



SMALL BUSINESS INSIGHTS

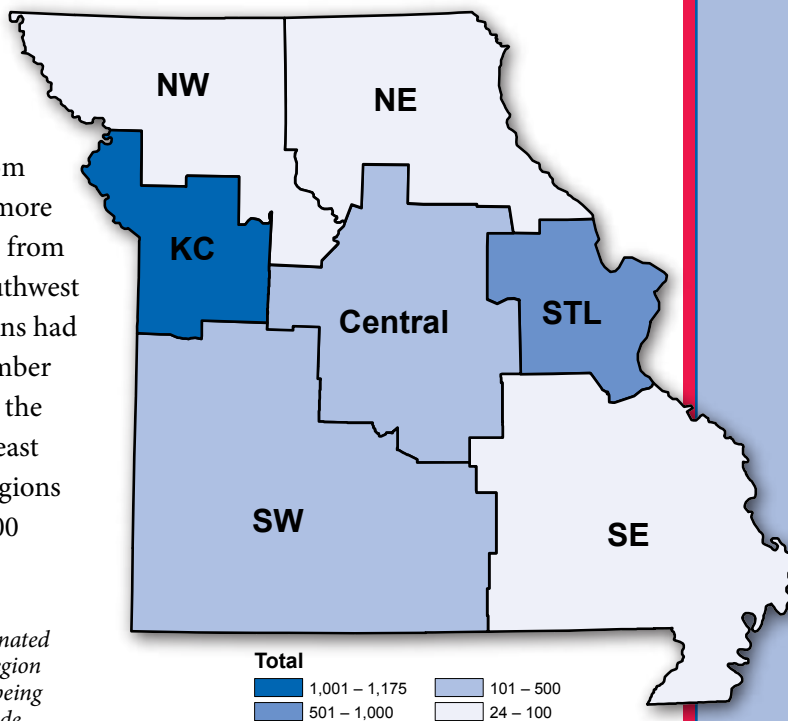
A Quarterly Summary of Business Assistance to Missouri Entrepreneurs

A mobile coffee shop in the Bootheel. A business expanding from the traditional bricks and mortar to e-commerce in Branson. Illinois-based businesses expanding to St. Louis. A Kansas City business owner exporting his services to the Middle East for the first time. These are just a few of the 2,300 business owners and entrepreneurs who contacted MOSourceLink between July 1, 2010 and March 31, 2011 for assistance with startup and expansion questions. This briefing summarizes information collected during those interactions. Vital to these and other small business owners' successes is being directed to the appropriate resource in a timely fashion.

Requests by Region

From July 2010 to March 2011, MOSourceLink received nearly 2,300 requests for assistance. MOSourceLink continues to receive the largest number of requests from the major metropolitan areas, with nearly 1,200 requests from Kansas City and more than 550 requests from St. Louis. The Southwest and Central regions had a comparable number of requests, while the Southeast, Northeast and Northwest regions had fewer than 100 requests each.¹

MOSOURCELINK REQUESTS BY REGION



¹ MOSourceLink originated in the Kansas City region several years before being implemented statewide.

Requests from the Kansas City region to MOSourceLink tend to be much higher due to a heightened level of awareness compared to the rest of the state.



MOSourceLink's mission is to help small business owners across the state of Missouri grow and succeed by providing them easy access to low- or no-cost resources. The program connects aspiring and established business owners with a network of more than 350 governmental and nonprofit resources that provide relevant business information and business-building services. MOSourceLink provides referrals to Missouri's entrepreneurs and businesses through a hotline and website.

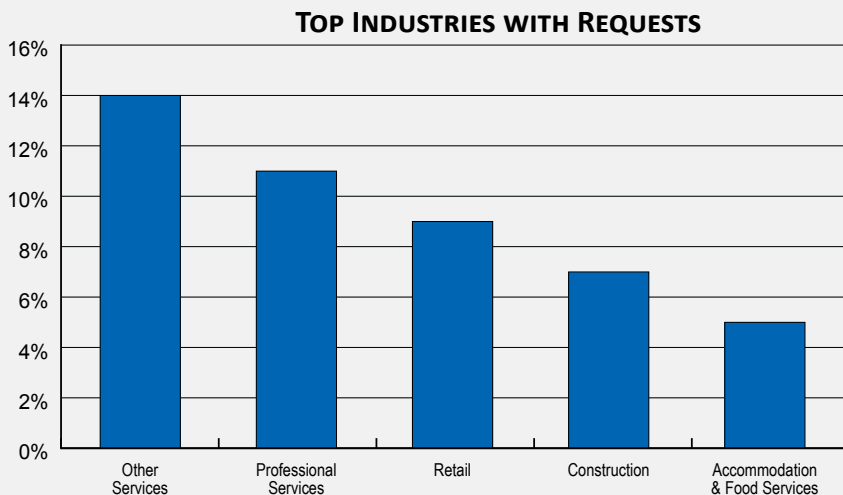
Hotline:
866.870.6500

Web:
www.MoSourceLink.com



Requests by Industry

For the last two quarters of 2010 and the first quarter of 2011, two-thirds of all requests were in service-related industries (14% *Other Services*, 11% *Professional Services* and 5% *Accommodation and Food Services*), while *Retail* and *Construction* finished the top five at 9% and 7% respectively.



