

**RESOURCE GUIDE**

**FOR**

**ROGERS COUNTY**

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## **1. INTRODUCTION**

Many have dreamed of starting their own business. You have conceived this idea for your business venture and you are convinced that your life can not only be enriched but you can reap the profits of your own labor and capital investment. No longer must you depend on others. You can be your own boss. You can be independent. You can live the American dream.

Examples are abundant of companies that began with a concept outlined on a dinner napkin. Such great ideals often result in failure due to lack of foresight and planning. What are your strengths and weaknesses? Is your idea sound? Is there a market? What are your capital requirements? What about a business plan including a cash flow analysis? Are you a good leader? Do you have the temperament to deal with angry customers? Vendors? Workers? Bankers? Accountants? Lawyers? Regulators? Are you a good planner? Organizer? Do you have the motivation to stay on course during bad times? Do you have family support?

There are many available resources to help you in making this critical and important decision and this guide will show you the road to a better understanding of defining a problem and finding a solution that may well prevent you from making a fatal mistake.

## **2. WHERE DO I START?**

### **2.1 Business Plan**

The first critical step is to develop a comprehensive business plan which will force you to think through every aspect of your new business. You will be required to test your idea against a backdrop of business competition, financing, marketing, cash flow, long and short term management goals, regulations, business organization structure ranging from partnerships corporations. LLC's, labor, training and many others. The importance of a sound business plan cannot be overemphasized. Before you attempt to develop a business plan you should first visit with an expert in such matters. In Rogers County we have two outstanding support organizations that can help you with your business plan. You should schedule an appointment (without cost) with either Northeast Technology Center's "Business Development Center" (*fn1*) or Rogers State University's "Center For Economic and Community Development". (*fn2*) Their respective location, contact person, address, numbers and available services are more fully described in the footnotes herein.

### **2.2 What legal structure should I use?**

No effort is being made herein to advise you on such an important matter as you should consult both your CPA and your Attorney. Some considerations are:

**2.2.1 Sole proprietorship:** You are the sole owner of the business and thus personally responsible for its liabilities or debts including tax payments. You own all assets and profits generated by the business. Most small business start out with this legal concept. However, you may well want to consider

other organizational structure for long range planning, personal liability protection, tax planning, retirement benefits etc.

**2.2.2 Partnerships:** A partnership is a business owned by two or more persons. Personal liability is the same as with as sole proprietorship. The partnership agreement should be reduced to writing and should include a description of duties and responsibilities of all of partners. How and who will make what decisions? How will the profits be divided? What about withdrawal from the partnership? Or dissolving the partnership? Many serious problems can arise if these problems are not addressed and agreed to before the start of the business.

Another form of partnership is a limited partnership which means the investing partners may be liable only for a limited amount of partnership debt, etc. Management is also limited. This business structure may well better serve the interests of all partners depending on the type of business and should only be formed by a legal expert.

**2.2.3 Joint Venture:** A joint venture is formed to accomplish a single purpose or perhaps for a limited time. Care should be taken that the joint venture does not ripen into a full blown partnership resulting in greater personal liability that was originally anticipated. Consult an expert.

**2.2.4 “C” corporations** A corporation is recognized as a separate legal entity with the power to sue, be sued, own assets, conduct business, etc. The owners are the shareholders and the corporation is governed by its board of directors. Liability is limited. More paperwork is required to keep records updated and there are tax consequences for a “C” corporation that should be considered. Again, consult your expert.

**2.2.5 Subchapter “S” corporations** The main distinction between a “C” corporation and a “S” corporation is how IRS treats it for tax purposes. All profits and losses pass through directly to the individual shareholders. There are advantages as well as disadvantages. Consult your expert.

**2.2.6 LLC’s and LLP’s** The latest hot button business structure is the LLC’. An LLC is a hybrid business structure designed to provide the limited liability features of a corporation and the tax efficiencies and flexibility of a partnership. It is becoming more widely used and should be carefully considered with your expert advisor. LLP’s are identical except restricted to professional organizations.

The resource available at Northeast Technology Center “Business Development Center” (*fn1*) and Rogers State University’s “Center For Economic and Community Development” (*fn2*) can be most helpful.

### **3. Where do I get Financing?**

One of the major reasons for business failure is lack of cash flow. Your business is open. Equipment is in place and employees are trained. Orders come in. Production is strong. Shipments are made and then the new owner discovers there is a time differential between the time the order is received and payment made. Payrolls must be made. Inventory purchased. Utilities, insurance, payroll taxes, etc. demand immediate payment. The books show you are making a profit and yet bills can't be paid. What went wrong? For one thing, inadequate thought and planning went into the financing component of your business plan.

Few entrepreneurs can personally contribute the necessary capital to begin or expand their business. Resource is made to their savings, friends and relatives. The first obvious source is your banker or credit union. Once these sources have been maximized most small business depend on borrowed funds. To assist in expanding your credit line there are sources available that can "guarantee" that all or a part of your debt will be repaid the lender. The SBA loan programs are very helpful that will enable you to procure both short term and long term loans for the purpose of acquiring land, buildings, equipment, working inventory and operating capital. A concise, reasonable and achievable financing plan must be set forth in your business plan.

