

# STARTING A BUSINESS IN THE LOWCOUNTRY

## ASSESS YOUR READINESS TO START A BUSINESS

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Are you ready to start a business? How much do you know about starting a business? Starting a business is a major challenge and should not be undertaken without considerable thought and planning. There are many issues to consider. Accordingly, SCORE SC Lowcountry developed this handbook as a guide for entrepreneurs who are seriously considering starting their own business.

We challenge you to assess your readiness to start a business by answering probing questions. If you are ready, it will give you a sense of direction and help assure your success.

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## The Challenge

Starting a business is hard, success is elusive, but if all the fundamental processes are used, the success rate increases. According to the Ewing Marion Kauffman Foundation, the percentage of new employer establishments that are still active after one year of operation in 2017 was 79.78%. In South Carolina this percentage was 80.82%. This indicator is a measure of immediate survival; it does not reflect long-term survival of startups.

Surveys of business failure attribute the following explanations to a lack of success.

- 78% lack a well-developed plan, including insufficient research.
- 73% are overly optimistic about achievable sales, the money required, and about what needs to be done to be successful.
- 70% do not recognize or ignore what they don't do well and do not seek help from those who do.
- 63% have insufficient relevant and applicable experience.

To sum up, the critical factors you must take under serious consideration to ensure the success of your business and avoid failure are:

- Adequate capital, resources
- Management experience and ability
- Education/experience in the field
- Good work ethic and time management skills
- Ability to ask input of others and make appropriate changes.
- Willingness to test your idea.
- Develop a business plan.

[Starting Your Journey \(Startup Roadmap\) ... More Details](#)

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## You - Do you have the right stuff?

When deciding whether to start a business the first key question to ask yourself is do you have the personality and skills required to start a business? Ask yourself these questions. It is a good idea to write down your response and explain your answer. So, are you:

- A self-starter and resourceful?
- Have a positive attitude toward people?
- Responsible?
- Organized?
- Persistent? Trustworthy? Decisive?
- What you need to succeed

## What you need to succeed

In addition to the traits you need, successful entrepreneurs must be clearly focused to reach their goals, possess the competence or skill needed to produce the products or services for their target customers; and, finally, have the passion and interest in starting and managing the business.

- **Focus** – Being able to maintain interest and focus your time and energy on the important essential tasks while avoiding the unimportant many. You simply cannot respond to every request or idea. Additionally, you must stick to your plan and execute it.
- **Competence** – Having the skills, knowledge, or experience in your proposed business is a major key to success. It is also very helpful for you to have an awareness of general business practices such as cash management, marketing, and people management. Knowledge of startup requirements such as funding sources will be of great help as well.
- **Passion** – No new endeavor succeeds without passion and drive, that energy that keeps you going when things get tough. So, it is important that you have a love for the business you plan; to keep you motivated when you have to work long hours with low to no monetary rewards.

[How To Really Start Your Business ... More Details](#)

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## Your Dream – Is it realistic?

Once you have determined that you have what it takes to start a business, test your idea to see if it is reasonable and has the potential for success. To test your idea, you must confirm that the product(s) or service(s) you are planning to offer will attract the kind of customers you are targeting. To “*test your concept*” you should:

- **Try it out** – If possible, go to work with a similar company. For instance, if you are thinking of opening a floral shop, go work with a florist for a few months to see what it is really like. Many times, the reality of running a business falls way short of the dream.
- **Talk to entrepreneurs in the same field** – Find someone who is successfully doing what you want to do and interview them. Of course, it must be someone with whom you will not compete. Ask them what it is like, what were/are the challenges, what they like best and the least about the business, what they wish they had known when they started that they know now. Also, find more than one person to talk with.
- **Evaluate whether you enjoy the work and excel at it** – Develop an understanding of the primary skills and work required to be successful in your proposed business. Ask yourself if you will be good at that and will enjoy doing it every day for a long time. Often, we plunge into pursuits without understanding exactly what is required for success and find that we are a complete misfit and are thus unhappy and unsuccessful.
- **Judge your ability and desire to handle all aspects of the business.** This is good to know so that you can plan on how to manage those areas that you are unqualified to handle. You can make plans to hire someone or outsource the work.
- **Determine whether the business has a solid chance of turning a profit** and exactly when; this will require forecasting of sales and expenses. If you do not have the skills to do this, find someone qualified to help you. Do a best case and a worst-case scenario. This can help you make a go/no-go decision and if you decide to proceed, you will need the forecast for your business plan as well.
- **Evaluate the risk this business requires** – Identify potential risks and plan for reducing or eliminating them. Decide if you are prepared to take all the associated risks.

