plan with the Tennessee Department of Revenue, Taxpayer and Vehicle Services Division on or before the last day of the fiscal year in which the employment begins and must state the number of persons with disabilities newly employed. Information about the job tax credit can be found in the Taxpayer and Vehicle Services Division's Franchise and Excise Tax Guide on the Tennessee Department of Revenue's web site at tn.gov/revenue/taxguides/feguide.pdf. The Jobs Tax Credit Business Plan form can be found at tn.gov/revenue/forms/fae/index.htm#other. For questions about applying for the Jobs Tax Credit for Hiring Persons with Disabilities, call (615) 741-4892.

"Entities doing business in the State of Tennessee that create new jobs, either full time or part time, that are filled by individuals with disabilities may be entitled to a one-time job tax credit."

Work Opportunity & Welfare-to-Work Tax Credits

The Work Opportunity Tax Credit and Welfare-to-Work Tax Credit programs are designed to help individuals facing barriers move into gainful employment. The program encourages employers in the private sector to hire job seekers from one of the designated target groups. The target groups are residents of welfare family households, veterans with 181 days active duty who live in a food stamp household, ex-felons who have been convicted or released within the last 12 months, residents and summer youth in HUD-designated depressed "enterprise zones," food stamp recipients, and SSI recipients. The Welfare-to-Work program is designed to encourage long-term employment of welfare recipients. Employers receive tax credits totaling $3,500 per employee the first year and $5,000 per employee the second year. To apply for the tax credits, the application must be postmarked within 21 calendar days following the start date of employment. For more information, call Roger Littlejohn, WOTC State Coordinator, at 800-432-5268 ext. 585 or visit www.tennessee.gov/labor-wfd and select businesses and employers.

All taxes listed previously in this section constitute most of the taxes common to businesses in Tennessee. Businesses may be liable for other taxes ranging from mortgage registration taxes to auto license taxes. Additionally, the Tennessee General Assembly considers exemptions and adjusts rates in virtually every session. As a business owner, you are encouraged to contact the Tennessee Department of

Revenue for the most current tax information. The Department of Revenue's website is www.tennessee.gov/revenue.

Insurance & Bonding

Insurance is considered a cost of doing business and nearly all businesses need to carry some form of business insurance. Some forms of insurance, such as worker's compensation and unemployment insurance, may be required by the State of Tennessee. Other forms of insurance, like general liability and health insurance, are optional policies that protect your business's physical and human assets. Following is a description of the various types of insurance which can be obtained from a licensed insurance agent.

Worker's Compensation

Required in every state except Texas, worker's compensation insurance pays for employees' medical expenses and missed wages if injured while working. In Tennessee, workers' compensation coverage is required for employers that employ five or more persons for pay (construction businesses have stricter requirements). Workers compensation is acquired through insurance agents who obtain the actual coverage through licensed insurance companies. Due to rating deregulation, rates and premium amounts will vary between insurance companies. If an employer is unable to obtain this coverage, they may submit an application to the Tennessee Worker's Compensation Insurance Plan to get workers compensation. You should visit www.twcip.com to find forms and more information about the Tennessee Worker's Compensation Insurance Plan.

Unemployment Insurance

Unemployment insurance provides benefits to unemployed workers who have lost their jobs through no fault of their own. Most employers who have workers in Tennessee are liable to pay state unemployment insurance (SUTA) premiums. The Tennessee Department of Labor and Workforce Development, Employment Security division, administers the unemployment insurance program in Tennessee. You can register your business with the Department of Labor and Workforce Development online through the One Stop Business Resource found at: http://www.tennesseeanytime.org/osbr/ or call the Dept. of Labor and Workforce Development at 1-800-344-8337 and select 1 (call 1-615-741-2346 if out of state).

General Liability Insurance

Many business owners buy general liability or umbrella liability insurance to cover legal hassles due to claims of negligence. These help protect against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

Product Liability

Every product is capable of personal injury or property damage. Companies that manufacture, wholesale, distribute, and retail a product may be liable for its safety. Additionally, every service rendered may be capable of personal injury or property damage. Businesses are considered liable for negligence, breach of an express or implied warranty, defective products, and defective warnings or instructions.

Home-Based Business Insurance

Contrary to popular belief, homeowners' insurance policies do not generally cover home-based business losses. Commonly needed insurance areas for home-based businesses include business property, professional liability, personal and advertising injury, loss of business data, crime and theft, and disability.

Internet Business Insurance

Web-based businesses may wish to look into specialized insurance that covers liability for damage done by hackers and viruses. In addition, e-insurance often covers specialized online activities, including lawsuits resulting from meta tag abuse, banner advertising, or electronic copyright infringement.

Criminal Insurance

No matter how tight security is in your workplace, theft and malicious damage are always possibilities. While the dangers associated with hacking, vandalism, and general theft are obvious, employee embezzlement is more common than most business owners think. Criminal insurance and employee bonds can provide protection against losses in most criminal areas.

Business Interruption Insurance

Some businesses may wish to acquire insurance that covers losses during natural disasters, fires, and other catastrophes that may cause the operation to shut down for a significant amount of time.

Key Person Insurance

In addition to a business continuation plan that outlines how the company will maintain operations if a key person dies, falls ill, or leaves, some companies may wish to buy key person insurance. This type of coverage is usually life insurance that names the corporation as a beneficiary if an essential person dies or is disabled.

Malpractice Insurance

Some licensed professionals need protection against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, investigations and settlements, and bonds or judgments required during an appeal procedure.

Business Property Insurance

Business property insurance protects your building and equipment investments and natural disasters such as tornados, floods and earthquakes. You may also want to get fire insurance policy included in your property insurance policy, especially if your building is physically attached to other businesses.

Health Insurance

Assistance with health insurance is available for small business, individual employees, and the self-employed. Cover TN is an affordable basic health insurance program offered by the State of Tennessee. Cover TN is a relationship between the state, employers, and individuals that lowers health insurance cost by dividing them into three equal parts. Each party pays 1/3 of the established monthly premium. Visit www.covertn.gov for more information.

Bonding

Some small business, especially those performing contracting services will be asked to bond its work in advance. A bond is a financial guarantee that you will honor a business contract. In some states certain types of contractors are required to be bonded. A bond (sometimes referred to as a surety bond) is a third party obligation promising to pay if a vendor does not fulfill its valid obligations under a contract. There are various types of bonds: license, performance, bid and payment bonds. A performance bond is a guarantee that you will perform work in accordance with the terms of a contract. A bid bond is a guarantee you will perform work if the bid is won by you. An indemnity bond promises to reimburse loss incurred if you fail to perform or if you fail to pay other vendors in the performance of the contact. A license bond is required by some states for specific businesses. In some cases you pay the state directly rather than obtaining a bond. A payment bond promises you will pay all subcontractors and material providers utilized in the performance of a contract. Contact your insurance agent to obtain a bond and/or ask the SBA about their bond surety program.

Responsibilities & Regulations

If the company employs people to work in the business, it is considered an employer by Tennessee's definition. As an employer, the company has certain responsibilities under various state and federal laws; in addition, the company also has certain regulations to follow.

Responsibilities

Employer responsibilities fall primarily in the areas of wages, unemployment compensation, taxes, and labor practices and standards. The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, record keeping, and child labor standards affecting your full and part-

time workers. The FLSA allows the company to set rules on vacation time, holiday days off, severance pay, premium pay for holidays or weekends, pay raises, and sick pay.

