

The Tool Box

"Tools to Assist in Building Your Financial Success."
Serving Morrow County Since 1994

A Free Publication of:
Morrow Development
Corporation
P.O. Box 200
Boardman, OR 97818-0200

October, 2005, Edition I

Need help financing your business?

Call MDC:

541-676-8719

Email:

mdc@windwave.org

Want shovel-ready industrial land?

Contact the Port of
Morrow:

541-481-PORT

www.portofmorrow.com

10 Ways to Increase Your Cash Flow:

- ☪ Better organize your billing schedule
- ☪ Stretch out your payables – don't pay to early.
- ☪ Utilize early payment options if you can get a discount.
- ☪ Balance your client base – obtain multiple clients.
- ☪ Check your pricing – don't leave money on the table.
- ☪ Buy from many places
- ☪ Form a buying co-op with other like businesses.
- ☪ Renegotiate your insurance and supplier policies.
- ☪ Tighten your inventory – don't carry so much of what isn't selling.
- ☪ Consider leasing instead of buying.
- ☪ Bonus – Look at your utility bills!



Jerry Healy
President



Greg Smith
Officer of the Board

Dear Small Business Owner,

Welcome to *The Tool Box*. This is our very first edition and we hope you enjoy it.

Each month, Morrow Development Corporation (MDC) will offer interesting articles focused exclusively on the issues of small business owners in Morrow County. For example, this month we have an article entitled "Government Grants, Free Money or Time Waster."

We also are pleased to provide *tidbits* of information that will assist in making you and your small business more profitable.

Finally, *The Tool Box* will be a community resource device for you and your small business. We will be sharing important links to community partners, maintaining local calendars and posting interesting success stories from entrepreneurs like you. Have an open house coming up? Let *The Tool Box* share in your success.

So why *The Tool Box*? MDC wants you and your business to succeed and we see this as a tool to help you!

The Five "C's" of Borrowing From Your Bank

Character -- Are you respected in your community?

Credit – Do you pay your bills as-agreed, on-time?

Collateral – What assets are you willing to pledge?

Capacity – Do you have a solid business plan?

Capital – How much of your own cash is invested?

Being able to answer "yes" to each of these "C's" will enhance your chances of getting a business loan.

What is the purpose of Morrow Development Corporation?

Establish new
business.

Expand existing
business.

Create employment
opportunities.

Save existing jobs.

Develop community
projects.

Is 99.9% Good Enough?

You better consider this:

- * 12 newborns will be given to the wrong parents daily.
- * 114,500 mismatched pairs of shoes will be shipped/year.
- * 18,322 pieces of mail will be mishandled/hour.
- * 2,000,000 documents will be lost by the IRS this year.
- * 2.5 million books will be shipped with the wrong covers.
- * Two planes landing at Chicago's O'Hare airport will be unsafe every day.
- * 315 entries in Webster's Dictionary will be misspelled.
- * 20,000 incorrect drug prescriptions will be written this year.
- * 880,000 credit cards in circulation will turn out to have incorrect cardholder information on their magnetic strips.
- * 103,260 income tax returns will be processed incorrectly during the year.
- * 5.5 million cases of soft drinks produced will be flat.
- * 291 pacemaker operations will be performed incorrectly.

Closing Your Business?

Procedures Required by the
Internal Revenue Service

www.irs.com

1. Make final federal tax deposits.
2. File final quarterly or annual employment tax form.
3. Issue final wage and withholding information to employees.
4. File Form W-2, Wage and Tax Statement.
5. Report information from W-2s issued.
6. Report capital gains or losses.
7. Report partner's/shareholder's shares.
8. File final employee pension/benefit plan.
9. Issue payment information to sub-contractors.
10. Report information from 1099s issued.
11. Report corporate dissolution or liquidation.
12. Consider allowing S corporation election to terminate.
13. Report business asset sales.
14. Report the sale or exchange of property used in your business.



To Be the Boss!

"I must have a raise," the man said to his boss.
"There are three other companies after me."

"Really?" the boss asked. "What other companies are after you?"

"The gas company, the telephone company, and the electricity company," the man replied.



Business Concept Workshop October 2005

Oregon's Entrepreneurs Forum's Business Concept Workshop offers non-threatening, honest feedback on your business concept — in other words, the basis of your new business idea. You get one hour with two experts to whom you can pose your business idea for critique, discussion, and advice on next steps. It's one of the best ways to prepare for your next step — writing your business plan. A \$30.00 fee for OEF members, and a \$85.00 fee for non-members is required.

Workshop is limited: 20 entrepreneurs.
When: Oct 13, 2005 @ 4:00 pm
Location: TBA

Government Grants

Free Money or Time Waster?