[Doubt Kills More Dreams Than Failure ... More Details](#)

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## The Market – Who is your target customer and who are your competitors?

A clear understanding of your market is vital to business success. The value of knowing your target customer and your competition cannot be overemphasized. Defining your customer gives you the ability to estimate the size of your potential market and where and how to promote your business. Is your market just Beaufort County or will you be looking to expand into Jasper, Hampton, and Colleton as well?

Your business can improve its odds of success if it has a unique niche that gives you an advantage over the competitors. Walmart developed their niche on price. For 99% of small businesses, using price to define your niche is usually not feasible. The following questions can help you develop your niche:

- **What is unique about your product or service?** Does it have a compelling difference? Domino's Pizza was built on the compelling difference of "Fresh, hot pizza in 30 minutes or less, guaranteed." They did not even say it was good. On the difference of fast delivery, it became the largest pizza chain in the world. Find some way to make your product or service unique.
- **What are the needs, desires, or values of your customers that your product or service will satisfy?** Federal Express succeeded in the need for fast parcel delivery. Its early ad message was "When it absolutely, positively has to be there overnight." What customer needs are you fulfilling?
- **What makes you and your business different?** Why will customers do business with you rather than someone else? How will you be different than the competition? You must be able to answer the questions, "Your business, so what? Who cares?"
- **If you don't know your difference, you cannot market it.** Just advertising "me too" will not likely cause anyone to buy from you. You must know your niche to market, promote and compete effectively. If your customers don't know what distinguishes you, they probably will leave you. If they cannot discern any difference between you and others' offerings, why will they continue to patronize you? There is no reason to.

[How to Write a Marketing Plan ... More Details](#)

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## Money – How much do you need and where to get it?

Acquiring capital for a start-up can be a major hurdle for entrepreneurs. Preparing a business plan will require that you do financial forecasts so that you can determine your capital needs. Knowing how much you will need to open the doors to your business and how much you will need until you have a positive cash flow and profit is where you must start. At SCORE, we can help you with your business plan and forecasts.

But once you calculate your funding needs, where do you go to get it? Listed here are 10 sources of funding.

- 1. Your Assets** - 68% of start-ups are financed with personal assets. This includes savings, retirement accounts, other investments, and liquidating assets such as cars, boats, motorcycles, and jewelry.
- 2. Angel Investors** – These are wealthy individuals who will make an initial investment but in return will expect a 10- 50% stake in your business.
- 3. Friends and Family** – Make sure you are clear about whether money from this source is a loan (which you will have to pay back) or equity (which is ownership in your business). Be certain that you get a written agreement.
- 4. Credit Cards** – We have all heard of the entrepreneur who started their business with credit cards. Spike Lee financed his first movie with credit cards. It is easy but the interest rates are very expensive.
- 5. Bank Loans** – Loans are like mortgages in that they require monthly payments. They also require collateral, which may vary between banks, and a personal guarantee as well as a good business plan.
- 6. SBA Micro Loan (up to \$50,000)** – The SBA provides funds to specially designated intermediary lenders, which are nonprofit community-based organizations with experience in lending as well as management and technical assistance.