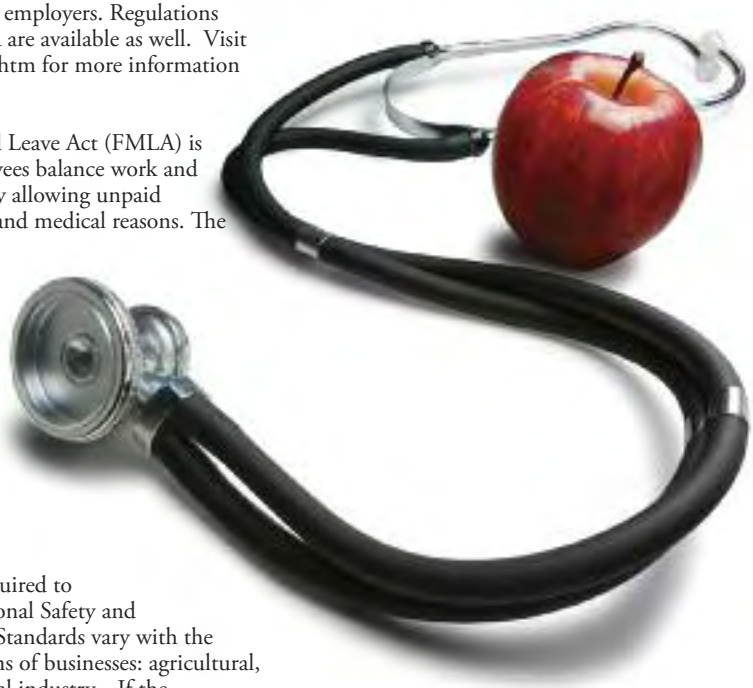
The U.S. Department of Labor has made available a booklet entitled New Business Package about the Fair Labor Standards Act. It also provides the publication Handy Reference Guide to the Fair Labor Standards Act for employers. Regulations implementing the FLSA are available as well. Visit www.dol.gov/elaws/flsa.htm for more information about FLSA.

The Family and Medical Leave Act (FMLA) is designed to help employees balance work and family responsibilities by allowing unpaid leave for certain family and medical reasons. The law requires employers of 50 or more employees to give up to 12 weeks of unpaid, job-protected leave to eligible employees for the birth or adoption of a child or for the serious illness of the employee or a spouse, child or parent.

The company is also required to follow federal Occupational Safety and Health (OSHA) rules. Standards vary with the three broad classifications of businesses: agricultural, construction, and general industry. If the organization has 11 or more employees, you must maintain records in accordance with OSHA rules. You can find a list of all of OSHA rules at www.osha.gov. The State of Tennessee provides employers, especially smaller employers, assistance to help them achieve a safe and healthful workplace for their employees. The Tennessee Occupational Safety and Health Administration (TOSHA), consultative services offers both occupational safety and industrial hygiene services to manufacturing, construction, and other types of businesses in Tennessee. This no-cost service is designed to assist employers in developing or enhancing safety and health management systems. The industrial hygienist and occupational safety specialist will identify safety and health hazards and help you implement cost-effective hazard control solutions. Contact TOSHA by phone at (615) 741-2793 or 1-800-249-8510.

Regulations

Different types of business activities are regulated at the state and federal level. These regulations deal with licensing of certain jobs, as well as protecting the public welfare in such areas as business practices, standard weights and measures, and pollution control.



Municipalities generally regulate or zone the location of different types of businesses. Entrepreneurs are encouraged to contact their local zoning boards and/or county clerk's offices for this information.

Different types of professions are regulated at the state and federal level. The Tennessee Department of Commerce and Insurance licenses and regulates certain non-medical professions in order to insure a standard level of skills and business practices for public safety. Visit the Tennessee Department of Commerce and Insurance online at www.state.tn.us/commerce for more information. The Tennessee Department of Health is charged with the responsibility of regulating health care professionals to help assure the quality of health care and protect the public's health, safety, and welfare. Visit the Tennessee Department of Health online at www.state.tn.us/health. The Tennessee Department

of Mental Health and Developmental Disabilities (TDMHDD) works to insure quality prevention, early intervention, treatment, habilitation and rehabilitation services and supports based on the needs and choices of individuals and families. A list of licenses issues by TDMHDD can be found in the appendix section or online at www.state.tn.us/mental.

The Tennessee Department of Environment Conservation (TDEC) regulates environmental out put of businesses. TDEC issues air, water, waste, radiological, and natural resource permits. TDEC is online at www.state.tn.us/environment.
If you are not sure if your business is regulated by the State of Tennessee, contact the Division of Regulatory Board at (615) 741-3449 or visit them online at tennessee.gov/commerce/boards.

The Business Plan

A key ingredient in every business is the business plan. The plan allows you to obtain financing and establish a direction for the business. This document is not written once and stashed in a file cabinet. Most experts say the business plan should be reviewed once every three (3) to five (5) years and revise the current economic environment. The timeframe depends on how fast or slow your business grows and is completely up to you. The entrepreneur must view the business plan as a living entity that changes as the company grows and reaches certain milestones. The business plan usually contains an executive summary, introduction, financial projections, personal financials, marketing plan, and the resúmes of the management team.

Executive Summary

The executive summary is the first page of the business plan. Write every other part of the business plan first and then summarize the entire document into one page. The executive summary is your first selling point followed by your financial projections when trying to get financing. If you are looking for a loan, include the amount you are asking for, purpose, and how the loan will be paid back.

Introduction

In this section, you include the details of your business. Include a description of the company's operations, primary market, background and eventual goals. Explain the company structure, legal

List of Regulatory Boards:

- Accountancy
- Alarm Systems Contractors Board
- Architectural & Engineering Examiners
- Auctioneer Commission
- Barber Examiners
- Collection Service
- Contractors/Home Improvement
- Cosmetology
- Employee Leasing Funeral Directors, Embalmers, Burial & Cemetery Services Advisory
- Geology
- Home Inspector Licensing Advisory
- Land Surveyors
- Locksmith Licensing Program Advisory
- Motor Vehicle Commission
- Private Investigation & Polygraph Commission
- Private Probation Service Council
- Private Protective Services Advisory
- Race Track Licensing Program
- Real Estate Appraisers
- Real Estate Commission
- Scrap Metals Registration Program

Website: tn.gov/commerce/boards

BERO

312 Rosa L. Parks Ave., 11th FL
Nashville, TN 37243
Ph. (615) 532-1926

170 North Main St., 12th Floor
Memphis, TN 38103
Ph. (901) 543-7426

10215 Technology Drive
Suite 202
Knoxville, TN 37932
Ph. (865) 777-4075

540 McCallie Ave., Suite 690
Chattanooga, TN 37402
Ph. (423) 634-6386

225 DR. Martin Luther King Jr Dr.
Jackson, TN 38301
Ph. (731) 423-5768

Developments Districts

Northwest TN Development District
124 Weldon Dr.
Martin, TN 38237
Ph. (731) 587-4213

Greater Nashville Regional Council
501 Union St. , 6th Floor
Nashville, TN 37219
Ph. (615) 862-8828

Upper Cumberland Development District
1225 South Willow Ave.
Cookeville, TN 38506
Ph. (931) 432-4111

First TN Development District
207 N. Boone St., Suite 800
Johnson City, TN 37604
Ph. (423) 928-0224

East TN Development District
Knoxville, TN 37939
Ph. (865) 584-8553

Southeast TN Development District
Chattanooga, TN 374025
Ph. (423) 266-5781

South Central TN Development District
Columbia, TN 38402-1346
Ph. (931) 381-2040

Southwest TN Development District
27 Conrad Dr., Suite 150
Jackson, TN 38305-2850
Ph. (731) 668-7112

Memphis Area Association of Govt.
1420 Union Ave. , Suite 410
Memphis, TN 38104-3695
Ph. (901) 729-2871

Go-DBE

Go-DBE
312 Rosa L Parks Ave., 27th Floor
Nashville, TN 37243
Ph. 1-866-894-5026

Incubators

Hamilton Co. Business Center
100 Cherokee Blvd.
Chattanooga, TN 37405
Ph. (423) 752-4301

ETSU Innovation Laboratory
2109 West Market St.
Johnson City, TN 37604
Ph. (423)439-8500

Emerge Memphis
516 Tennessee St.
Memphis, TN 38103
Ph. (901) 312-7700

Holston Business Development Center
2005 Venture Park
Kingsport, TN 37660
Ph. (423) 578-6235

Nashville Business Incubation Center
315 10th Ave. N, Suite 108
Nashville, TN 37203-3401
Ph. (615) 963-7184

Center for Entrepreneurial Growth
Technology 20/20 Campus
1020 Commerce Park Dr.
Oak Ridge, TN 37830
Ph. (865) 220-2020

Oak Ridge Incubation Center
Oak Ridge, TN 37830
Ph. (865) 483-1321

Memphis Business Academy
127 N. Cleveland
Memphis, TN 38104
MemphisBusinessAcademy@msn.com

Cumberland Univ. Culinary Center
One Cumberland Square
Lebanon, TN 37087
Ph. (615) 547-1376

Cleveland/Bradley Business Incubator
3505 Adkisson Dr., Suite 152
Cleveland, TN 37312
Ph. (423) 478-6476

Roane State Community College
2567 Cook Rd.
Crossville, TN 38571
Ph. (865) 354-3000 ext 4532

CET Life Sciences Center
111 10th Ave. S., Suite 110
Nashville, TN 37203
Ph. (615) 255-6270

SBA

SBA Nashville
50 Vantage Way, Suite 201
Nashville, TN 37228
Ph. (615) 736-5881

SBA Memphis
555 Beale St.
Memphis, TN 38103
Ph. (901) 526-9300

SCC

Nashville Southeast Community Capital
201 Venture Cir.
Nashville, TN 37228
Ph. (615) 254-6113

Memphis Southeast Community Capital
555 Beale Str.
Memphis, TN 38103
Ph. (901) 526-9300

Knoxville Southeast Community Capital
603 West Main St., Suite 101
Knoxville, TN 39902
Ph. (865) 540-9951

Tri-Cities Southeast Community Capital
160 Commerce Street
Kingsport, TN 37660
Ph. (423) 247-5400

Jackson Southeast Community Capital
107 East Lafayette Street
Jackson, TN 38301
Ph. (731) 424-6125

S.M.O.B.