Industry Composition by Region

The industry composition of businesses contacting MOSourceLink varied widely by region in the first briefing. However, cumulative review of the last two quarters of 2010 and first quarter of 2011 shows a trend toward more uniformity of industries calling for assistance. *Other Services* tops the list of all regions, except the Northwest and Southeast regions, while *Retail* is the top two of all regions, except Central and Northeast Missouri. Requests from the businesses involved in *Manufacturing* are primarily in the Northeast and Southeast regions.

Top Industry by Region	
Northeast	Saint Louis
1. Other Services	1. Other Services
2. Manufacturing	2. Retail
Northwest	Southwest
1. Accom. & Food Svcs.	1. Other Services
2. Retail	2. Retail
Kansas City	Southeast
1. Other Services	1. Retail
2. Retail	2. Manufacturing
Central	
1. Other Services	
2. Professional Services	

Top Industry Descriptions

Professional, Scientific and Technical Services:
Includes legal services, accounting, bookkeeping and payroll services, architectural and engineering services, business operation consulting, advertising and marketing services.

Other Services:
Repair and maintenance, including automotive, electronic equipment and industrial repair. Also in this category are personal care services, laundry services and business associations.

Accommodation and Food Services:
Hospitality related industries, such as restaurants, food catering, bed and breakfasts, and hotels

Construction:
Residential and commercial construction

Retail Trade:
Most retail establishments fall within this category

Requests by Business Stage

MOSourceLink classifies requests according to the business stage of the entrepreneur or business owner. As the chart shows, the largest segment of requests are from individuals who are in the concept phase, those thinking of starting a business (40%). When these clients contact MOSourceLink, they are more than likely concerned about getting too far along in the process without knowing more about regulatory compliance or financing options. While concept and early-stage businesses make up the bulk of MOSourceLink clients, a healthy 25% of requests come from established and well-established businesses.

Statewide Requests by Business Stage	
Concept Phase:	
Thinking of starting a business	40%
Start-Up Phase:	
In the process of starting a business	35%
Established:	
Already in business	22%
Well Established:	
Annual revenue above \$1 million	3%

Business Assistance Requested

Businesses and entrepreneurs contact MOSourceLink seeking assistance on a variety of business issues, including business plans, loan packaging, regulatory compliance, site location assistance and exporting needs. The table on the right depicts the top areas of assistance for the last two quarters of 2010 and first quarter of 2011. Many times, clients in the startup phase contact MOSourceLink to learn more about financing options. They plan to apply for a loan through their local bank or the state and need to find assistance with writing or refining a business plan. Often we are able to direct them to additional resources for starting their businesses to provide a better chance of success.

Top Assistance Requested	Percentage of Total Requests
Business Planning	19%
Starting a Business	18%
Financial Resources	16%
Regulatory Compliance	11%
Marketing	6%
Procurement	2%

As expected, established businesses frequently request information regarding possible expansion, like site location assistance, state incentives and equity/loan providers. Interestingly, a number of established and well-established entrepreneurs and business owners also request information about business plans as well. It is possible they have not “needed” a business plan and are now interested in venture capital or state financing, which often requires a well-outlined plan of where the company is going and how the monies will be recouped.



UNDERSTANDING YOUR BUSINESS MARKET

Market Research: The Most Skipped Step in Marketing

Entrepreneurs and business owners frequently reach out to economic developers and entrepreneurial support organizations for financing, working capital and inventory. Since banks typically do not lend for these activities and non-traditional financing is limited by geography and actual dollars, it is important to take a step back and reevaluate the need. Where there is a cash flow problem, there is often a marketing problem. Though the first thought may be, “Show me the money,” what a business really needs to show is a well-planned strategy for marketing.

So often, marketing is associated with advertising or sales but that is just a part of the picture. In its most simple form, marketing is about finding the right audience to purchase a product or service and creating an environment that makes it easy for them to purchase that product or service. It requires a unique understanding of the customer and what makes him or her tick – then quantifying it. It also requires insight into the competition and the industry to increase the odds of success. Though just a small part of the overall plan, market research will help an entrepreneur or business owner lay the foundation of the business - is the idea even viable? Once identified, these essential building blocks can then be used to determine the strategic action steps to reaching the customer.