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**7. SBA 7(a) loans** - SBA 7(a) loans are negotiated between a borrower and an SBA-approved lender and are guaranteed by the SBA. 7(a) loans have a maximum loan amount of \$5 million.

**8. Use social lending and crowdfunding** - For those who don't qualify for a standard loan there is the possibility of using social lending and crowdfunding such as:

- Kickstarter, Indiegogo, Patreon, Crowdfunder (Shopify App)
- GoFundMe, Fundable, CrowdCube

**9. Trade Credit** – Trade credit means securing longer payment terms with your suppliers but getting trade credit is hard to establish. Most suppliers are not willing to take a chance on a business with no payment history.

**10. Customers who are willing to extend credit to your business** – This might take the form of a customer willing to prepay for products or services that will be delivered or used sometime in the future.

[Business Financing ... More Details](#)

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## Business Structure – How do you legally organize?

Your business structure will depend on several factors such as personal liability and tax consequences. SCORE recommends that you consult with an attorney to determine the best option for you and your business.

The following are business structures available to an entrepreneur:

- **Sole Proprietorship** – you own it all and personally have all the liabilities. The income is taxed personally.
- **Limited Liability Company (LLC)** - a hybrid type of legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.
- **General Partnership** – a single business where two or more people share ownership and the profits as well as any losses of the business.
- **Limited Liability Partnership** – for professional partnerships in which some or all partners (depending on the jurisdiction) have limited liabilities. In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence.
- **Limited Partnership** - formed by two or more people, with at least one person acting as the general partner who has management authority and personal liability, and at least one person in the role of limited partner who is a passive investor with no management authority.
- **Corporation** - an independent legal entity owned by shareholders. The corporation itself, not the shareholders, is legally liable for the actions and debts the business incurs. More complex than other business structures, corporations are generally suggested for established, larger companies with multiple employees.
- **Statutory S Corporation** – a closely held corporation that in general does not pay any federal income taxes. Instead, the corporation's income or losses are divided between and passed through to its shareholders. Shareholders have the same protection from liability as shareholders of a regular corporation.

In South Carolina, if you do nothing, you are a sole proprietorship business.

[Basics of Business Structure ... More Details](#)

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## Putting It All Together – Creating a road map: the business plan

Now that you have answered the key questions about starting your business, it is time to put it all together and write a business plan. Having a business plan is essential to a start-up as well as an established business.

The time you invest in your business plan will pay off many times. Some of the benefits you can get from creating a business plan are a blueprint of your business to keep you focused and on track. A business plan will be required for a bank loan.

- Targets and timetables to track your performance against goals and make any needed corrections.
- A description of your products and services.
- A forecast of your sales, costs, and profits
- A description of your target customers and their buying behaviors
- An objective analysis of your market
- An explanation and justification for your marketing strategies
- A list of your main competitors and how you expect to outperform them.
- An explanation of your business model or how you plan to make a profit and stay in business.
- Anticipation of potential challenges or hurdles you might face and what you will/can do about them.
- A summary document that you can use to explain your business to suppliers and lenders as well as key employees.

[Business Plan Basics ... More Details](#)

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## Key Business Plan Elements

A business plan can take many forms and generally the more complex the business the more detail and explanation required for a complete plan. But whether you are starting a home business or a complicated high tech, manufacturing concern, your plan will include these three key elements.

### 1. Business Concept/Idea

- Business Vision
- Key Success Factors

### 2. Marketing Plan

- Target Customer Groups
- Products/Services Prices/Margins
- The Value Proposition
- Advertising Techniques Employed

### 3. Financial Plan

- Projected Income Statement
- Startup Costs
- Financing Needs

A successful business plan does not depend on the number of pages, the color images, or the number of charts and graphs. For many businesses, a one-page business plan may be all that is required, if it addresses these issues:

- Customer Problem and the Solution
- Business Model - How you make money.
- Target Market and Competitive Advantage
- Management Team
- Financial Summary and Funding

## [Business Plan Templates](#)

# Starting A Business In The Lowcountry

## Conclusion – Are You Ready to Start?

This handbook has given you an overview of the elements of starting a business. In summary, do you have the personality and skills of an entrepreneur? Do you have the determination and perseverance to successfully complete the process of starting a business? If you can answer yes, then you are ready.