S.M.O.B. Assistance Program
1000 Riverfront Pkwy
Chattanooga, TN 37402
Ph. (423) 424-4298

SCORE

SCORE Nashville
50 Vantage Way Suite 201
Nashville, TN 37228
Ph. (615) 736-7621

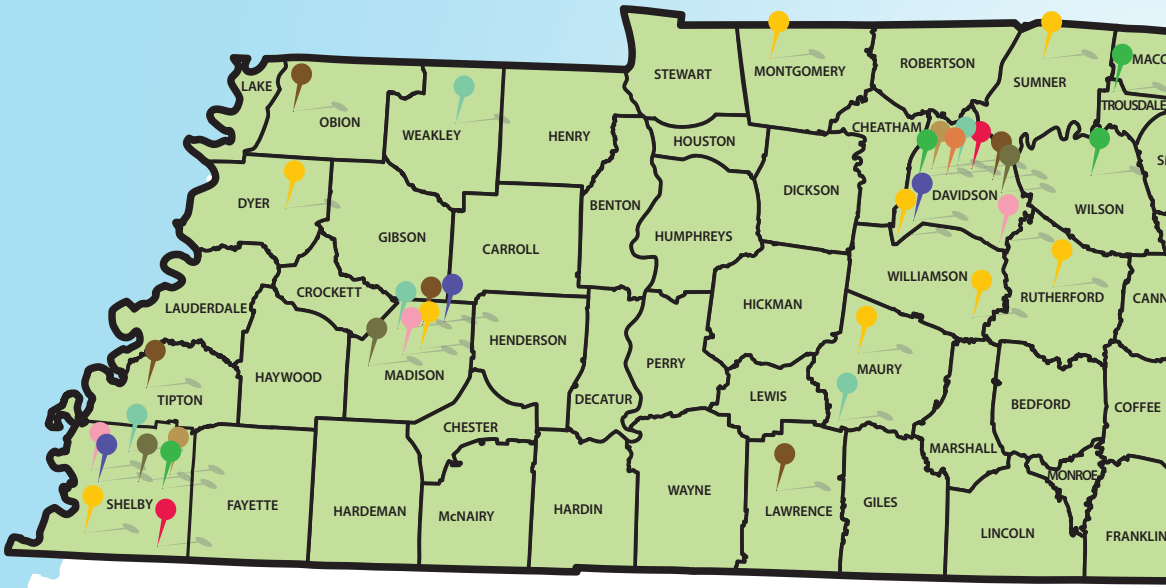
Memphis SCORE
Clark Tower
5100 Poplar Ave., Suite 1701
Memphis, TN 38137
Ph. (901) 544-3588

Greater Knoxville SCORE
412 North Cedar Bluff Rd.,
Suite 450
Knoxville, TN 37923
Phone: (865) 692-0716

Chattanooga SCORE
515 Franklin Building
Eastgate Business Center
Chattanooga, TN 37411
Ph. (423) 553-1722

T E N N

Small Business



LEGEND

BERO
www.tnecd.gov/bero

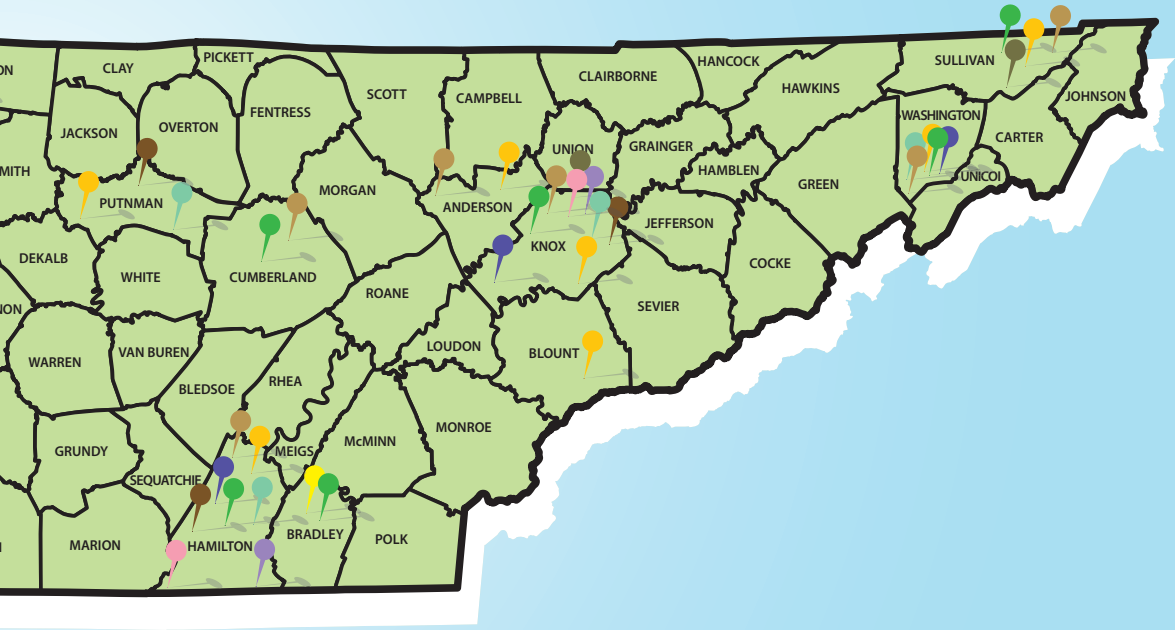
Development
www.discoveret.org/etdd/td

GO-DBE
www.tn.gov/diversity

Incubators
www.nbia.org

E S S E E

s Resource Map



Districts
da.htm

SBA
ww.sba.gov

SCC
www.sccapital.org

SMOB
www.tnsmob.org

SCORE
www.score.org

TSBDC
www.tsbdc.org

USDA
www.rurdev.usda.gov/tn

UT-CIS
www.cis.tennessee.edu

Northeast Tennessee SCORE
AmSouth Bank Building
208 Sunset Dr., Suite 507
Johnson City, TN 37604
Ph. (423) 461-8051

Bristol SCORE
20 Volunteer Pkwy
Bristol, TN 37620
Ph. (423) 989-4866

Crossville SCORE
Roane State Community College
2567 Cook Road
Crossville, TN 38571
Ph. (931) 456-4910

TSBDC

Austin Peay State University
106 Public Square
Clarksville, TN 37040
Ph. (931) 221-1370

Chattanooga State Technical Comm. College
Business Development Center
100 Cherokee Blvd., Suite 202
Chattanooga, TN 37405
Ph. (423) 756 - 8668

Cleveland State Community College
Technologies Bldg, Room 126
3535 Adkisson Drive
Cleveland, TN 37320
Ph. (423) 614-8707

Dyersburg State Community College
1510 Lake Rd.
Dyersburg, TN 38024
Ph. (731) 286-3201

ETSU Innovation Laboratory
2109 West Market St.
Johnson City, TN 37614
Ph. (423) 439-8505

ETSU - Kingsport Satellite Office
Holston Business Development Center
2005 Venture Park
Kingsport, TN 37660
Ph. (423) 578-6235

JSCC Jackson Chamber of Commerce
197 Auditorium St.
Jackson, TN 38301
Ph. (731) 424-5389