### **3.1 SBA Loan Guaranty Program**

The Small Business Administration does not make loans. They have no money. However, they do “guarantee” your loan with the bank which means you may qualify for a loan that would otherwise be unavailable, or your loan can be expanded to meet greater business needs. The two most prominent SBA loan guarantees are the SBA 504 and 7a programs. There are other programs available such as the SBA Low Doc for up to \$150,000. In summary these loans can be used to acquire land, buildings, equipment, supplies, inventory and working capital. You must locate a bank willing to make your loan and then proceed to qualify for a SBA guarantee. Many banks are “certified lenders” meaning your application can be processed in house. There are also specialists that can assist you in the paper work to qualify such as the Tulsa Economic Development Corporation, *(fn3)* and the Verd-Ark-Ca Development Corporation. *(fn4)* Either of these organizations will assist you in the paper work and explain all fees and charges. Usually, unless the loan is successful, no fees are incurred.

Keep in mind your new business must be strong enough to qualify for a bank loan meaning you will be required to present convincing evidence that your business will likely succeed and the loan repaid. All of this requires a good business plan showing the necessary collateral to secure the loan, your past credit standing, business experience etc that will convince the banker and the SBA or other guarantors that you will be successful as they must make a subjective determination on your likelihood of success.

#### **4. What about a building or site?**

Where shall I locate my business? In my garage? Are there existing buildings available? Do I build? Or Lease?. Many factors enter into this critical decision. Will labor be available? How close should you be to your market or other suppliers? What about zoning? Are you in an Enterprise Zone? Foreign trade zone? Are there existing buildings? Or sites? Are there environmental concerns? Do you have room to expand? What are the comparative costs? What about utilities? Insurance? Taxes?

The Rogers County Industrial Development Authority, (fn5) the Claremore Economic and Industrial Development Authority, (fn6) and the Tulsa Port of Catoosa Authority, (fn7) can assist in answering these and other questions. They also maintain a basic inventory of available land and buildings throughout Rogers County.

## 5. Are Incentives available?

To encourage job growth for startup/expanding manufacturing and certain service industries, Oklahoma offers many incentives. The Oklahoma Department of Commerce has published a “Business Incentives and Tax Information Guide” available through the Oklahoma Alliance for Manufacturing Excellence. (fn8) The Incentive Guide should be carefully studied and incorporated into your business plan. The benefits range from the Quality Jobs Program, along with the Small Employer Quality Jobs Program, to the Training For Industry (TIP) program, ad valorem and sales tax exemptions and many others. In addition there are tax credits available for various and sundry types of industry and also tax incentives on former Indian Reservation Lands (which include most of Oklahoma). You could benefit by locating in a Enterprise Zone. A representative from the Department of Commerce, through the Oklahoma Alliance for Manufacturing Excellence, (fn8) will meet with you and explain the entire program.

**6. How can I streamline my company to maximize profits?**

The Oklahoma Alliance for Manufacturing Excellence (*fn8*) is a not-for-profit organization providing a variety of support to Oklahoma Industry. The Alliance provides hands on resources for improving productivity, increasing sales, and reducing costs. From job set-up to costing out production items you can better price your products to meet competition and market demand.

## 7. What is an Incubator?

A business incubator is a dynamic process of business enterprise development that nurtures startup or expanding businesses helping them to survive or grow. The Northeast Technology Center (NTC) (*fn1*) and the Rogers County Industrial Development Authority (RCIDA) (*fn5*) are jointly sponsoring such a program to be initially housed in a new 12,000 sq ft building in the Inola Industrial Park.

The program will offer affordable space with flexible leases and access to a team of experts for professional advise regarding business plans, financing, incentives, marketing, accounting, legal, engineering and employee training at no or reduced cost. A equipment loan program is available to qualified small business owners who employ 25 or less. State income tax exemption and other benefits are available. Statistics indicate a success rate of 87% for those who participate in and complete the program. For more information contact NTC (*fn1*) or RCIDA. (*fn5*) A incubator program is also planned by RSU's "Center for Economic and Community Development." (*fn2*)

## **8. How can I find and train employees?**

Workforce Oklahoma, (*fn9*) is an agency of the Oklahoma Employment Security System providing employers with a one stop employment development system including services ranging from recruiting, screening, hiring, training, education, skills development and human services. They connect your company with qualified employees and can assist in screening, testing, workshops, seminars, industry training, on the job training, adult education etc. They also provide information on job rules and will furnish you free of charge a Department of Labor mandated poster. They can provide data as to the number of a certain type of skilled labor in your area including the average wages that you will have to pay to be competitive.

## **9. What transportation is available?**

Rogers County is served by two major airports. The Tulsa International Airport (*fn10*) is 20 minutes from Claremore off I-244 and the Claremore Regional Airport (*fn11*) is located off Highway 20 eight miles East of Claremore.

The Burlington Northern Santa Fe Railway (*fn12*) and the Union Pacific (*fn13*) traverses the entire county.

