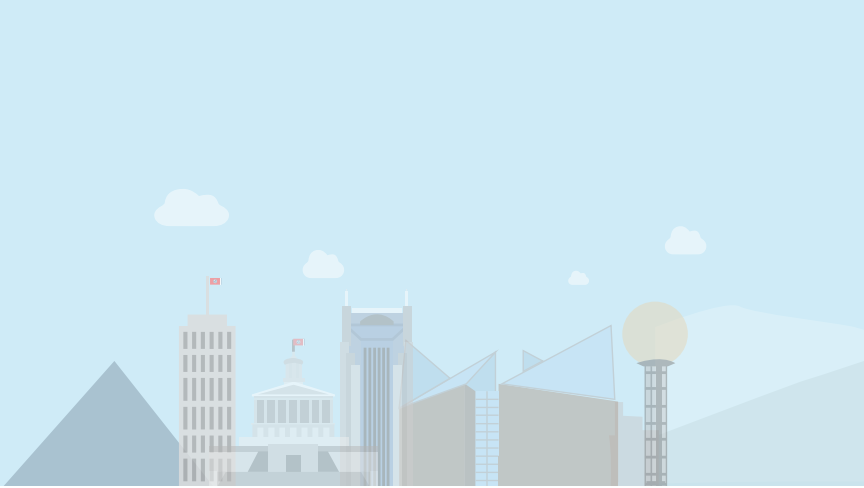
TENNESSEE

SMART START

SMALL BUSINESS GUIDE



Welcome to the Tennessee Smart Start Guide, a guide for small businesses and entrepreneurs, future and present.

Small businesses make up the majority of all the companies in Tennessee and are the backbone of our state's economy. Some of the largest, most well-known companies in Tennessee today began with small business owners who dared to dream big and worked hard.

The challenges and obstacles that small business owners and entrepreneurs face are often intimidating. Access to support and resources are crucial to navigating the early days of a new venture and beyond.

This guide is designed to support the successful growth and expansion of small businesses and aspiring entrepreneurs. With one of the country's best business climates, there's no better place to start or grow a business than in Tennessee and no better time than now.

We invite you to explore the opportunities!

tn.gov/ecd/bero

ABOUT THE GUIDE

The Tennessee Smart Start Guide is published by the Tennessee Department of Economic and Community Development (TNECD) Business Enterprise Resource Office (BERO) with the assistance of the marketing division. The guide is published and distributed in hard copy and is available online for download at tn.gov/ecd/bero.

ABOUT BERO

The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development (TNECD). BERO serves as a voice for and advocate of economic inclusion for disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on the status of DBEs statewide. For more information, visit tn.gov/ecd/bero.

ABOUT TNECD

The Tennessee Department of Economic and Community Development is passionate about developing dynamic, diverse economies and thriving communities for generations of Tennesseans. To find out more, visit TNECD.com.

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- Side 1: Resource Map
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SELECTING A
BUSINESS

For the starting entrepreneur, one of the first decisions you will need to make is whether to purchase an existing business, franchise or 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 startup 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; 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.

BUYING A FRANCHISE

A franchise is the right or license to sell the franchisor'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 franchisors 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 franchisors 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 franchisor and franchisee. You must make the initial contact either in writing or by phone. The object of the initial contact is to obtain the franchisor's Uniform Franchise Offering Circular (UFOC) or Uniform Franchiser Disclosure Agreement. 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). 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 franchisor. Most fast food franchises fall into this category. The other type is Product and Trade Name franchising which involves buying one product line for resale and using the franchisor'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 franchisor support. Do your research! There are several sources of information on more than 3,000 U.S. franchisors: Entrepreneur magazine and Inc. magazine are a good place to start. The FTC publishes, A Consumer's Guide to Buying a Franchise (ftc.gov).

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 franchisors. 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 franchisors 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 franchisor.

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.

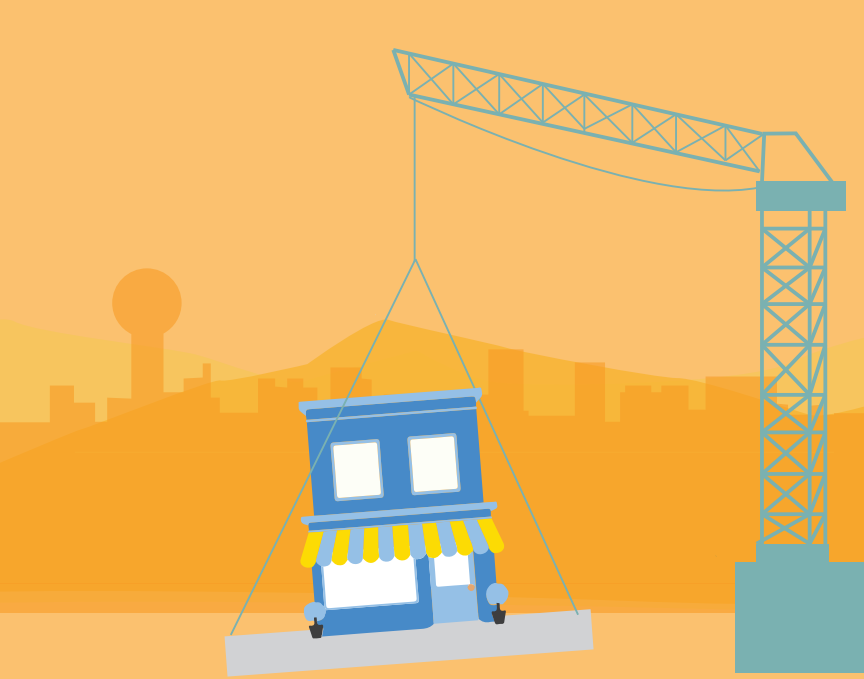
STARTING A NEW BUSINESS

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 and energy needed to run a startup business as well as the stress on family and finances are a few concerns to consider before starting a new company. The "20 Questions Before Starting" article (sba.gov/starting-business/how-start-business/20-questions-starting) 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.

CHAPTER NOTES



SETTING UP YOUR

BUSINESS

Choosing the right legal structure for your business will require that you 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), PBCs, 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, 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; however, 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 or 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. Clearly spell out who can sign debt instruments for the partnership, who determines compensation or profit sharing, who handles the record keeping, who oversees recruitment to the partnership, who can make amendments to the partnership agreement and also how the partnership can be dissolved. 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 sos.tn.gov, sba.gov and score.org.