MTSU Rutherford Co. Chamber of Commerce
501 Memorial Blvd.
Murfreesboro, TN 37129
Ph. (615) 898-2745

MTSU - Columbia Satellite Office
Maury Alliance
106 West 6th St.
Columbia, TN 38402
Ph. (931) 388-2155

Pellissippi State Technical Comm. College
Knoxville Area Chamber Partnership
17 Market Square #201
Knoxville, TN 37902
Ph. (865) 246-2663

PSTCC – Maryville Satellite Office
Blount County Chamber
201 S. Washington St.
Maryville, TN 37804
Ph. (865) 983-2241

PSTCC & RSCC Satellite Office
Oak Ridge Chamber of Commerce
1400 Oak Ridge Turnpike
Oak Ridge, TN 37830

Southwest TN Community College
Building C, Room 202
737 Union Ave.
Memphis, TN 38103
Ph. (901) 333-5085

STCC – Memphis Satellite Office
Memphis Renaissance Center
555 Beale St.
Memphis, TN 38013
Ph. (901) 526-9300

Tennessee State University
Avon Williams Campus
330 10th Ave. N.
Nashville, TN 37203
Ph. (615) 963-7179

TSU - Brentwood Satellite Office
Reliant Bank
1736 Carothers Pkwy, Suite 100
Brentwood, TN 37027
Ph. (615) 963-7179

Tennessee Tech University
College of Business
Administration
1105 N. Peachtree
Cookeville, TN 38505
Ph. (931) 372-3670

Volunteer State Community College
Gibson Hall
1480 Nashville Pike
Gallatin, TN 37066
Ph. (615) 230-4780

USDA

Nashville Area Office
3322 West End Ave., Suite 302
Nashville, TN 37203
Ph. (615) 783-1359

Greeneville Area Office
214 N. College St., Suite 300
Greeneville, TN 37744
Ph. (423)638-4771 ext. 4

Knoxville Area Office
4730 New Harvest Ln.,Suite 300
Knoxville, TN 37918-7000
Ph. (865) 523-3338 ext. 4

Chattanooga Area Office
Southeast Development Center
309A North Market St.
P.O. Box 4941
Chattanooga, TN 37405
Ph. (423) 756-2239 ext.2

Cookeville Area Office
Fountain Court, Suite K
390 South Lowe Ave.
Cookeville, TN 38503
Ph.(931) 528-6539 ext. 2

Jackson Area Office
West Towne Commons
85G Stonebrook Place
Jackson, TN 38305
Ph.(731) 668-2091 ext. 2

Lawrenceburg Area Office
237 Waterloo St.
Lawrenceburg, TN 38464
Ph. (931)762-6913 ext.4

Covington Area Office
2043 Hwy 51 South,
Covington, TN 38019
Ph. (901)475-3350 ext. 203

Union City Area Office
1216 Stad Ave., Suite 3
Union City, TN 38281
Ph. (731) 885-6480 ext. 4

UT-CIS

UT-CIS
193 Polk Ave., Suite C
Nashville, TN 37210
Ph. (615) 532-8657

UT-CIS
Institute for Public Service
105 Student Services Bldg.
Knoxville, TN 37996
Ph. (865) 974-2249

UT-CIS
744 McCallie Ave.
Doctors Bldg., Suite 502
Chattanooga, TN 37403
Ph. (423) 634-0850

UT-CIS
605 Airways Blvd., Suite 109
Jackson, TN 38301
Ph. (731) 423-3710

UT-CIS
3119 Bristol Hwy, Suite 301
Johnson City, TN 37601
Ph. (423) 926-8282

UT-CIS
2670 Union Ave. Ext. Suite 1123
Memphis, TN 38112
Ph. (901) 323-9339

structure (sole ownership, partnership, corporation or limited liability) and business location. Include your product and/or service and identify your company or entrepreneur name. This section should be two to three sentences long.

Financial Projections

The financial portion of the business plan consists of documents that support loan requests and indicate the expected financial position of the company at different periods. This is the area where you should be realistic or at least conservative. List the amount of money the company has spent or is prepared to spend on the business venture. This document should include funds raised, the source of those funds (owner's cash, loans from friends or investors) and how the funds are going to be used. Common documents found in financial projections include an operating expense report, cash flow statement, balance sheet, and income statement.

Entrepreneurs say the most common mistake in starting a business is underestimating start-up costs and the time required to generate positive cash flow. Start-up costs are ether fixed or variable costs. Examples, sometimes referred to as overhead, are the purchase or lease of equipment, supplies, utility deposits, furniture, fixtures and vehicles, real estate rent or mortgage. They will be the same regardless of the volume of business generated. Variable costs are associated with the volume of operations: such as payroll, inventory, utility bills, production waste costs, unanticipated production costs, and underestimated job quotes. It is usually a good idea to add 10% to 20% of variable costs as unanticipated expenses. List fixed and variable costs on the operating expense report.

The Business Plan usually contains:

- Executive Summary
- Introduction
- Financial Projections
- Personal Financials
- Marketing Plan
- Resumes of the management team.

The cash flow statement is one of the fundamental projections in securing outside financing. Cash flow projections demonstrate the inflow and outflow of cash over an interval of time. They project increases and decreases in the cash accounts of your company. As a result, the cash flow statement projects your firm's ability to pay bills, cover payrolls, and service bank debt from one period to the next (usually per month). It shows the source of cash and the uses of cash.

The balance sheet describes the condition of the company on a particular day, usually the last day of the month, quarter, or year. This makes it different from other financial statements, most of which cover a time period. Another difference between the balance sheet and other statements is that it must balance the assets and liabilities of the company. An asset is anything the business owns that has monetary value. The assets of a small business commonly include cash, notes receivable, accounts receivable, inventories, land, buildings, machinery, equipment and other investments. A liability is the claims of creditors against the assets of the business. In other words, debts owed by the business. A new business should prepare projected annual balance sheets for three years. An existing firm should include historical balance sheets from the three previous years (or for however long it has been in existence if fewer than three), as well as three years of annual projections.

You will also need to calculate a break-even analysis. This analysis determines the volume of sales necessary to reach that minimum point where you can cover both fixed and variable costs. The point of no loss and no profit is the break-even point.

Personal Financials

If you are going to use the business plan to support a loan request, include personal financial statements. Personal financial statements are needed for every owner no matter how small the percentage of ownership. Owners should list any assets owned and debt owed to creditors. Knowing the credit score of all owners is very important when submitting the business plan to lenders.

The Marketing Plan

This is one of the crucial aspects of your business plan. In this section, you will include a market analysis, identify your competitors, your target market, and include a marketing plan. You want to provide information on the economic environment of the industry. The economic environment will tell how well the industry is performing verses

the economy as a whole. In addition, it should review business cycles and practices that may be unique to the industry. It describes competitors who may affect the success of your business and identifies pricing or technical innovation strategies that give your business a competitive advantage in the market. You want to include anyone that makes or offers a product or service that is comparable to what you offer. You will define the specific customer you plan on targeting. This section contains valuable data about customers, such as what they expect of the product or service. In addition, you will include data on purchasing dollars spent, road and foot traffic around the business location, and market share you expect to gain. The marketing plan details how you are going to advertise, when you will advertise, and where you will place your advertisements. This is important because it shows how you will inform customers about your product and/or service.

Business plan templates, including financial projections, are available online at

www.score.org

&

www.sba.gov

Management Team

This section should include the name, address, telephone numbers and relevant work or industry experience for each team member. The purpose of this section is to acquaint loan officers with the team's industry experience and demonstrate their ability to operate a company. Unlike a job-seeking résumé that concentrates on accomplishments, this résumé should outline learned skills and experiences that facilitate the operation of a company. This section should answer several key questions. Who is going to run the daily operations? Who will balance the books? Who will market and sell your product or service? Who is your attorney? Having the management team's roles and responsibilities on paper benefits everyone because they know their duties. In this section you may include an advisory board that supports your company in area where your team lacks experience.

Getting Funded

Financing is probably the first thing on many entrepreneurs' minds when it comes to starting a small business. One of the biggest challenges in starting your own business is identifying the amount and source of funding necessary to carry out your plan. There are many forms of financing for small business owners, including a variety of state and federal programs. Not every source of financing is right for every small business. You need to find the one that fit your business. Financing options explained in this section will be brief and it is highly recommended that you contact a small business counselor or a local enterprise specialist.