The Tulsa Port of Catoosa (*fn7*) provides water transportation to foreign ports with a year around open waterway system. It is a designated Foreign Trade Zone.

Numerous Truck Lines along with various shipping services are headquartered in Tulsa and provide shipping service to the entire county.

Highways include U. S 66, I44, I412, Hy 20 and the Will Rogers Turnpike. They offer a multitude of connections to all areas of the country.

## **10, What about Utilities?**

Electric power is furnished by American Electric Power (AEP), (*fn14*) Verdigris Valley Electric Co-op (VVEC) (*fn15*) and the City of Claremore Electric. (*fn16*) Check your service area.

Gas is furnished by Oklahoma Natural Gas (ONG) (*fn17*) and the Chelsea Gas Authority (CGA) (*fn18*). Rural areas are served by Froman Propane. (*fn19*)

Local municipalities, including water and sewer districts, provide water and waste water service. Again, check your service area and contact each respective provider.

## **11. What about zoning?**

Not all of Rogers County is zoned. You should check with the Rogers County Metropolitan Area Planning Commission (*fn20*) or, if you are within the limits of a municipality, check with the local municipal commission. Maps are available that will show your area and how it is zoned. Care should be taken to insure the use to which you want to put your property is properly zoned.

## **12. Do I need a business license?**

The business license or permit will often depend on the type of legal entity and business you have. For example, corporations require a franchise license. Certain business' require a special license, such as child care or surveyor. You may need a building permit to construct or a certificate of occupancy from the local zoning director. Also rules vary from area to area. Check with you local municipal offices as well as county, state and federal agency. Also the experts at NTC (*fn1*) or RSU (*fn2*) can be of assistance.

**13. Can I get assistance from the Cherokee Nation or other Native American tribes?**

Few realize that the third largest employer in Oklahoma are Native American tribes. Rogers County is served by the Cherokee Nation (*fn21*) They provide assistance to native American business owners as well as information re incentives for hiring native American workers and making a capital investment in “Indian country”. Minority company owners also have a distinct advantage in procuring government contracts. Data is also provided in the Department of Commerce Incentive booklet furnished by the Manufacturers Alliance. (*fn8*)

**14. Is there assistance available for me to procure government contracts?**

The NTC “Business Development Center” (*fn1*) recently retained a specialist that will work with your company to assist in the successful competition for government contracts. They will assist in locating, bidding and contracting for manufacturing, construction, service and research and development for government contract opportunities. They can help you build a company profile that will allow your company to compete. The paper work is immense and they can guide you through this procedure. Of recent times, government subcontracting is growing and all small companies should investigate to determine if there is an opportunity.

**15. Is there grant money available for me to start or expand my business?**

The answer is no, except for certain non-profit enterprises. Grant monies are available to municipalities to assist them in extending utilities, water, sewer, power, and industrial roads to your building site. The grant is related to the type of industry and the number of new jobs created and must be applied for and administered by the municipality involved.

Some grant monies are available for research and development of new technology. For example the Oklahoma Center For Science and Technology (*fn21*) operates a program designed to encourage development of science and technology and may provide “seed money” to fund your particular interest. Other indirect monies are available such as exemption from advalorem or sales tax, certain income tax and other exemptions. For example, state income tax credit is available for a qualified incubator company and other Federal tax exemptions are available for hiring native Americans or making a capital investment in “Indian country”. You should carefully review the incentive analysis published by the Oklahoma Department of Commerce for a complete listing.

16. Caveat. This guide is meant to be just that, a guide. Hopefully the information contained herein will give you some ideas and provide shortcuts for assistance. It is not meant to be conclusive as you should exercise your own business judgment relying on your professional advisers.

# ***FOOTNOTES TO RESOURCE GUIDE***

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                  “Business Development Center”***

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***Fn2           ROGERS STATE UNIVERSITY  
                  “Center for Economic and Community Development”***

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**Fn5 ROGERS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

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***Fn7***                    ***TULSA PORT OF CATOOSA***

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***Fn8***                    ***OKLAHOMA ALLIANCE FOR MANUFACTURING  
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***Fn9***                    ***WORKFORCE OKLAHOMA***

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***Fn11 CLAREMORE REGIONAL HOSPITAL***  
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*Claremore, OK 74017*  
*Human Resources-Personnel*  
*Tel # 342-6774*

***Fn12 BURLINGTON NORTHERN SANTE FE RAILWAY***

*Web site: [www.bnsf.com](http://www.bnsf.com)*

***Fn13 UNION PACIFIC RAILROAD***

*Web site: [www.up.com](http://www.up.com)*

***Fn14 AEP/PSO***

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***Fn15 VERDIGRIS VALLEY ELECTRIC CO-OP***

*Web site: [www.vvec.com](http://www.vvec.com)*

***Fn16 CLAREMORE ELECTRIC***

*Web site: [www.claremocity.com](http://www.claremocity.com)*

***Fn17 OKLAHOMA NATURAL GAS***

*Web site: [www.ong.com](http://www.ong.com)*

***Fn18 CHELSEA GAS AUTHORITY***

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***Fn19 FROMAN OIL & PROPANE CO.***

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***Fn22***

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