BASIC REQUIREMENTS FOR S CORPORATIONS INCLUDE:

- The company must be a Domestic Corporation with one class of stock
- Have no more than 100 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

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.

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 and 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.

In January 2016, the public benefit corporation (PBC) became an option for Tennessee businesses. The classification comes from the social entrepreneurship movement that combines running a profitable business with improving society. A PBC is similar to a standard for-profit corporation, but is managed in a way that considers the public benefit purpose(s) listed in its charter as well as the financial interests of its owners.

If the company is incorporated outside of Tennessee, you are required to obtain a Certificate of Evidence to conduct business operations within Tennessee. The Certificate of Evidence, 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.

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 passthrough 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 determine if you would qualify for free legal service. For more information, visit tba.org/access-to-justice.

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 startup and running of the business. TSCPA also has an online Small Business Resource Center. The Small Business Resource Center's mission is to educate, provide information and resources that would assist small business enterprises. This and more information can be found online at tncpa.org.

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 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.

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 the members agree to the transaction

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 new corporation at tnbear.tn.gov/Ecommerce. Certain registrations can be filed and paid for online, but others will require that documents be printed and mailed. In addition to registering your corporation with the Tennessee Secretary of State, you will also need to 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.

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 such as opening a bank account, applying for business licenses and filing a tax return by mail.

You can register for your FEIN online at irs.gov or by calling 1-800-829-4933. 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 and a minimum of weather related disruptions. Tennessee borders eight states and is within a day's drive of 75 percent of the U.S. population.

Tennessee has a strong entrepreneurial climate. Recently, a national study ranked Tennessee as having the fourth highest entrepreneurial activity rate in the nation. The state of Tennessee supports small businesses and entrepreneurs with a low business tax burden, lower cost of living, an online business registration system, access to nontraditional financing and a diverse, robust economy with close proximity to three-quarters of the U.S. population.

RELOCATING YOUR FAMILY

The state of Tennessee provides information at tn.gov with helpful links and information on becoming a legal resident in Tennessee. There are also resources to help you familiarize yourself with Tennessee's communities, neighborhoods and education systems.

CHAPTER NOTES

THE **BUSINESS** PLAN

A key ingredient in every business is a plan. If you have a new idea and don't need to have a traditional business plan for securing funding, you could use a business model canvas.

What's the difference? Detail. It's also a dynamic versus static approach.

The traditional plan tends to use more static information, whereas the business model canvas gives you a dynamic, visual structure that you can be adjust. Both versions serve a purpose.

If your business is in a well-defined industry and your landlord asked for one before signing the lease then a traditional plan is the better option. If your business is creative field or in a quickly shifting arena then the business canvas model may serve to get started quicker.

The traditional business plan may be needed when you look for financing. It also helps establish a clear direction for your business. This document is not meant to be written and then stashed in a file cabinet. Most experts say the business plan should be reviewed annually and revised to account for the economic environment. The time frame depends on how fast or slow your business grows and is completely up to you.

Look at 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 resumes of the management team.

As part of its training program, CO.STARTERS uses its own visual canvas model. It asks clear questions to move you through the step by-step of the why and how the business will work (costarters.co).

THE BUSINESS PLAN CONTAINS:

- Executive Summary
- Introduction
- Marketing Plan
- Management Team Resumes
- Financial Projections
- Personal Financials

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

tsbdc.org
score.org
sba.gov

Next page: Canvas model credit: Co.Starters

CUSTOMER

WHO DO YOU SERVE?

PROBLEM

WHAT IS THE PROBLEM YOUR CUSTOMER HAS?

ALTERNATIVES

HOW IS YOUR CUSTOMER CURRENTLY SOLVING THE PROBLEM?

WHAT ARE THE ALTERNATIVE SOLUTIONS TO THE PROBLEM? WHAT'S THE COMPETITION?

SOLUTION

WHAT DO YOU OFFER YOUR CUSTOMER?
WHAT DOES YOUR CUSTOMER GET?

STARTUP NEEDS

WHAT ARE YOUR ONE-TIME NEEDS TO GET STARTED (MONEY, PEOPLE, THINGS, TECHNOLOGY, ACTIVITIES) ?

MESSAGE

WHAT IS YOUR STORY?
HOW DOES YOUR CUSTOMER HEAR IT?

REVENUE

HOW DO YOU MAKE MONEY FROM YOUR CUSTOMER?

DISTRIBUTION

HOW DOES YOUR PRODUCT OR SERVICE GET TO YOUR CUSTOMER?

BENEFIT

WHY DOES YOUR CUSTOMER WANT YOUR PRODUCT OR SERVICE? HOW DO YOU SOLVE THE PROBLEM?

ADVANTAGE

WHAT GIVES YOU THE EDGE OVER THE ALTERNATIVES?
WHY ARE YOU THE BEST PERSON TO DO THIS?

COSTS

WHAT ONGOING NEEDS ARE ESSENTIAL TO KEEP YOU GOING (MONEY, PEOPLE, THINGS, TECHNOLOGY, ACTIVITIES) ?

THE BUSINESS PLAN

EXECUTIVE SUMMARY

The executive summary is the first page of the business plan. Write it last. This summary is your first selling point followed by your financial projections when trying to get financing. If you're looking for a loan, include the amount you're asking for, purpose and how the loan will be paid back.

INTRODUCTION

In this section, you include the details of your business: a description of the company's operations, primary market, background and eventual goals. Explain the company structure, legal structure (sole ownership, partnership, corporation or limited liability) and business location. Include product and/or service and identify your company or entrepreneur name. This section should be two to three sentences.

THE MARKETING PLAN

This is one of the crucial aspects of your business plan. In this section, you'll include a market analysis, identify competitors, your target market and a marketing plan. You want to provide information on the economic environment to tell how well the industry is performing versus the economy as a whole. In addition, it should review business 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 it a competitive advantage. Include anyone that makes or offers a product or service that is comparable to yours. You'll define the specific customer you target, and this section contains valuable data about their expectations. In addition, you will include data on purchasing dollars spent, road and foot traffic around the business location and expected gain in market share.

The marketing plan also details the how, when and where of your advertisements. This is important to show how you'll inform customers about your product and/or service.

MANAGEMENT TEAM

This section should include the name, physical and email addresses, phone number, and relevant work

or industry experience for each 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. The resumes should outline skills and experiences that facilitate the operation of a company, and answer several key questions: Who is going to run the daily operations? And balance the books? And market and sell? Who is your attorney? Having the 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 an area(s) where your team lacks experience.