There are several financing sources for your business. A business can utilize personal assets, family, friends and colleagues, commercial credit, credit cards, and government financing. If the business is a start-up, you will be expected to provide 20-30% of your own financing, utilizing your own assets. Most government and commercial lenders generally require this level of owner investment. The Tennessee Small Business Resource Directory (www.tnecd.gov/bero) is a great resource for finding county-specific lenders. You should know your credit score before you request outside funding. You can receive free credit history once per year from the three reporting agencies from www.annaulcreditreport.com or call 1-877-322-8228.

Family, Friends, and Colleagues

Often a preliminary source of funding is family, friends, and colleagues. They often loan funds and take a promissory note or settle for stock options with a formalize agreement to ensure smooth business dealings. A small business can issue stock without the formal registration process if fewer than 15 people purchase the stock and stock is not offered for sale to the public. The investors must hold the stock for their own portfolios. More information on limited stock issue can be obtained from the Tennessee Department of Commerce and Insurance website at www.state.tn.us/commerce.

Credit Cards

Credit cards are a common source of financing, especially for small items and equipment your business might need. As credit cards carry a higher rate of interest than conventional loans, their use should be planned and carefully used. Maintaining a good credit history is important as the business grows and evolves.

Commercial Credit

Lenders usually offer two types of commercial loans to small businesses: term loans and seasonal lines of credit. For most bank loans, lenders ask you to pledge personal assets (including your house) as collateral and furnish signed guaranties from all principles.

Term loans are generally for fixed assets; that is, they are used to purchase real estate and equipment. You collateralize the loan with the assets purchased. As such, lenders generally extend a loan for a percentage of the value rather than full value for the goods. Such loans usually take the form of installment loans with monthly payments.

Seasonal lines of credit are extended to satisfy the working capital needs of a firm. Proceeds are used to purchase inventory, take purchase discounts and make payrolls. While some lenders may take accounts receivable and inventory as collateral, be prepared to use all assets of the company to secure these loans. Borrowers are expected to pay off seasonal lines of credit at least once a year. Small business borrowers generally draw down and pay off seasonal lines of credit several times a year. Other lines of credit include: business line of credit and home equity line of credit. A business line of credit

typically has a variable interest rate at or near the prime rate and does not need to be repaid annually. A home equity line of credit (HELOC) authorizes you to spend up to the amount of equity (present value of home minus existing mortgage debt you have in your home). Interest rates are typically variable and do not need to be repaid annually. Be sure to read all documents prior to signing and don't hesitate to consult your attorney.

Federal Government Loan Programs

The Small Business Administration (SBA) is a federal agency that provides small businesses with loan guarantees, counseling and training. SBA works mprimarily with banks to help reduce their risk in lending to small businesses. If you are interested in an SBA-quaranteed loan, you do not go to the SBA; you meet with an SBA banker at a traditional bank. The SBA's largest loan program is the 7(a) loan guarantee program. Loan guarantees help reduce the riskk for banks making loans to new, small businesses. Guarantees range from 50-85% depending on the loan amount.

The SBA Micro-Loan assists small businesses that need small amounts of financial assistance. Under this program, SBA makes direct and guaranteed loans to nonprofit lenders who use the proceeds to make micro-loans to eligible borrowers.

Another loan offered by the SBA is the Certified Development Company (CDC) 504 loan. The 504 Program provides expanding businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. The 504 loan program allows small businesses to take advantage of the open capital markets, but avoid much of the costs associated with entry into these financial markets. More SBA Loan information is online at the U.S. Small Business Administrations website, www.sba.gov/tn.

You can access a list of SBA Certified lenders in Tennessee online by visiting http://www.sba.gov/tn and click on Financing.

The U.S. Department of Agriculture (USDA) Rural Development Division has Business-Cooperative Programs that provide business and industry loans in rural areas across Tennessee. Generally, the USDA defines a rural area as a non-urbanized area with less than 50,000 in population. The USDA loan programs are administered through its regional offices and focus on assisting businesses that create jobs for rural citizens. Contact your local USDA Rural Development Office for more information or visit them online at http://www.rurdev.usda.gov/tn/.

The Tennessee Valley Authority (TVA) also has loan opportunities for small businesses. The Economic Development Loan Fund (EDLF) is a multi-million-dollar revolving loan program designed to

Loan	Maximum Loan Amount	Website
SBA - CDC/504	$ 4,000,000	www.sba.gov/financing www.sba.gov/tn
SBA - 7(a) Loan Guaranty*	$ 2,000,000	
SBA - International Trade*	$ 2,000,000	
SBA - Export Working Capital**	$ 2,000,000	
SBA Micro-Loan	$ 35,000	
USDA - RED Loan and Grant	$ 450,000	www.rurdev.usda.gov/
TVA - EDLF	$ 2,000,000	www.tvaed.com
TVA - Southern Appalachian Fund	$ 600,000	
TVA - SOC Fund	$ 500,000	
Small and Minority-Owned Business	$ 125,000	tnsmob.org/www
Tennessee Rural Opportunity Fund	$ 125,000	www.sccapital.org/funds
TN Small Business Energy Loan	$ 300,000	www.tnecd.gov
BERO Micro-Loan	$ 10,000	

* SBA will guaranty 75% of loan more than $150,000 and 85% if loan is less than $150,000.
** SBA will guaranty 90% of loan up to $1.5 million

stimulate capital investment and job creation in the TVA region. Minority- and woman-owned companies and companies within targeted industrial sectors are given special emphasis and consideration. The TVA Southern Appalachian Fund is a $12.5 million venture capital fund that provides equity capital and operational assistance to qualifying businesses in Kentucky, Tennessee, and the Appalachian counties of Georgia, Alabama, and Mississippi. The TVA Special Opportunities Counties (SOC) fund is a $16 million revolving loan fund that is available for buildings, equipment, real estate, industrial parks, and building development. More information is accessible online at www.tvaed.com.

State Government Loan Programs

The Tennessee Department of Economic and Community Development (ECD) offers two low-interest small business loans. The Tennessee Small Business Energy Loan Program provides low-interest loans up to $300,000 to qualified Tennessee based businesses. This loan is made to help upgrade the level of energy efficiency in buildings and plants and to improve manufacturing processes. This loan is offered through the Energy Division of ECD. The Energy Division hotline is 1 (800) 342-1340.

The ECD-BERO Rural Micro-Loan Program provides loans of $500-$10,000 to small business with five or fewer employees. Only entrepreneurs and small businesses living and operating a business in rural Tennessee are eligible. The Business Enterprise Resource Office (BERO) manages the program and also provides free technical assistance for the life of the loan. BERO provides an Enterprise Specialist that will work with you for the life of the loan. Contact BERO by phone at 1-800-872-7201. The loan application can be downloaded at www.tnecd.gov/bero.
Created by Governor Bredesen in 2007, the Tennessee Rural Opportunity Fund provides much needed capital small businesses in rural Tennessee. The ROF is a joint fund between the State of Tennessee, the Tennessee Bankers Association, and Southeast Community Capital Corporation. The fund provides loans and technical assistance to small, disadvantaged, and early-stage businesses in rural Tennessee. To apply, visit Southeast Community Capital online at www.sccapital.org.

The Tennessee Department of Treasury administers the Small and Minority-Owned Business (SMOB) Assistance Program. SMOB loans are available for acquisition of machinery and equipment, working capital, supplies and materials, inventory, and certain other business related activity. Program services include technical assistance, education, and consulting services to qualifying businesses. To learn more and/or apply, visit: www.tnsmob.org or call (423) 424-4298 or 1-866-918-7360.

Non-Traditional Financing

Southeast Community Capital (SCC), a Community Development Financial Institution (CDFI), as certified by the CDFI Fund, a division of the U.S. Treasury Department, provides loans to disadvantaged small businesses lacking access to traditional financing options in low-income areas throughout Tennessee and northern Alabama. SCC is the only statewide CDFI. SCC manages multiple loan funds targeting urban and rural areas of the state including the Tennessee Rural Opportunity Fund.

Development Districts

Development districts are regional planning and economic organizations owned and operated by the cities and counties of Tennessee. Each district operates a business and industry loan program and can provide small business loans, typically focusing on businesses that create jobs within its district. The nine development districts include: Northwest Tennessee, Greater Nashville Region, Upper Cumberland, First Tennessee, East Tennessee, Southeast Tennessee, South Central Tennessee, Southwest Tennessee, and Memphis Area Development District.