Working with **SCORE**, or an organization like SCORE, where skilled and experienced business mentors can provide direction and support will improve your chances of success. You will not only need assistance from SCORE but also from professionals like attorneys and accountants and others who support the small business community.

[How To Really Start Your Business ... More Details](#)

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## About SCORE

**SCORE**, founded in 1964, is a national, volunteer, non-profit organization of more than 10,000 business professionals who provide free and confidential mentoring and counseling to aspiring and established entrepreneurs. The SCORE SC Lowcountry chapter has been helping local area businesses for over 30 years.

In support of business, **SCORE** offers local workshops, roundtables, online workshops, webinars, templates and tools, sample business plans, and free access to a team of experienced mentors to help you.



If you are in business or just thinking about starting a business, call, or email for an appointment with one of our mentors. A mentor will contact you and schedule a free and confidential counseling session at one of our locations or at a mutually convenient site.

## Business Advice You Can Trust - Experience You Can Use

From the initial stages of starting a business and throughout the life of your business **SCORE** can help you:

- Determine if you are ready to start a business.
- Start a new business or open a franchise. .
- Take your business to the next level; Grow or expand your business.
- Solve a particular problem with your business.
- Buy an existing business, Sell your business.

### Workshops

We offer in-person workshops held in Hilton Head, Bluffton, and Beaufort; and online learning is available at [www.score.org](http://www.score.org). The workshops are on a wide variety of relevant business topics and taught by experienced professionals. For listings of local workshops and programs, check our website [www.score.org/sclowcountry](http://www.score.org/sclowcountry).

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## About Our Local Mentors

<b>Mentors' Industry Experience</b>	<b>Areas of Mentors' Expertise</b>
Acquisition Accounting	Acquisition
Administration	Accounting
Advertising	Administration
Banking	Advertising
Business Operations	Computers
Buy/Sell A Business	Construction
Computers	Customer Service
Construction	Distribution
Customer Service	Franchising
Distribution	Finance
Finance	Human Resources
Franchising	Insurance
Health Care	Import/Export
Human Resources	Manufacturing
Internet Marketing	Marketing/Sales
Insurance	Non-Profits
Import/Export	Online Stores
Manufacturing	Restaurants
Marketing/Sales	Retail Stores
Non-Profit	Website Design
Online Stores	Buy/Sell a Business
Restaurants	Technology & Business
Retail Stores	
Search Engine Advertising	
Technology	
Website Design	

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## Business Start-up Resources

This is a directory of business resources to be used in starting a business in the Lowcountry. Find the government and business services you need, contact them as required.

### Local Requirements - Beaufort Country Area

#### Municipal Association of South Carolina (MASC)

New business licenses are still issued by the city or town. For business license renewals, the association has developed a statewide online portal. To use this free software, municipalities must adopt the standard business license practices. See Municipal Association Website, [www.masc.sc](http://www.masc.sc).

**The Renewal Center.** Renewing Business Licenses on-line [www.localblrenewal.com](http://www.localblrenewal.com)

City of Beaufort 1911 Boundary St 843-525-7010	Bluffton 20 Bridge St 843-706-4501	Hilton Head 1 Town Center Ct 843-341-4610	City of Hampton 608 First St. W 803-943-2951
Hardeeville 205 E. Main St 843-784-2231	Walterboro 242 Hampton St 843-549-2545	Ridgeland One Town Sq. 843-726-7500	Port Royal 700 Paris Ave 843-986-2209

**Boards of Architectural/Design Review:** If you plan to do physical renovation to your facility, a board in the following communities must approve them first:

- City of Beaufort, 1911 Boundary Street, 843 525-7011
- Hilton Head: 843 341-4757
- Bluffton: 843 706-4500

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**Planning & Zoning:** For information pertaining to whether your business can operate in the chosen location, you must check your local zoning ordinances. This can be done at the addresses listed below. This includes Home Business Requirements.