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 and conservative. List the amount of money the company has spent or is prepared to spend on the business venture. This document should include all funds raised, their sources (owner's cash, loans from friends or investors) and how they'll 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 startup costs and the time required to generate positive cash flow. Startup 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 such as payroll, inventory, utility bills, production waste costs, unanticipated production costs and underestimated job quotes are associated with the volume of operations. It's usually a good idea to add 10-20 percent of variable costs as unanticipated expenses. List fixed and variable costs on the operating expense report.

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

The balance sheet describes the condition of the company on a

particular day (usually the last day of the month, quarter or year) and balances the assets and liabilities of the company. This makes it different from other financial statements, most of which cover a time period. An asset is anything the business owns of monetary value. Small business assets 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 which are the 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), as well as three years of annual projections. You will also need to calculate a break-even analysis that 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're going to use the business plan to support a loan request, include personal financial statements 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.

CHAPTER NOTES

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 fits your business. Financing options explained in this section will be brief, and it is highly recommended that you contact a small business counselor.

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 startup, you will be expected to provide 20-30 percent of your own financing, utilizing your own assets. Most government and commercial lenders generally require this level of owner investment. You should know your credit score before you request outside funding. You can obtain a free report annually from annualcreditreport.com

You can receive free credit history once per year from the three reporting agencies from annualcreditreport.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 formalized 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 tn.gov/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 carefully. 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 lines of credit and home equity lines 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 primarily with banks to help reduce their risk in lending to small businesses. If you are interested in an SBA-guaranteed 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 risk for banks making loans to new, small businesses. Guarantees range from 50-85 percent depending on the loan amount.

The SBA Microloan 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 microloans 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 sba.gov and you can access SBA certified lenders by visiting sba.gov/tools/linc.

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 nonurbanized 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 rurdev.usda.gov/tn.

The Tennessee Valley Authority (TVA) also has loan opportunities within their power service area. Financing is available for companies through the TVA Loan Fund to stimulate job growth and leverage capital investment. TVA seeks to fill a funding gap or lower interest costs of project funding, thereby enhancing the opportunity for success. The maximum loan amount is $3 million and is determined primarily by jobs and capital investment. Loan terms may be from five to 20 years based on collateral. The TVA Special Opportunities Counties (SOC) fund is a revolving loan fund that is available for rural and distressed communities that can be used for building purchase or renovation, machinery and equipment, real estate, and other industrial or small business needs. Loan terms and amounts are flexible to meet each project's or community's unique needs. More information is accessible by contacting your regional TVA field representative or by going to tvasites.com.

STATE GOVERNMENT LOAN PROGRAMS

The Tennessee Energy Efficiency Loan Program provides low interest loans to qualified commercial, industrial or nonprofit Tennessee-based businesses. The program allows 100 percent financing for energy efficient technology, energy

retrofits and renewable energy systems. It was launched in 2010 and is a collaborative effort among the state of Tennessee, TVA, Pinnacle National Bank and Pathway Lending. To learn how energy efficiency is a tool that can save your business money and how government loans strengthen your bottom line go to pathwaylending.org.

The Tennessee Rural Opportunity Fund (ROF) provides much needed access to capital for small businesses in rural Tennessee. The Small Business Jobs Opportunity Fund (SBJOF) builds on the success of the ROF to create a sustainable funding source for urban and rural businesses to expand and create jobs. Both the ROF and the SBJOF, launched in 2008 and 2010 respectively, are joint funds among the state of Tennessee, the Tennessee Bankers Association and Pathway Lending (changed from Southeast Community Capital in 2010). Visit pathwaylending.org or call 1-888-533-PATH (7284) to learn more.

NON-TRADITIONAL FINANCING

Certified Development Financial Institutions (CDFI) — as certified by the CDFI Fund, a division of the U.S. Treasury Department — may provide loans to disadvantaged small businesses lacking access to traditional financing options in both urban and rural areas. Pathway Lending manages multiple loan funds throughout the state and northern Alabama. The LiftFund (previously Accion Delta) lends throughout the southeast (liftfund.com).

LOAN	MAX LOAN AMOUNT	WEBSITE
CDC/504	$5,000,000	sba.gov
Basic 7(a) Loan	$5,000,000	
International Trade	$5,000,000	
SBA Microloan	$50,000	
Disaster Loans	$2,000,000	
USDA RED Loan and Grant	$450,000	rurdev.usda.gov
TVA Economic Development	$3,000,000	tvasites.com
Tennessee Rural Opportunity Fund	$600,000	pathwaylending.org
Small Business Jobs Opportunity	$500,000	
Energy Efficiency Loan Program	$125,000	

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 (tennesseedevelopmentdistricts.org).

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 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 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. A key source of equity capital for new and emerging businesses is venture capital firms.

INCITE CO-INVESTMENT FUND

The INCITE Co-Investment Fund is a venture capital program designed to stimulate the growth and development of innovative small businesses in Tennessee and increase the number of better-paying, high-quality jobs in our state. Developed by TNECD and administered by Launch Tennessee, the Fund is backed entirely by a $29.7 million award through the U.S. Department of Treasury's State Small Business Credit Initiative. The Fund is a key component of Gov. Haslam's $50 million INCITE initiative to raise Tennessee's profile in innovation-based economic development and increase the number of knowledge-based jobs by assisting companies with access to early-stage capital. The INCITE Co-Investment Fund provides equity funding to supplement investments

in Tennessee companies made by venture capital funds and investors from across Tennessee and around the country. For more information visit launchtn.org.

TNINVESTCO

TNInvestco is a state-sponsored, venture capital type program created by the Tennessee Small Business Investment Company Credit Act. The state, using a competitive process, has picked ten different entities to provide capital to potential high-growth, transformational businesses in Tennessee. The ten TNInvestco entities were awarded $200 million in premium insurance tax credits which were sold generating approximately $146 millionof investable capital. The TNInvestcos are authorized to invest funds in qualifying Tennessee small and startup businesses; the program assists in bringing additional capital into the state, strengthening Tennessee's entrepreneurial network, while the state provides oversight of the program. For a business to qualify to receive investment funds from a TNInvestco, the business must have its headquarters and principal business operations located in Tennessee, employ no more than 100 employees, and at least 60 percent of its employees must be located in Tennessee. To apply for funding from a TNInvestco, visit tn.gov/tninvestco.

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.

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, or research and development, 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 cis.tennessee.edu or call (865) 974-8464.