Electric Cooperatives

Most of the electric cooperatives in the state manage a revolving loan fund for businesses within their service area. Contact your local electric cooperative for additional information. You can find your local electric cooperative online at www.tnelectric.org.

Small Business Investment Companies (SBIC)

SBIC's are private investment and loan companies established to serve the small business market. They are funded with a combination of private and federal investment. Visit www.sba.gov/tn to find more information about local SBICs.

Equity Financing

Equity capital is money raised by a business in exchange for a share of ownership in the company. Ownership is represented by owning shares of stock outright or having the right to convert other financial instruments into stock of that private company. Two key sources of equity capital for new and emerging businesses are angel investors and venture capital firms.

Business "angel" investors are high net worth individual investors who seek high returns through private investments in start-up companies. The typical business angels are often former entrepreneurs or executives who cashed out and retired early from ventures that they started and grew into successful businesses. They seek companies with high growth potentials, strong management teams, and solid business plans to aid the angels in assessing the company's value. They typically invest in ventures involved in industries or technologies with which they are personally familiar. They seek active involvement in the business, such as consulting and mentoring the entrepreneur. They often take bigger risks or accept lower rewards when they are attracted to the non-financial characteristics of an entrepreneur's proposal. Three Tennessee angel investor groups include Nashville Capital Network, Angel Capital Group and Talent Acquisition Plan.

Venture capital is a type of private equity capital typically provided by professional, outside investors to new, high-potential-growth companies in the interest of taking the company to an IPO or trade sale of the business. Venture capital investments are generally made as cash in exchange for shares in the invested company. In Tennessee, venture capital funds can be found in Nashville, Knoxville, Oak Ridge and Memphis.

Government Grants

The truth is that federal and state governments do not provide grants directly to individuals to start or expand typical small businesses. Most grants offered by the government are designed to expand and enhance organizations that provide small business management, technical, or financial assistance. These grants generally support non-profit organizations, intermediary lending institutions, and state and local governments. However, the U.S. government does offer a wide-variety of loans and training programs to help entrepreneurs start and grow their businesses.

Some federal and state agencies award a limited number of grants for very specialized business activities such as scientific research and development. These R&D grant programs include the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The STTR and SBIR are competitive, nationwide grant programs designed to stimulate innovation and development in high technology industries. In Tennessee, businesses can get assistance with applying for SBIR and STTR opportunities through the University of Tennessee, Center for Industrial Services. Visit them online at http://www.cis.tennessee.edu or call 888-763-7439. Persons receiving disability benefits from the Department of Human Services, Vocational Rehabilitation Services, may apply for a self-employment grant to start a small business. In

Continued Education Contacts		Website
SBTN	Small Business Training Network	www.sba.gov/services/training/
SCORE	Service Corps of Retired Executives	www.score.org
TSBDC	Tennessee Small Business Development Center	www.tsbdc.org
NBIA	National Business Incubation Association	www.nbia.org
TVA	TVA Business Incubation Centers	www.tvaed.com
BERO	Business Enterprise Resource Office	www.tnecd.gov/bero

addition, farmers can compete for cost-reimbursement grants from the Department of Agriculture for specific activities. More information is provided in the "Targeted Businesses and Topics" section of the guide.

Business Assistance and Training

You can find assistance for your small business during each stage of the business cycle. Resource include: start-up assistance, licensing requirements, business relocation, identifying capital, government procurement, exporting, agriculture, business expansion, among others.

Business Enterprise Resource Office (BERO)

Housed in the Tennessee Department of Economic and Community Development, the Business Enterprise Resource Office is the state's primary service organization to Tennessee's entrepreneurs, small businesses, minority- and women owned businesses. Created in 1977, BERO expands economic opportunities for small, rural, minority, and women owned businesses by providing information on entrepreneurship development programs, procurement opportunities and access to capital with Tennessee private industry and government entities.

BERO provides one-on-one technical assistance to entrepreneurs and small businesses through Regional Enterprise Specialists. BERO has offices in Memphis, Nashville, Chattanooga and Knoxville. For assistance, call 1-800-872-7201 to contact the specialist in your region.

BERO also hosts Tennessee Business Matchmaking conferences that provide one-on-one business appointments between small business owners and procurement agents from large corporations and the government. Since its inception, over 3,277 one-on-one business appointments have been held between 904 small businesses and 286 procurement officials.

BERO provides a variety of small business information, including the Tennessee Small Business Resource Directory. The Tennessee Small Business Resource Directory is a free, valuable tool for Tennessee entrepreneurs, small businesses, chambers of commerce, and other small business support organizations. The directory provides resources for starting, financing and managing a business, as well as business opportunities, exporting, and micro-enterprise for each county in Tennessee. Visit http://www.tnecd.gov/bero.

Tennessee Small Business Development Centers (TSBDC)

The Tennessee Small Business Development Center (TSBDC) offers assistance to help business owners grow and develop successful, thriving businesses at little or no cost. The TSBDC is a network of professional business consultants with 12 centers and 2 satellite offices in 14 cities throughout the State of Tennessee. The TSBDC prides itself on providing expert business advice to all types of businesses whether you are a manufacturer, retailer, service provider, or a professional.

SCORE

SCORE "Counselors to America's Small Business" is a non-profit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide. SCORE is a resource partner with the U.S. Small Business Administration (SBA). SCORE employs volunteers that are working or retired business owners, executives, and corporate

leaders who share their wisdom and lessons learned in business. At the time of the publication, active Tennessee SCORE chapters can be found in Bristol, Chattanooga, Crossville, Johnson City, Nashville and Memphis.

Small Business Online Training Network

The Small Business Training Network (SBTN) is the SBA's online interactive training tool. This tool offers a wide variety of free online courses, a library, web chats and access to SBA business counselors. See map/appendix for contact information.

Tennessee Manufacturing Extension Program

The Tennessee Manufacturing Extension Program (TMEP) helps Tennessee's manufacturers become more productive, more profitable, and more competitive. TMEP assist businesses with new production techniques, business practices, expanding markets, complying with regulations, and a host of other areas. TMEP is a branch of the University of Tennessee Center for Industrial Services (UT-CIS).

Business Incubators

Business incubators offer programs to accelerate the successful development of entrepreneurial companies through an array of business support resources and services. You can visit the National Business Incubation Association online (www.nbia.org/resource_center) to find a local incubation center.

Targeted Businesses and Topics

This section contains information on a variety of topics an entrepreneur or small business owner may find helpful. The topics include home and internet-based businesses, inventors, patent, copyright, and trademark, government contracting, disabled business owners, regulatory assistance, and export assistance.

Home and Internet-Based Business

If you are considering a home-based business, you should contact your local zoning and building codes office or commission to find out if you need special permits. In addition to a local zoning permit, you may need to obtain a business license from your county clerk office to run your home-based or internet-based business. This requirement depends on how much income you earn and varies by county in Tennessee. In addition, you may need to look at business insurance, because homeowners' insurance policies do not generally cover home-based business losses. Common insurance areas for home-based businesses include business property, professional liability, personal and advertising injury, loss of business data, and crime insurance.

Internet and catalog businesses are required to collect sales tax from customers living in Tennessee. Tennessee does not require businesses to collect sales tax from non-citizens of Tennessee. Other states may require you to pay tax for sales in their state. Visit www.tennessee.gov/revenue to find more information about Tennessee taxes.

Original writings, artwork, photographs, and other forms of authorship protected may by protected by copyright. Visit the U.S. Copyright Office online to find the procedures for copyright registration for online works (Circular 66) at www.copyright.gov.

The Internet Corporation for Assigned Names and Numbers (ICANN) has accredited over 860 registrars that offer domain name (website address) registration. The ICANN registrars allow business owners to purchase a domain name, or purchase a domain name and package of services such as web hosting services. Visit www.icann.org for a list of accredited registrars.

Internet-based businesses should to look into insurance that covers liability for damage done by hackers and viruses, lawsuits, banner advertising, or electronic copyright infringement.

Inventors

The first step for applying for a patent is to conduct a patent search online at the United States Patent and Trademark Office (USPTO) to see if any current patents that match your idea. Once you have searched for existing patents, you can then start the process of applying for a patent with the USPTO. The type of patent you apply for depends on your product. The most common patent filed is the non-provisional utility patent, according to the USPTO.