Question:

So often I read about small business owners receiving government grants. Is this true? And, if so, how do I get one?

Answer:

Yes, no and it depends! The old adage that "those who don't need the money are the ones who can get it" is very true when it comes to small business grants.

It all flows back to politics. Politicians create grant and loan programs to meet a public need, i.e., create family wage jobs. However, the politicians also create risk parameters for the bureaucrats who are responsible for implementing the programs.

The fact is politicians and bureaucrats are risk adverse. They want projects that look good on the front page of the newspaper, not projects that are scrutinized by the editorial board.

What is the process for getting a grant?

Normally, there is a window of opportunity when proposals are accepted by a government agency. Typically they are advertised in the newspaper or are posted on the agency's web page. Sometimes your banker will be notified. Many times your local SBDC is also notified.

Accepted proposals usually meet a very specific need of the government agency. Grant opportunities that are more broad in scope usually have strict requirements, such as one job must be created for every \$5,000 granted.

The typical timeframe for solicitation to the public to the application deadline varies. Normally, it is 90 to 180 days. Application review normally takes 30 to 120 days. Finally, it can take from 30 to 360 days to process an approved application.

Some government agencies are expedient in processing requests. For example, the Oregon Department of Transportation is very timely in its process. Other agencies, especially those that sub-contract out their application and funding process, can be slower than molasses. This is no exaggeration!

What does it take to get a grant?

Typically, small business owners who receive government grants are those who are looking to expand their **established** business or introduce a new product. They have an excellent business plan, a good relationship with their bank, good credit, good character, and verifiable equity. The grant normally fills a "gap" in their project.

Think Broadly.

I find the best place to look for grant opportunities is on an agencies web page. Make sure to think broadly. For example, if you are a backhoe operator don't just look on ODOT's web page. Check out the web pages for State Parks, Fish & Wildlife, Water Resources, Environmental Quality, etc.

Two final thought's for your consideration.

- 1) If there was free money available for business owners, many of us would not be at our current jobs!
- 2) If you are serious about your business, stop chasing free money and start managing your cash flow. At some point your business will need to stand on its own merits!

Visit your Chamber of Commerce on-line at:

Boardman: <http://www.visitboardman.com/index1.html>

Heppner: <http://www.heppner.net/chamber/>

What can I use a Morrow Development Corporation IRP loan for?

- § Business acquisition, construction conversion, enlargement, repair, modernization, or development costs.
- § Purchasing and development of land, easements, right-of-way, building, facilities, leases, or material.
- § Purchasing of equipment, supplies, leasehold improvements, or machinery
- § Pollution control and abatement.
- § Transportation services.
- § Refinancing of debt.
- § Start-up costs and working capital.
- § Feasibility studies, and any other reasonable fees and charges.

Who can apply for a loan?

- § Private individuals.
- § Private and public organizations.
- § Any legal organization.

NFIB wins regulatory fairness suit

Release Date: 08/ 18/ 2005

www.NFIB.com

Thanks to a recent NFIB Legal Foundation victory, small business is one step closer to regulatory fairness. The Regulatory Flexibility Act of 1980 requires agencies to consider the impact of their regulatory proposals on small businesses, analyze effective alternatives that minimize small-business impacts and make analysis available for public comment.

In the case NFIB v. U.S. Army Corps of Engineers, the NFIB Legal Foundation argued that the U.S. Army Corps of Engineers failed to follow the RFA when it revised the permit application process for homebuilders and construction firms under the Clean Water Act. The Corps, on the other hand, argued that permitting regulations did not fall under the RFA because the changes were not regulatory and permits did not constitute a final agency action against businesses.

On July 29, the U.S. Court of Appeals for the D.C. Circuit ruled in favor of small business, requiring the District Court for the District of Columbia to hear NFIB's RFA challenge against the Corps.

Elizabeth Gaudio, NFIB Legal Foundation senior attorney, said the lawsuit was filed to preserve the integrity of the Small Business Regulatory Enforcement Fairness Act, enacted in 1996 by Congress to ensure regulatory agencies undertake greater review of the impact of regulations on small businesses.

"Congress passed SBREFA to protect small-business owners at the beginning of the regulatory process," said Gaudio. "Congress said to government agencies, 'Do your homework, find out if what you propose will hurt small business and, if it does, look for alternatives that are less burdensome.' Congress wanted agencies to make that decision before imposing new regulatory requirements—not after the damage is done."

Not only does the victory demonstrate that the Court of Appeals understands the adverse effect government rules can have on small businesses, it also sets an important precedent by confirming that the scope of the RFA includes permitting regimes.