Persons receiving disability benefits from the Department of Human Services, Vocational Rehabilitation Services, may apply for a self-employment services to start a small business. In 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.

CHAPTER NOTES

BUSINESS **ASSISTANCE** AND TRAINING

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

BUSINESS ENTERPRISE RESOURCE OFFICE (BERO)

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 (TNECD) by Chapter 135 of the Public Acts of 1977, codified as Section §4-26-101 et seq.

BERO serves as a voice for and advocate of disadvantaged businesses (DBE) statewide. For the purposes of BERO, DBE refers to businesses owned by women, minorities, veterans and persons with disabilities; as well as those in areas of chronic high unemployment and low income. BERO is also tasked to analyze, disseminate and promote best practices and access to capital to service providers as well as report on the status of DBEs across the state. The most recent report on the progress of DBEs is online. BERO provides a variety of information on its website, including this guide at tn.gov/ecd/bero.

TENNESSEE SMALL BUSINESS DEVELOPMENT CENTERS (TSBDC)

The Tennessee Small Business Development Centers (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 20 various locations including 14 service centers, 5 satellite offices and 1 affiliate office 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

The SCORE Association is a nonprofit organization dedicated to the education and mentoring of entrepreneurs, helping small businesses start, grow and succeed. 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 this publication, active

SCORE chapters can be found in Bristol, Chattanooga, Knoxville, Johnson City, Memphis and Nashville.

SBA LEARNING CENTER

SBA's offers a wide variety of free online tools including training courses, videos, web chats and more. The SBA website covers topics like financing, government contracting, managing, marketing and starting a business. (sba.gov/tools)

TENNESSEE MANUFACTURING EXTENSION PROGRAM

The Tennessee Manufacturing Extension Program (TMEP) helps Tennessee's manufacturers become more productive, more profitable and more competitive. TTMEP assists businesses with new production techniques, business practices, market expansion, regulatory compliance and a host of other topics. TMEP is a branch of the University of Tennessee Center for Industrial Services (UT-CIS). (cis.tennessee.edu)

BUSINESS INCUBATORS AND ACCELERATORS

Business incubators offer programs that nurture the successful development of companies through an array of business support resources and services. Business accelerators, similar to incubators, provide services but on a compressed timeline, bringing their products and services to market in matter of months. You can visit the National Business Incubation Association online at nbia.org to find a local incubation center. There are regional accelerators, referred to as entrepreneur centers, located across the state. To find the regional entrepreneur center closest to you go to launchtn.org.

CHAPTER NOTES

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 in your business plan's cash flow projections. 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.

REGISTERING YOUR BUSINESS:

You can register your business with the Tennessee Department of Revenue online at:

apps.tn.gov/bizreg

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 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, updated December 2011 is a good starting point for information about federal taxes. This and many more relevant IRS publications can be found online at 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 it collects are franchise and excise taxes and sales and use tax. The department publishes a startup guide specific to tax liabilities. You can access the guide online at tn.gov/revenue.

FRANCHISE AND EXCISE TAX

Tennessee's franchise and excise taxes are corporate taxes. The franchise tax is based upon either the corporation's net worth or the book value of real and tangible property owned or used in the state, plus rental values, whichever figure is higher. 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.

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 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 tn.gov/revenue.

FRANCHISE TAX:

- Tax on the greater of net worth or book value of property owned or used in Tennessee
- Tax rate is 25 cents per $100
- Certified Pollution control is exempt. 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

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.

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 Resources section of this guide. The IRS also publishes online video instructions for small business at irs.gov/Businesses/Small-Businesses-&-Self-Employed. The Tennessee Department of Revenue publishes a tax guide for new businesses. You can find additional information or submit a request for support at tn.gov/revenue/article/tax-workshops.

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. The amount of tax credits and the period of time the credits 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 net new full-time jobs with benefits over a 36-month investment period. Credits include distribution and warehouses, call and data centers, headquarters, manufacturing, industrial machinery, emerging industry and pollution control

NET OPERATING LOSSES CAN BE CARRIED FORWARD FOR 15 YEARS SALES AND USE TAX:

- 7% state sales tax plus the applicable local rate (1.50% -2.75%) on any person or company who manufactures, distributes or 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 tnecd.com/advantages/incentives-grants

TNECD.com

equipment. Tennessee also allows a research and development credit on sales and use tax credit for qualified equipment. Tax incentives are based on Tennessee statutes that are set forth by the Tennessee State General Assembly. Detailed information on all of the tax credits listed above can be found online at TNECD.com.

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers who hire and retain veterans and individuals who face barriers moving into gainful employment. The program encourages employers in the private sector to hire job seekers from designated target groups.

As an employer, the tax credit you can claim depends upon the individual you hire, the wages you pay in the first year, and the number of hours that individual worked. There is also a maximum tax credit that you can earn. The tax credit depends on the target group of the individual. The new employee may be required to work a minimum of 120 to 400 hours in order to claim a tax credit of anywhere between 25% and 50%.

The target groups are veterans, TANF Recipients, SNAP (Food Stamp) Recipients, Vocational Rehabilitation Referral, ex-felons, SSI recipients, long term unemployed, among a few others. To learn more visit tn.gov/workforce.

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's Division of Rehabilitation Services. Entities

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 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:

tn.gov/revenue

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(f) provides a job tax credit for $5,000 for each net new full-time employee and one for $2,000 for each net new part-time employee. These tax credits are for the employment of persons with disabilities who receive state services. 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 Franchise and Excise Tax Guide on the Department of Revenue's website at tn.gov/assets/entities/revenue/attachments/feguide.pdf.

The Jobs Tax Credit Business Plan form can be found at tn.gov/revenue/article/forms-franchise-excise-tax.

WORKERS' COMPENSATION

Required in every state except Texas, workers' 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 Workers' Compensation Insurance Plan to get workers' compensation. You should visit tn.gov/workforce/article/wc-who-must-carry-insurance to find forms and more information about the Tennessee Workers' 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 (TDLWD), Employment Security division, administers the unemployment insurance program in Tennessee. You can find employer registration forms for the TDLWD online at tn.gov/workforce/topic/forms and the TDLWD may also be reached at 1-844-224-5818. Once registered, SUSTA reports are filed online at tdlwd.tn.gov/tnpaws.

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 a result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

INSURANCE AND 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. Below is a description of the various types of insurance which can be obtained from a licensed insurance agent.