An important note is that the "poor man's patent" will not protect your invention. This idea that by writing a description of your invention and mailing it to yourself or someone else by mail or certified mail will protect your invention is not true and may hurt your later patent rights.

You can build the prototype before or after receiving your patent from the USPTO. The prototype is a working model of the product that you intend to bring to market. It is often used to obtain financing for the mass production of the product. You will also need a business plan to obtain financing from banks and other lenders. You want to highlight how the product will be manufactured and your marketing plan for the product.

The Inventors Assistance Center (IAC) within the USPTO provides patent information and services to the public. The IAC can answer general patent examination questions, direct calls to appropriate USPTO personnel, assist you with forms, and provide general information concerning rules, procedures, and fees. The IAC is online at www.uspto.gov or call 1-800-786-9199.

The Tennessee Inventors Association (TIA) is an organization of inventors. The TIA has members all across Tennessee and as far away as Ohio and Virginia. The TIA is a great resource for inventors, innovators, and entrepreneurs. The TIA provides seminars, information, and guidance to those involved in innovation. The TIA has produced an inventor's guide that provides step-by-step instruction on how to take your idea to a functioning product. The guide includes information about establishing a date of originality, patent protection, licensing, prototypes, and the inventor's log. This guide is free to all members of the TIA. You can join the TIA by visiting their website at www.tninventors.org.

Patents, Copyrights, and Trademarks

A patent for an invention is the grant of a property right to the inventor, issued by the United States Patent and Trademark Office. According to the United States Patent and Trademark Office, there are three types of non-provisional patents. The three types of patents are utility, design, and plant patents. A utility patent is granted to anyone who invents or discovers a new and useful process, machine, article

of manufacture, or composition of matter, or an improvement of the before mentioned. Design patents may be granted to anyone who invents an original and decorative design for an article of manufacture. Plant patents are granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant. There are two types of utility and plant patents, which are the provisional and non-provisional patent. The provisional patent was designed to provide a lower-cost first patent filing in the United States. The provisional patent is granted for a term of 12 months with no official patent claim, oath or declaration, or any information disclosure statement. The non-provisional patent is a complex legal document, best prepared by a patent lawyer or someone trained to do so.

As stated by the Library of Congress' Copyright Office (www.copyright.gov), "A Copyright is a form of protection provided to the authors of "original works of authorship" including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished." A copyright is the protection of the creative expression of an idea not the idea. You can copyright the actual steps or methods of creating an object but not a list of items used to create the object.

You may wish to protect your company name and/or service mark in the State of Tennessee by obtaining a state trademark. As a business owner, you can obtain a state trademark, which will protect your business name and/or service mark within Tennessee for 5 years. You may also wish to protect your company name and/or symbol in the U.S. by obtaining a federal trademark. As a business owner, you can obtain a federal trademark, which will protect your business name and/or symbol within the United States for 10 years.

You may want a combination of copyright, patent, and trademark protection for your work. More detailed information on patents, copyrights, and trademarks can be found online at www.uspto.gov. You should consult an attorney to determine which form(s) of intellectual property protection best corresponds to your individual situation.

Government Contracting

Federal Government Contracting

The Center for Industrial Services (CIS) is an agency of the University of Tennessee (UT) Institute of Public Service. UT-CIS helps Tennessee's manufacturers become more productive by new production techniques or business practices. UT-CIS also provides the service of the Procurement Technical Assistance Center (PTAC). PTAC is a local resource available at no or nominal cost that can provide assistance to business firms in marketing products and services to the federal government and its prime contractors. PTAC is an arm of the U.S. Department of Defense National Procurement Technical Assistance Program (PTAP). UT-CIS is online at www.cis.tennessee.edu.

State Government Contracting

The Governor's Office of Diversity Business Enterprise (Go-DBE) focuses on ensuring that minority, women, and small businesses are afforded a fair and equal opportunity to participate in State procurement activities and contract awards. Minority, women and small businesses interested in doing business with the state are required to register with the Office. Businesses will be interviewed and assessed for a determination of procurement interests and qualifications such as licensing, bonding and certification. To register, certify and review the list of certified diversity companies, visit the Go-DBE website at www.tn.gov/diversity.

The Tennessee Department of Transportation provides assistance to disadvantaged businesses that want to do business with TDOT through the Business Resource Group. The Business Resource Group, LLC (BRG) is a Memphis–based business management consulting firm. BRG services includes: diversity program management and development, government compliance, community development, workforce development and human resource management.

Local Government Contracting

If you are new to government contracting, a first step to do business with your local government is often times, local government processes are easier to understand. It can take less time to get accustomed to how it operates, making you more likely to win bids. Many of the larger municipalities have formal vendor programs with staff that provide assistance to small, minority- and women-owned businesses, including Nashville, Memphis, Knoxville and Chattanooga. For more information, visit your municipality's web site or contact their finance or procurement office (www.tennesseeanytime.org/local).

Business Ownership Certifications

Often times, larger entities such as corporations or government agencies will request that small, minority- or women-owned businesses become certified. Certifications provide third-party verification to help entities make decisions about a potential vendor. Information includes: owner(s) involvement and control of the daily operations of their business; business operational capabilities; ethnic and gender information about the owner(s). Because the information collected during the certification process can be specific to a particular corporation or industry, there is not one universal certification used by all organizations. In Tennessee, certification programs are offered by the Governor's Office of Diversity Business Enterprise, Tennessee Department of Transportation, U.S. Small Business Administration, Tennessee Minority Supplier Development Council, Women's Business Enterprise National Council, National Women Business Owners Corporation. The first step in deciding if you need a certification is to evaluate whether the companies you do business with (or want to do business with) require vendors to have a particular certification. If you are pursuing federal government work, you should consider a SBA certification; state government work, then Go-DBE; TDOT and airport work, then TDOT; private corporations only, then minority supplier development council or one of the national women's certification groups.

Business Owners with Disabilities

The Tennessee Department of Human Services Vocational Rehabilitation (VR) is a federal and state-funded program providing services to help individuals with disabilities enter or return to employment. Individuals who qualify for their services can participate in their Self-Employment Program. Individuals approved for the program must create and present a business plan to a panel of advisors. Approved individuals can receive a $5,000 grant for the business; 50/50 match funds may be available up to $10,000. To learn more about the Self-Employment program, contact your regional Vocational Rehabilitation or call (615) 313-4898. The website for Vocational Rehabilitation is www.state.tn.us/humanserv.

Regulatory Assistance

Housed in the federal Small Business Administration, the National Ombudsman assists small businesses when they experience excessive or unfair federal regulatory enforcement actions. The National Ombudsman acts as a liaison between small business owners and federal agencies. The National Ombudsman receives comments from small business concerns and acts as a liaison between them and federal agencies.

Comments received from small businesses, are forwarded to federal agencies for a high level review and federal agencies are requested to consider the fairness of their enforcement action. A copy of the agency's response is sent to the small business owner by the Office of the National Ombudsman. In some cases, fines have been lowered or eliminated and decisions changed in favor of the small business owner. The ombudsman can be contacted by email at ombudsman@sba.gov or phone at (888) 734-3247. The website is www.sba.gov.

The Tennessee Department of Environment and Conservation, (TDEC) Office of Environmental Assistance (OEA) program, provides information and non-regulatory support to businesses. The OEA has a Small Business Environmental Assistance Program (SBEAP) that provides technical, administrative, and regulatory support for small businesses. The SBEAP works as a liaison between the regulatory agencies and small business. Reach the SBEAP by phone at 1 (800) 734-3619 or by e-mail at bgsbeap@state.tn.us.

Agri-Tourism and Pick Tennessee Products

The Tennessee Department of Agriculture provides assistance to farmers, agribusinesses, commodity organizations and consumers. Services are delivered through the Pick Tennessee Products marketing campaign and include: direct sales contacts; media activities and promotions; regular press releases and seasonal features; compilation of directories of producers; support of commodity group activities; agri-industry recruitment; expansion of existing businesses; one on one counseling; partnership with other agencies. Visit http://www.picktnproducts.org for more information.