City of Beaufort 1911 Boundary St 843-525-7011	Bluffton 20 Bridge St 843-706-4510	Hilton Head 1 Town Center Ct 843-341-4695	City of Hampton 608 First St. W 803-943-2951
Hardeeville 205 East Main St 843-784-2231	Walterboro 31 Klein Street, 843-549-1709	Ridgeland 358 Third Ave 843-717-3650	Port Royal 700 Paris Ave 843-986-2207

**Restaurants:** Must submit a seating layout to building inspections for Certificate of Occupancy Approval; and commercial kitchen approval from South Carolina DHEC.

If your business will be involved in Food Handling, you must contact DHEC.

Beaufort County DHEC  
1407 King St.  
Beaufort, SC 29902  
(843) 525-7625

**Building & Fire Inspections:** Before you can operate in a specific business location you may need a Certificate of Occupancy issued by the local building inspections department. Application is made through the Business License Office. The Building Inspector and Fire will do business for requirements on permits.

**Signage:** Must be approved by local zoning and building inspection divisions.

**Construction of a building for business:** Requires a *Construction Certificate of Occupancy* that differs from a Certificate of Occupancy.

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## Federal Requirements

### Internal Revenue Service

- Charleston Office: 1 Poston Road, Charleston, SC 29407 (843) 566-0209
- Information on federal tax regulations 1-800-829-1040
- IRS web Site [www.irs.gov](http://www.irs.gov)

Employers are typically responsible for three types of federal collections and payments:

- Income tax withheld from employee wages. Proprietorships, partnerships, and corporations with employees are required to file federal tax reports.
- (FICA) Employer and Employee Social Security Taxes. Every business with one or more employees is required by law to withhold Federal Income Tax and Social Security Taxes from the wages paid to employees.
- (FUTA) Federal Unemployment Tax

### Employer Identification Number: (EIN)

To obtain an EIN call the IRS at 1-800-829-4933. Representatives are available Monday through Friday from 7:30 AM to 5:30 PM., or go to [www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers](http://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers)

**Immigration and Naturalization Service:** Every employer must have an Eligibility Verification Form (I-9) completed and filed for each employee. For assistance or copies of this form call INS at: 1-800-870-FORM (3676) or go to [www.uscis.gov](http://www.uscis.gov) .

**U.S. Dept. of Labor:** [www.dol.gov](http://www.dol.gov) For information on covered employees, child labor, training, wages, tipped employees, polygraph testing. Employment Standards Division, U.S. Labor Dept., Landmark Center, 3600 Forest Drive, PO Box 11329, Columbia, SC 29211 (803) 896-4300.

**Social Security Administration:** To verify your employees have valid SS numbers, check out the SSA's business services online at [www.ssa.gov/bsa/bsowelcome.htm](http://www.ssa.gov/bsa/bsowelcome.htm) .

**Occupational Safety & Health (OSHA):** OSHA requires that if your firm employs more than 10 people, you must maintain a record of on-the-job injuries on OSHA Form 200, which must be available for inspection and retained for five years. For more information contact: [www.osha.gov](http://www.osha.gov) or OSHA, US Dept. of Labor, 200 Constitution Ave, NW, Room S1212, Washington DC, 20210; Columbia, SC office: 803-734-9631.

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## General Business Information

### Personal Credit:

Before approaching a bank or investor for a loan, it is advisable to know the condition of your credit report. To check on your personal credit use one of the telephone numbers listed below:

Once a year you can obtain a free credit report by logging on to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877- 332-8228. Another free source is [www.creditkarma.com](http://www.creditkarma.com) .