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, crime and theft, professional liability, personal and advertising injury, loss of business data 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 a 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 against natural disasters such as tornadoes, floods and earthquakes. You may also want to get a fire insurance policy included in your property insurance policy, especially if your building is physically attached to other businesses.

BONDING

Some small businesses, especially those that perform 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 that 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 contract. 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 surety bond program.

THE AFFORDABLE CARE ACT

The Affordable Care Act (ACA) includes a variety of measures specifically for small businesses that help lower premium cost growth and increase access to quality, affordable health insurance. Depending on whether you are self-employed, an employer with fewer than 25 employees, an employer with fewer than 50 employees, or an employer with 50 or more employees, different provisions of the ACA may apply to you. To learn about the key provisions of the ACA visit sba.gov/healthcare.

CHAPTER NOTES

RESONSIBILITIES AND

REGULATIONS

If a 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 as well as certain regulations that it must 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 provides the publication "Handy Reference Guide to the Fair Labor Standards Act" for employers. Regulations for implementing the FLSA among other references and resources can be found at ddol.gov/whd. 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 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 tn.gov/commerce for more information.

Department of Intellectual and Developmental Disabilities (DIDD) supports Tennesseans with intellectual and developmental disabilities, and is tasked with licensure for personal support services (tn.gov/didd/topic/officeof-licensure). The Department of Mental Health and Substance Abuse Services (MHSAS) Office of

REGULATORY BOARDS:

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

tn.gov/commerce/section/regulatory-boards

Licensure, Review and Investigation is responsible for protecting Tennesseans who need mental health, developmental disability, alcohol and drug abuse, and personal support services by applying the department's licensure rules (tn.gov/behavioral-health/topic/licensing). A facility or agency thatserves both populations, MH and ID/DD, needs to be licensed. The DIDD Office of Risk Management and Licensure functions to protect the interest of tax-paying citizens against unlicensed service providers, unsafe environments, inadequate education and training of personnel, physical and mental abuse and any unscrupulous acts deemed detrimental to the treatment and general welfare of persons with intellectual and developmental disabilities. This also includes those in need of Personal Support Services Agency (PSSA).

The Tennessee Department of Environment and Conservation (TDEC) regulates environmental output of businesses. TDEC issues air, water, waste, radiological and natural resource permits. TDEC is online at tn.gov/environment.

If you are not sure if your business is regulated by the state of Tennessee, contact the Division of Regulatory Board Board at (615) 741-3449 or visit them online at tn.gov/commerce/section/regulatory-boards.

HIRING EMPLOYEES

Understanding your regulatory requirements as an employer is crucial to the success of your business. Before hiring employees, you need to get an Employment Identification Number (EIN) from the U.S. Internal Revenue Service (IRS). The IRS requires you to keep all records of employment taxes for at least four years. These records include Federal Income Tax Withholding (Form W-4) and Federal Wage and Tax Statement (Form W-2). Form W-4 must be signed by the employee on or before the date of employment. The employer must then submit the form to the IRS and maintain a copy for their records. Visit irs.gov to obtain an EIN and find Form W-4. Form W-2 reports wages paid and taxes withheld for each employee. This form must be submitted to the Social Security Administration by the last day of February for employees who worked the previous calendar year. Copies of Form W-2 should be sent to employees by January 31 following the previous calendar year. To find Form W-4 visit socialsecurity.gov.

In addition to Forms W-4 and W-2, federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire, employers must complete an Employment Eligibility Verification Form (Form I-9) and keep the form on file for

three years after the date of hire. The U.S. Immigration and Customs Enforcement (ICE) agency conducts routine audits to ensure employers are following the law. You can find Form I-9 at uscis.gov.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 require employers to report newly hired and re-hired employees to a state directory within 20 days of their hire date. You can access Tennessee's New Hire Reporting system at tnnewhire.com.

CHAPTER NOTES

TARGETED **BUSINESSES**

AND ADDITIONAL 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, export and regualtory 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 targeted businesses and topics 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 tn.gov/revenue to find more information about Tennessee taxes.

Original writings, artwork, photographs and other forms of authorship may be protected by copyright. Visit the U.S. Copyright Office online to find the procedures for copyright registration for online works (Circular 66) at 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 icann.org for a list of accredited registrars. Internet-based businesses should 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 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 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: 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, discovers or produces a 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 a trained professional.

As stated by the Library of Congress' Copyright Office (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. 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 five 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 uspto.gov. You should consult an attorney to determine which form(s) of intellectual property protection best corresponds to your individual situation.

TECHNOLOGY-BASED BUSINESS

Launch Tennessee (LaunchTN) is a public-private partnership with the Tennessee Department of Economic and Community Development focused on supporting the development of high-growth companies with the ultimate goal of fostering job creation and economic growth through developing new and expanding existing programs in entrepreneurship and commercialization, capital networks and outreach. Information on LaunchTN (formerly the Tennessee Technology Development Corporation) is online at launchtn.org.

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 online 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.

Life Science Tennessee is a statewide member organization of scientists, researchers, academicians and business professionals working to advance and grow the life science industry through advocacy, partnerships and alignment with economic and workforce development. The organization is involved in the discovery and application of life sciences products and related services that improve the health and well-being of people throughout the world. Visit lifesciencetn.org for more information.

VETERAN-OWNED BUSINESSES

The Tennessee Small Business Development Center (TSBDC) published Tennessee Veterans Business and Resource Planning Guide, a comprehensive startup guild for veterans. You can find the guide online at tsbdc.org.

The University of Tennessee Center for Industrial Services Procurement Technical Assistance Center (UT PTAC) partners to host various annual veterans' business conferences. The conferences feature workshops, networking opportunities and sessions that focus on doing business with local, state and federal governments. Visit cis.tennessee.edu/connecting/ptac

for more information.

Veterans, service-disabled veterans and their dependents or survivors can receive business assistance with the SBA Tennessee District Office of the Office of Veterans Business Development located in Nashville by calling (615) 736-7176. The SBA offers special terms on loan programs as well as other resources to veterans and members of the military community.
To learn more visit sba.gov/offices/headquarters/ovbd.

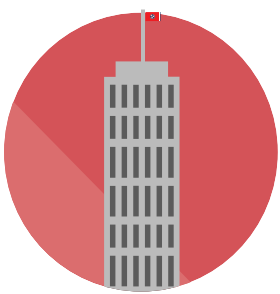
The U.S. Department of Veterans Affairs Center for Veterans Enterprise (CVE) maintains the only federally controlled database registry for veteran-owned small business VetBiz Vendor Information Pages (VIP). It can be accessed online at vetbiz.gov. The Department of Defense (DoD) has undertaken an aggressive outreach effort to identify veteran and service-disabled veteran-owned small businesses for prime and subcontracting opportunities. To learn more visit acq.osd.mil/osbp.