In addition to the case against the Corps, the NFIB Legal Foundation currently has two RFA lawsuits pending: NFIB v. U.S. Environmental Protection Agency, in which NFIB argues that the EPA failed to adequately address the small-business impact of a new lead-reporting rule, and NFIB v. Architectural and Transportation Barriers Compliance Board, in which NFIB claims the board did not consider the impact of newly issued ADA guidelines.

Self Employment Tax – Definition

Self-employment tax (SE tax) is a social security and Medicare tax primarily for individuals who work for themselves. It is similar to the social security and Medicare taxes withheld from the pay of most wage earners. To calculate SE tax use Schedule SE (Form 1040). You can deduct half of your SE tax in figuring your adjusted gross income.

Disclaimer!

All information contained in this news letter is for information purposes only. Recognizing that each business is unique, readers should not construe the information contained in this news letter to be advice or a recommendation.



Get more detailed information

| | Jul 2005 | Jun 2005 | Jul 2004 |
|----------------------------------|----------|----------|----------|
| Oregon | 6.4% | 6.5% | 7.2% |
| Seasonally Adjusted | 6.6% | 6.5% | 7.4% |
| United States | 5.2% | 5.2% | 5.7% |
| Seasonally Adjusted | 5.0% | 5.0% | 5.5% |
| Portland-Beaverton-Vancouver MSA | 6.2% | 6.3% | 7.0% |
| Bend MSA | 5.5% | 5.5% | 6.0% |
| Corvallis MSA | 5.3% | 5.3% | 5.4% |
| Eugene-Springfield MSA | 6.5% | 6.6% | 7.4% |
| Medford MSA | 6.5% | 6.5% | 7.2% |
| Salem MSA | 6.4% | 6.7% | 6.9% |
| Baker County | 6.7% | 7.0% | 7.7% |
| Clatsop County | 5.6% | 6.0% | 6.3% |
| Coos County | 7.8% | 8.3% | 9.2% |
| Crook County | 6.5% | 6.5% | 7.5% |
| Curry County | 6.4% | 6.9% | 6.4% |
| Douglas County | 8.4% | 8.0% | 9.2% |
| Gilliam County | 5.2% | 5.0% | 5.4% |
| Grant County | 7.1% | 8.3% | 7.1% |
| Harney County | 7.8% | 7.9% | 7.5% |
| Hood River County | 6.1% | 6.6% | 6.6% |
| Jefferson County | 5.8% | 5.7% | 5.8% |
| Josephine County | 7.2% | 7.2% | 8.0% |
| Klamath County | 7.4% | 7.5% | 8.6% |
| Lake County | 6.8% | 8.1% | 7.5% |
| Lincoln County | 6.8% | 6.8% | 7.6% |
| Linn County | 7.8% | 8.0% | 9.0% |
| Malheur County | 9.5% | 10.7% | 9.8% |
| Morrow County | 7.6% | 7.4% | 9.9% |
| Sherman County | 7.2% | 7.6% | 9.4% |
| Tillamook County | 6.0% | 6.3% | 6.4% |
| Umatilla County | 8.2% | 7.8% | 7.4% |
| Union County | 6.5% | 7.0% | 6.4% |
| Wallowa County | 5.7% | 6.3% | 6.9% |
| Wasco County | 5.6% | 5.6% | 5.9% |
| Wheeler County | 6.0% | 6.0% | 7.1% |

These statistics have been copied directly from Oregon Business Magazine.

This space is reserved for your business's success story.

Just e-mail MDC at:

mdc@windwave.org

**It's Free!
It's Free!
It's Free!
It's Free!
It's Free!
It's Free!
It's Free!**

We're building an email database for recipients.

How can you go wrong with FREE advertising!

In addition, we'll be posting these newsletters out around the state.

Better yet, forward this newsletter on to a friend!

What kind of terms do we offer?

Application fee: \$500.00
 Security: Negotiable
 Interest rate: Negotiable
 Loan term: Negotiable

How much can we loan?

It depends, normally up to 75% of the total project cost, or up to \$150,000.

Who do I call for more info?

Greg Smith, Officer of the Board
 (541) 676-8719
mdc@windwave.org

Plan Your Work

"The business plan is a necessity. If the person who wants to start a small business can't put a business plan together, he or she is in trouble," says Robert Krummer, Jr., chairman of First Business Bank in Los Angeles.

Before you begin writing your business plan, consider four core questions:

- What service or product does your business provide and what needs does it fill?
- Who are the potential customers for your product or service and why will they purchase it from you?
- How will you reach your potential customers?
- Where will you get the financial resources to start your business?

Source: First Business Bank