Experian (TRW) 1-888-397-3742 <a href="http://www.experian.com/">www.experian.com/</a>	Trans Union 1-800-888-4213 <a href="http://www.transunion.com">www.transunion.com</a>
Equifax 1-800-685-111 <a href="http://www.equifax.com">www.equifax.com</a>	CSC Credit (Equifax) 1-800-759-5979 <a href="#">Credit Reporting Problems</a>

### Credit Card Merchants:

If you plan to accept credit cards from your customers, contact your bank's Merchant Bankcard Services, Retail Banker. Your banker will instruct you on how to accomplish this. Many sales are lost each year by retailers who do not accept credit cards.

### Better Business Bureau, Inc.

Provides reports on businesses and charities to help consumers and donors make informed decisions and helps resolve consumer complaints and promotes ethics in business. For more information go online at [www.bbb.org](http://www.bbb.org) or contact them at:

2442 Devine St  
Columbia, SC 29205  
(803) 254-2525 or (843) 766-9616

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## Barcode or Universal Product Code (UPC)

To obtain an application for a barcode contact the **Uniform Code Council** at (937) 435-3870

- Fill out the application completely and return to the Uniform Code Council with the required fee.
- The fee is dependent on your annual sales. The minimum fee for new products is \$300.
- Processing of the application takes approximately 10 – 15 days upon receipt of application and fee.
- You will be issued a bar code and instructions for getting the bar code on your product.

## CHIP card Reader

Currently, if you run a fraudulent card, banks absorb the costs. Starting in October 2015, if someone pays with a fraudulent chip card, and you're not set up with an EMV card reader, the banks will no longer be liable.

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## Lowcountry Business Information

### SCORE SC Lowcountry

HHI/Bluffton Chamber of Commerce  
One Chamber of Commerce Dr.  
Hilton Head, SC 29928  
843-785-7107

[www.score.org/sclowcountry](http://www.score.org/sclowcountry)

### SCORE SC Lowcountry (Beaufort Office)

Ameris Bank  
2348 Boundary Street  
Beaufort, SC 29902  
843-787-7107

[www.sclowcountry.score.org](http://www.sclowcountry.score.org)

### Hilton Head Bluffton Chamber of Commerce

One Chamber of Commerce Drive  
Hilton Head, SC 29928  
843-785-3673

<http://www.hiltonheadchamber.org>

### Beaufort Regional Chamber of Commerce

701 Craven Street,  
Beaufort, SC 29902  
843.525.8500

[www.beaufortsc.org](http://www.beaufortsc.org)

### Beaufort County Black Chamber of Commerce

711 Bladen Street  
Beaufort, SC 29901  
843- 986-1102

<http://www.bcbcc.org>

### Bluffton Chamber of Commerce

29 Plantation Park  
Bluffton, SC 29910  
843-757-1010

[www.blufftonchamberofcommerce.org/](http://www.blufftonchamberofcommerce.org/)

### Don Ryan Center for Innovation

7 Venture Drive #100,  
Bluffton, SC 29910  
843 540 0405

[www.ryan-innovation-center.com](http://www.ryan-innovation-center.com)

### Small Business Development Center SBDC

Suite 112, Sandstone Building,  
Historic Beaufort Campus  
801 Carteret Street  
Beaufort, SC 29902  
843-521-4143

Martin Goodman, EDFP, Director  
[goodman@uscb.edu](mailto:goodman@uscb.edu)

Patricia K. Cameron, MBA, Business Consultant  
Hilton Head Gateway  
USCB Library, Campus Room 238  
[pcameron@uscb.edu](mailto:pcameron@uscb.edu)

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## **Technical College of the Lowcountry (TCL)**

Beaufort Campus  
921 Ribaut Road  
Beaufort, SC 29901  
843-525-8211

New River Campus  
100 Community College Drive  
Bluffton, SC 29909  
843-470-6000

Hampton Campus  
H. Mungin Center  
54 Tech Circle  
Varnville, SC 29944  
803-943-4262

[www.tcl.edu](http://www.tcl.edu)