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 cis.tennessee.edu.

STATE GOVERNMENT CONTRACTING

The Governor's Office of Diversity Business Enterprise (Go-DBE) focuses on ensuring that minority, women, service-disabled veterans and small businesses are afforded a fair and equal opportunity to participate in state procurement activities and contract awards.



Minority, women, service-disabled veteran 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 Go-DBE at tn.gov/generalservices/topic/governors-office-of-diversity-business-enterprise-godbe.

The Tennessee Department of Transportation provides assistance to disadvantaged business enterprises through their Civil Rights Office Small Business Development Program. The program assists with program management and development, government compliance, community development, workforce development and human resource management. To learn more go to tn.gov/tdot/topic/small-business.

LOCAL GOVERNMENT CONTRACTING

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

BUSINESS OWNERSHIP CERTIFICATIONS

Often times, larger entities such as corporations or government agencies will request that small, veteran, 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; and 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, TriState Minority Supplier Development Council, Women's Business Enterprise South Council and 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 an 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 up to $5,000 in business services for the business; 50/50 match funds may be available up to $10,000. However, SSI and SSDI recipients are exempt from the match requirement. To learn more about the Self-Employment program, contact your regional VR Office or call (615) 313-4891. The website for Vocational Rehabilitation is tennessee.gov/humanserv/rehab/vrs.html.

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 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. CPA works to increase the value of Tennessee's economy through new, expanded and improved processing and marketing of agricultural, aquacultural and forestry products. Find more information about CPA at ag.tennessee.edu/cpa.

EXPORTING

A number of companies and agencies are available to help expand small business into the worldwide marketplace. Services may include hosting foreign buyer visits, participating in trade shows and sales missions, identifying foreign import requirements and identifying foreign import requirements and other trade information.

The U.S. Commercial Service (USCS) is a part of the U.S. Department of Commerce under the International Trade Administration (ITA) and has offices in more than 100 cities throughout the United States and in U.S. Embassies and Consulates in nearly 80 countries worldwide (trade.gov). Its global network of trade professionals connects U.S. companies with international buyers. Get a free "Basic Guide to Exporting" export.gov.

The Southern United States Trade Association (SUSTA) is a non-

EXPORT CONTACT LIST:

- EXIM: Export-Import Bank
- of the U.S
  exim.gov
- OPIC: Overseas Private Investment Corporation
  opic.gov
- SBA: Office of International Trade
  sba.gov
- SUSTA: Southern U.S. Trade Association
  susta.org
- TNECD: Export
  export.tnecd.com
- USCS: U.S. Commercial Service
- export.gov
  trade.gov

profit agricultural export trade development association comprised of the Departments of Agriculture of the 15 southern states. U.S. Department of Agriculture's Foreign Agricultural Service or FAS, administers and executes many foreign market development activities. (susta.org)

There are a few sources of capital specifically targeted for those exporting. EXIM Bank or the Export-Import Bank of the U.S. provides export credit insurance, export working capital and loan guarantees. The SBA's Office of International Trade provides a number of export loan programs designed to help develop or expand export activities. The Overseas Private Investment Corporation (OPIC) is the U.S. Government's development finance institution. OPIC works, with the U.S. private sector to help American businesses gain footholds in emerging markets, catalyzing revenues, jobs and growth opportunities both at home and abroad.

TENNESSEE REGIONAL EXPORT NETWORK

The Tennessee Regional Export Network (TREN) is a statewide initiative designed to boost exports among the state's small- and medium-sized enterprises. It's not always easy to navigate the steps to new markets on your won, and the TREN was developed to provided on-on-one counseling to assure a successful and efficient process. This free export assistance is provided for all markets, and includes strategic planning, market research, education, trade mission support and networking. TREN Coordinators are located across the state and work closely with federal partners at the TSBDCs and Commercial Service offices. To learn more about the export opportunities available to Tennessee companies, visit export.tn.gov.

REGULATORY ASSISTANCE

Housed within the SBA, 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 sba.gov. The Office of Small Business Advocate, housed within Tennessee's Comptroller of the Treasury, serves as a point of contact to state government for owners of businesses with 50 or fewer employees. The office assists in the resolution of issues concerning small businesses and state departments and agencies. For more information call 1-866-831-3750 or visit comptroller.tn.gov/OSBA.

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 email bgsbeap@tn.gov.

CHAPTER NOTES

RESOURCES

ALCOHOLIC BEVERAGE COMMISSION -
tn.gov/abc/section/licensing

Who: On and off-premises alcoholic consumption, wholesalers, winery, distillery, high gravity beer brewery

DEPT. OF AGRICULTURE, CONSUMER AND INDUSTRY SERVICES -
tn.gov/agriculture/topic/cis

Who: Feed, seed fertilizer, pesticides, weights and measures, retail and food service establishments, dairy, plant and animal

DEPT. OF COMMERCE AND INSURANCE -
tn.gov/commerce/section/licensing-regulations

Who: (A lot! When in doubt, try here first.) Accountancy, architecture and engineering examiners, auctioneers, barbers, contractors/home improvement license, cosmetology, funeral directors, insurance companies, plumbers, private protective services, surveyors and appraisers, et.al.

DEPT. OF ENVIRONMENT & CONSERVATION -
tn.gov/environment/permits/whoami.shtml

Who: Businesses that effect air (dry cleaners, gas stations), land resources (drilling, grading), natural resources, water use, work in or near water (manufacturers) - Permit Requirements Guide at

DEPT. OF FINANCIAL INSTITUTIONS -
tennessee.gov/tdfi/article/apply-for-license

Who: Banks, check cashers, credit unions, development corporations, mortgage companies, ATM services, et. al.

DEPT. OF HEALTH -
tn.gov/health/section/health-professional-boards

Who: Acupuncture, athletic trainer, body piercing, counselor, EMS, food service establishments, hotels, massage therapists, professional and facility licensing, swimming pools, tattoo artists, vet techs (and quite a few others, especially medical related)

DEPT. OF HUMAN SERVICES -
tn.gov/humanservices/article/child-care-rules-and-regulations

Who: Adult daycare, childcare

DEPT. OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES -
tn.gov/didd/topic/office-of-licensure

Who: Long-term care facilities and personal support services for those with disabilities

DEPT. OF LABOR AND WORKFORCE DEVELOPMENT - ***tn.gov/workforce/topic/hiring-regulations***

Who: In addition to the employers/employee aspect, they handle licensing and permitting for mine safety and amusements parks and fairs.