The Center for Profitable Agriculture (CPA) is a partnership between the Tennessee Farm Bureau Federation and the University of Tennessee Institute of Agriculture. The CPA works to increase the value of Tennessee's economy through new, expanded, and improved processing and marketing of agricultural, aquacultural, and forestry products in Tennessee. Find more information about CPA at cpa.utk.edu.

Technology-Based Business

Tennessee's technology-based economic development (TBED) program is developed and implemented by the Tennessee Technology Development Corporation in partnership with the Tennessee Department of Economic and Community Development (ECD). The Tennessee Technology Development Corporation (TTDC) is assigned the responsibility to accelerate efforts to transition Tennessee's economy to a knowledge-based economy. Through the program, TTDC offers a Phase 0 Grant that is designed to assist Tennessee small businesses in the application process for Phase I technology development funding through the federal SBIR/STTR Program. More TTDC information is online at www.tntechnology.org.

TTDC also works with the Tennessee Small Business Innovation Research (SBIR) Proposal Assistance Network to further aid small businesses in the SBIR/STTR application process. The Tennessee SBIR Proposal Assistance Network consists of the University of Tennessee Center for Industrial Services (UT-CIS) and its partner stakeholders. The group offers a statewide SBIR/STTR assistance network in collaboration with other public and private assistance providers across the state. Visit Tennessee SBIR online at www.tnsbir.tennessee.edu.

Oak Ridge National Laboratory (ORNL) is a multi-program science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. ORNL offers a variety of services to small businesses focused on science and technology. The Small Business University offers on-line training or training slides of various subjects to help develop critical areas of small businesses. The ORNL Mentor-Protégé Program is designed to assist energy related firms in an effort to enhance their capability to perform contracts and subcontracts for Oak Ridge National Laboratory. ORNL purchases supercomputers, office supplies, office buildings and other items through their extensive program to award subcontracts to American small businesses.

The Tennessee Biotechnology Association (TBA) is a statewide organization of scientists, researchers, academicians, legislators and business professionals working to develop and support life sciences in Tennessee. The organization also works to enhance access to capital for existing biotechnology companies, as well as support business recruitment to Tennessee. Outside investment in Tennessee companies in the fields of research and technologies is also encouraged by TBA. Visit TBA online at www.tnbio.org.

Connected Tennessee works with a wide array of Tennessee entities to make the cost of technology expansion go down and the ease of doing business go up. Connected Tennessee will accelerate the availability and use of technology toward creating a better business environment, more effective community and economic development, improved healthcare, enhanced education, and government that is more efficient. You can test broadband speeds and inquire about getting faster broadband speeds at www.connectedtn.org.

Exporting

A number of companies and agencies are available to help expand small business into the worldwide marketplace.

The U.S. and Foreign Commercial Service, established in 1980 by Congressional mandate, assist and increase American exporter's visibility in overseas markets. The mission of the International Trade Administration (ITA) is to increase the number of small- and medium-size firms that engage in international trade. Domestic international trade specialists work closely with the commercial officers based at U.S. embassies abroad to provide counseling and other promotion services to American companies with export potential.

In partnership with the Tennessee Small Business Development Centers, the International Trade Centers (ITC) provide export assistance to exporting firms that are new to the exporting business. The ITC can offer one-on-one counseling at any SBDC office across the state. In addition to counseling, ITC sponsors continuing-education seminars and workshops across the state.

The Tennessee Department of Agriculture has a division of marketing that provides services specifically to Tennessee farmers and agri-businesses that wish to export. It offers services in hosting foreign buyer visits, participating in trade shows and sales missions, identifying foreign import requirements and assistance in obtaining appropriate documentation, conducting seminars highlighting agricultural exports, and disseminating trade leads and other trade information.

About the Guide

The Start-up Tennessee Guide is published by the State of Tennessee Department of Economic and Community Development (ECD) Business Enterprise Resource Office (BERO) with the assistance of the Creative Services division. The guide is published online and available for download on the ECD website located at www.tnecd.gov/bero.

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The Business Enterprise Resource Office (BERO) was created in the Tennessee Department of Economic and Community Development in 1977 to expand economic opportunities for small, rural, minority- and women owned businesses. BERO provides technical assistance and information on entrepreneurship development programs, procurement opportunities and access to capital.

If you would like to see your Agency or Organization's advertisement placed in our next Startup Guide contact the Small Business Resource Office at

1-800-872-7201

Export Contact List		Website
ITA	U.S. DOC, International Trade Administration	www.trade.gov
ITC	TSBDC International Trade Centers	www.itc-tsbdc.org/
TDA	Tennessee Department of Agriculture	www.picktnproducts.org/

Mental Health and Developmental Disabilities

- Mental Health Outpatient Facilities
- Mental Health Adult Day Treatment Services
- Mental Health Hospital Facilities
- Mental Health Adult Residential Treatment Services
- Mental Health Crisis Stabilization Unit Facilities
- Mental Health Supportive Living Facilities
- Mental Retardation Adult Habilitation Day Facilities
- Mental Retardation Pre-School Facilities
- Mental Retardation Diagnosis and Evaluation Facilities
- Mental Retardation Institutional Habilitation Facilities
- Mental Retardation Residential Habilitation Facilities
- Mental Retardation Boarding Home Facilities
- Mental Retardation Placement Services Facilities
- Mental Retardation Respite Care Services Facilities
- Mental Retardation Semi-Independent Living Facilities
- Mental Health Psychosocial Rehabilitation Program Facilities
- Mental Health Intensive Day Treatment Program Children and Adolescents Facilities
- Mental Health Therapeutic Nursery Program Facilities
- Mental Retardation Supported Living Services Facilities
- Mental Health Partial Hospitalization Programs
- Mental Health Vocational Programs
- Mental Health Residential Treatment Facility for Children and Youth
- Personal Support Services Agencies
- Alcohol and Drug Abuse DUI School Services
- Alcohol and Drug Abuse Prevention Program Facilities
- Alcohol and Drug Halfway House Treatment Facilities
- Alcohol and Drug Abuse Non-Residential Opiate Treatment Facilities
- Alcohol and Drug Non-Residential Rehabilitation Treatment Facilities
- Alcohol and Drug Abuse Residential Detoxification Treatment Facilities
- Alcohol and Drug Abuse Residential Rehabilitation Treatment Facilities
- Alcohol and Drug Residential Treatment Facilities for Children and Youth

Contact the Tennessee Department of Mental Health and Developmental Disabilities by phone at (866) 797-9470 or visit the website at http://state.tn.us/mental/.

Health Related Boards

- Athletic Trainers
- Acupuncture
- Alcohol and Drug Abuse Counselors
- Chiropractic Examiners
- Clinical Perfusionist
- Communications Disorders and Sciences
- Dentistry
- Dietitians and Nutritionist
- Dispensing Opticians
- Electrolysis Examiners
- Emergency Medical Services
- Hearing Instrument Specialist
- Massage
- Medical Examiners
- Medical Laboratory
- Nursing
- Nursing Home Administrators
- Occupational Therapy
- Optometry
- Osteopathic Examination
- Pharmacy
- Physcial Therapy
- Physicians Assistants
- Podiatric Medical Examiners
- Professional Counselors and Marital and Family Therapist
- Professional Midwifery
- Psychology
- Repiratory Care
- Reflexology
- Social Work
- Veterinary Medical Examiners
- X-Ray Operators

Contact the Tennessee Department of Health by phone at (615) 532-3202 or (800) 778-4123 or visit the website at http://health.state.tn.us.

Types of Regulated Care

Child Care Centers
- 13 or more kids

Family Child Care Homes
- 5 to 7 kids

Group Child Care Homes
- 8 to 12 kids

Drop-In Centers
- 15 or more kids not to exceed 14 hours per week nor more than 7 hours per day

All individuals working in licensed child care in Tennessee must submit to a criminal history background check through the Tennessee Bureau of Investigation (TBI).

Contact Child Care Licensing by phone at (615) 313-4778 or visit the website at www.tennessee.gov/humanserv.

Compliance Division

- Industrial Loan and Thrift Companies
- Mortgage Lenders
- Servicers and Brokers
- Money Transmitters
- Check Cashers
- Deferred Presentment Service Providers
- Title Pledge Lenders
- Insurance Premium Finance Companies

Contact the Tennessee Department of Financial Institutions by phone at (615) 741-2236 or visit the website at www.tennessee.gov/tdfi.

TENNESSEE SMALL BUSINESS GUIDE 2009

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