DEPT. OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES - ***tn.gov/behavioral-health/topic/licensing***

Who: alcohol and drug abuse, developmental disability and mental health facilities/services and personal support services

This list is not comprehensive, and some licensing agencies may be federal (ATF, EPA , FDA, etc.). A comprehensive list of Tennessee departments and agencies can be found at tn.gov/directory.

Additional information on laws, appointments to boards and commissions, hearings and public meetings can be found on the respective websites. Pending and effective rules and hearing notices can be found at sos.tn.gov/division-publications/rules-and-regulations

CHAPTER NOTES

RESOURCES CONTACTS

BERO

312 Rosa L. Parks Ave., 27th Floor
Nashville, TN 37243
Ph. (615) 741-2626

ENTREPRENEUR CENTERS

Launch Tennessee
LaunchTN.org

DEVELOPMENTS DISTRICTS

East TN Dev. District
P.O. Box 249
Alcoa, TN 37701
Ph. (865) 273-6003

First TN Dev. District
3211 N. Roan St.
Johnson City, TN 37601
Ph. (423) 928-0224

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

Memphis Area Assoc. of Govt.
8289 Cordova Rd., Suite 103
Cordova, TN 38016
Ph. (901) 729-2871

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

Southeast TN Dev. District
P.O. Box 4757
Chattanooga, TN 37405
Ph. (423) 266-5781

South Central TN Dev. District
101 Sam Watkins Blvd.
Mount Pleasant, TN 38474
Ph. (931) 379-2929

Southwest TN Dev. District
102 E. College St.
Jackson, TN 38301
Ph. (731) 668-7112

Upper Cumberland Dev. District
1225 S. Willow Ave.
Cookeville, TN 38501
Ph. (931) 432-4111

GO-DBE

Go-DBE
312 Rosa L. Parks Ave., 3rd Floor
Nashville, TN 37243
Ph. (615) 253-4657

INCUBATORS

CEED
158 Madison Ave., Suite 101
Memphis, TN 38103
Ph. (901) 525-6512

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

Cleveland-Bradley Business Incubator
3505 Adkisson Dr., Suite 102
Cleveland, TN 37312
Ph. (423) 478-6476

Cumberland Business Incubator
2569 Cook Rd.
Crossville, TN 38571
Ph. (931) 456-4910

Cumberland Univ. Culinary Center
One Cumberland Square
Lebanon, TN 37087
Ph. (615) 547-1290

Entrepreneur Center
41 Peabody St.
Nashville, TN 37210
Ph. (615) 873-1257

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

ETSU Innovation Laboratory
2109 W. Market St., Suite 120
Johnson City, TN 37604
Ph. (423) 439-8500

Fairview Technology Center
17 Market Square, #201
Knoxville, TN 37902
Ph. (865) 546-5887

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

The INCubator
811 Broad St.
Chattanooga, TN 37402
Ph. (423) 756-2121

Memphis BioWorks
20 S. Dudley, Suite 900
Memphis, TN 38103
Ph. (901) 866-1400

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

UM Center for Entrepreneurship and Innovation
365 Innovation Dr., Room 326
Memphis, TN 38152
Ph. (901) 678-5266

UT Technology Incubator
2450 E.J. Chapman Dr.
Knoxville, TN 37996-0001
Ph. (865) 974-460

MBDA

Minority Business Dev. Agency
158 Madison Ave., Suite 101
Memphis, TN 38103
(901) 528-1432

NONPROFITS

Alliance for Better Nonprofits
318 N. Gay St., Suite 203
Knoxville, TN 37917
Ph.: (865) 313-2077
betternonprofits.org

Alliance for Nonprofit Excellence
1919 Lynnfield Rd., Suite 200
Memphis, TN 38119
Ph. (901) 684-6605
npexcellence.org

Center for Nonprofit Management
37 Peabody St., Suite 201
Nashville, TN 37210
Ph. (615) 259-0100
cnm.org

PATHWAY LENDING

201 Venture Circle
Nashville, TN 37228
Ph. (615) 425-7171

SBA

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

SBA - Nashville
2 International Plaza Dr., Suite 500
Nashville, TN 37217
Ph. (615) 736-5881

SCORE

Bristol SCORE
30 Sixth St., 2nd Floor
Bristol, TN 37620
Ph. (423) 989-4866

Chattanooga SCORE
Franklin Bldg.
5726 Marlin Rd., Suite 515
Chattanooga, TN 37411
Ph. (423) 553-1722

Greater Knoxville SCORE
412 N. Cedar Bluff Rd., Suite 450
Knoxville, TN 37923
Ph. (865) 692-0716

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

Northeast Tennessee SCORE
112 E. Myrtle Ave.
Professional Bldg., Suite 408
Johnson City, TN 37604
Ph. (423) 461-8051

SCORE Nashville
2 International Dr., Suite 500
Nashville, TN 37217
Ph. (615) 736-7621

TN MAIN STREET

312 Rosa L. Parks Ave., 26th Floor
Nashville, TN 37243
Ph. (615) 253-1894

TSBDC

Austin Peay State University
601 College St.
McReynolds Bldg., Office 11
Clarksville, TN 37040
Ph. (931) 221-1370

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

Cleveland State Comm. College
Technology Bldg., Room 126
3535 Adkisson Dr. NW
Cleveland, TN 37320
Ph. (423) 614-8707

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

ETSU Innovation Laboratory
2109 W. Market St.
Johnson City, TN 37604
Ph. (423) 439-8505

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

KOSBE Office (ETSU Satellite)
400 Clinchfield St., Suite 100
Kingsport TN 37660
Ph. (423) 392-8825

MTSU Rutherford Co.
Chamber of Commerce
3050 Medical Center Pkwy.
Murfreesboro, TN 37129
Ph. (615) 898-2745

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

Pellissippi State 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

Roanne State Comm. College
Oak Ridge Chamber of Commerce
1400 Oak Ridge Turnpike
Oak Ridge, TN 37830
Ph. (865) 483-2668

Southwest TN Comm. College
Maxine A. Smith Center
8800 E. Shelby Dr.
Memphis, TN 38125
Ph. (901) 333-5085

STCC – Memphis Satellite Office
Memphis Renaissance Center
555 Beale St.
Memphis, TN 3813
Ph. (901) 526-9300

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

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

UT Martin REED Center
406 S. Lindell St.
Martin, TN 38237
Ph. (731) 587-7333

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

USDA

Chattanooga Area Office
103 Cherokee Blvd., Suite 2A
P.O. Box 4941
Chattanooga, TN 37405
Ph. (423) 756-2239 ext. 2

Cookeville Area Office
Fountain Court, Suite K
390 S. Lowe Ave.
Cookeville, TN 38501
Ph. (931) 528-6539 ext. 2

Greeneville Area Office
214 N. College St., Suite 300
Greeneville, TN 37745
Ph. (423) 638-4771 ext. 4

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

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

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

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

Union City Area Office
1216 Stad Ave., Suite 3
Union City, TN 38261
Ph. (731) 885-6480 ext. 4

USCS-ITA

East TN Office
17 Market Square, #201
Knoxville, TN 37902
Ph. (865) 545-4637

Middle TN Office
801 Broadway, Suite C372
Nashville, TN 37203
Ph. (615) 736-2222

West TN Office
22 N. Front St., Suite 200
Memphis, TN 38103
Ph: (901) 544-0930

UT-CENTER FOR INDUSTRIAL SERVICES

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

UT-CIS – Jackson
605 Airways Blvd., Suite 109
Jackson, TN 38301
Ph. (731) 425-4779

UT-CIS – Johnson City
2112 Roan St., Suite 604
Johnson City, TN 37601
Ph. (423) 926-8282

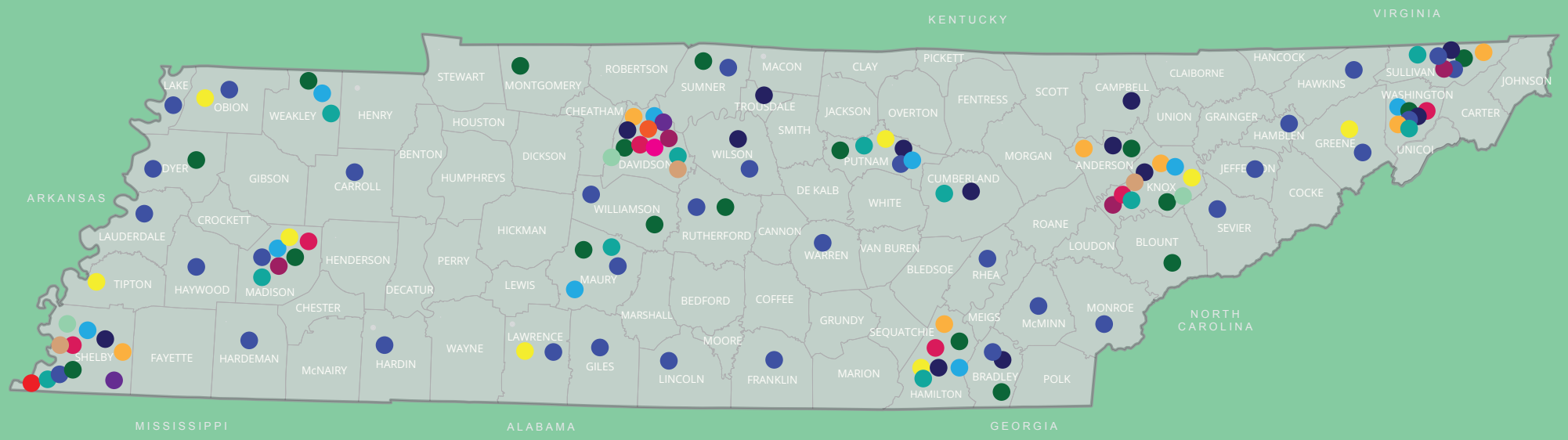
UT-CIS – Knoxville
Institute for Public Service
105 Student Services Bldg.
Knoxville, TN 37996
Ph. (865) 974-2249
UT-CIS – Memphis

Agricenter International
7777 Walnut Grove Rd., Suite A-1
Memphis, TN 38120
Ph. (901) 378-0885

UT-CIS – Nashville
193 Polk Ave., Suite C
Nashville, TN 37210
Ph. (615) 532-4590

CHAPTER NOTES

TENNESSEE
SMALL BUSINESS
RESOURCE MAP



- **BERO** — tn.gov/ecd/bero
- **Development Districts** — tennesseedevelopmentdistricts.org
- **Entrepreneur Centers** — launchtn.org
- **Incubators** — nbia.org
- **GO-DBE** — tn.gov/generalservices/topic/governors-office-of-diversity-business-enterprise-godbe
- **MBDA** — mbda.gov
- **Pathway Lending** — pathwaylending.org
- **SBA** — sba.gov
- **SCORE** — score.org
- **TN Export Network** — export.tnecd.com
- **TN Main Street** — tennesseemainstreet.org
- **TSBDC** — tsbdc.org
- **USCS-ITA** — export.gov/tennessee
- **USDA** — rurdev.usda.gov/tn
- **UT-CIS** — cis.tennessee.edu

TENNESSEE
SMART START

1 CHOOSE A NAME

- Search: TN Secretary of State

2 CHOOSE A LEGAL STRUCTURE

- Recommendation: Consult an attorney, CPA, business counselor

3 TAXPAYER ID NUMBER

- SSN or FEIN: Sole Proprietor/General Partnership (Social Security Administration or IRS)
- FEIN: Corporation, LLC, LLP, LP (IRS)

4 REGISTER THE BUSINESS

- Sole Proprietor/General Partnership (Municipal/County Clerk)
- Corporation, LLC, LLP, LP (TN Secretary of State and Municipal/ County Clerk)

5 TAXES

- Register: TN Dept. of Revenue
- County Tax Assessor, possibly others...

6 EMPLOYEES

- Yes/No: TN Dept. of Labor and Workforce Development

7 REGULATIONS/ LICENSES?

- Based on business: ABC, Ag, Commerce and Insurance, TDEC, Health, Labor WFD, ATF, USDA, etc.

8 OPEN FOR BUSINESS

There are Resources available to help you!

Vist tn.gov/ecd/bero.

This information is a general guideline for registering your business. Aspects of your business may require additional steps, registrations and/or licenses. You may need to consult an attorney, CPA or business counselor.

tn.gov/ecd/bero

TN Department of Economic & Community Development

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Tennessee Department of Economic and Community Development,
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