The Power of the Library

It is easy to spend an inordinate amount of money compiling market research information. But, if your resources are limited (meaning there is not a budget for thousands of dollars of research) the local library can be the gateway to a wealth of information to better position your product or services. Don't allow yourself to be intimidated by the thought of research. Though the risk of data dump is real, there are plenty of resources and librarians to help you find success in the midst of all the information.

Major metro libraries as well as some county libraries have spent significant money on a variety of high-powered business databases for their patrons. Within the past few years, nearly all Missouri libraries have gained access to *Gale Databases*, namely *Small Business Resource Center* and *Business and Company Resource Center*, which provide a general cross-section of information. And, they allow visitors to use their Internet connection. All you need is a library card.

A special thanks to Chris LeBeau, Research and Instruction Librarian at UMKC Libraries, for her market research database suggestions and clarifications. This report better serves entrepreneurs and business owners because of her contributions.

Thank you!

Where to Start

Whether you are new to the small business scene or a veteran deciding it is time to get a marketing plan together, you'll need to collect some basic information that applies to any type of business. Start with the basic questions below and build from there. Suggested databases are not necessarily available at all libraries, but resource librarians may be aware of comparable options. In addition, MOSourceLink always reminds business owners that you are the expert in your business and if you need to explore other subjects, the resource librarians can suggest additional resources that might be helpful.

Is your industry growing or dying?

You need to know about your industry at a local level. You'd also be wise to consider broader industry conditions. Entrepreneurs or business owners should consider how the industry is growing, and whether new aspects or avenues warrant further exploration. Also, by pulling a basic industry report in databases like *First Research Industry Profiles* (see sample below) or *ProQuest ABI/Inform Complete*, you can determine if there are any barriers to entering the industry; and if so, how to plan accordingly. It is also important for business owners to remain current on the latest industry trends, and that is where databases like *Lexis Nexis* can prove to be fruitful.

The Competition: What are the strengths and weaknesses?

Just like a lion studies its prey before it goes in for the kill, entrepreneurs and small business owners must set their minds to truly understanding the competition in order to devour it. You may be sure of the service or product you want to sell, and you may have a wealth of anecdotal evidence about the competition. But that may not be enough. Generally, you'll need to know if there is room in the market for your business, or consider how you can make room. Specifically, in your region, who are your direct competitors? Want to get a rough idea of their revenue? Powerful databases like *Dun and Bradstreet Global Directory* or *Reference USA US Businesses* provide a wealth of valuable data for business owners by allowing filtered searches by zip code, public or private ownership, credit rating, officers and staff, and much more. *Gale Business and Company Resource Center* database also provides industry information, company histories, investment reports, etc. By using any of these databases or one comparable, you can find direct and indirect competition and determine how they are faring in the market.

CLICK ON A REPORT TO SEE A SAMPLING OF PRODUCT OFFERINGS...



The Customer: How do they spend their money?

What is the median home value or the household income of the area in which you plan to sell your product or service? Business owners will say they know their client because those customers live in a certain community or there is a particular type of office or industrial park nearby. But do you really know your customer? What resources do they have? How do they spend their money? What problem can you solve for them? Where do they go for information? Developing a profile of the ideal customer can help determine which strategies will reach them in the quickest and most cost effective manner. *Business Decision* and *SRC Demographics Now* databases provide up-to-date population, housing and economic data which can help a business owner discern where to locate a business or simply to learn more about the consumers in the area. Assumptions are fine but they only take the business so far; hard fast numbers will drive success. An important question for small business owners to ask themselves: “Am I willing to stake my future, my home, all of my efforts on my assumptions?”

The Costs: How much do you need to put in and what will you get out?

Startup costs can be daunting for equipment or inventory-heavy businesses. Take a peek at sample startup costs for similar businesses to see what you are up against by using *Bizminer*. At some libraries, Bizminer databases are for academic use only but reports can be purchased at affordable rates. By using *Reference USA US Businesses*, you can research costs associated with legal, rent, payroll, advertising, insurance and other activities. When conducting your research of costs, you may also look into possible sources of material, equipment or manufacturing costs as well as distribution or delivery options.

Licensing and Registration: Do you plan to be compliant?

A critical requirement for business owners that is often overlooked until time to open the doors is the cost of licensing and registration. Business owners need to be aware of the regulatory compliance guidelines BEFORE getting too far along, in case licensing is cost prohibitive. For example, earlier this year, MOSourceLink experienced a higher than normal volume of calls from individuals wanting to start their own nursing home facilities. Callers were directed to the Missouri Department of Health and Senior Services website to learn more about the rigorous and expensive licensing process.

Some professions, occupations or activities require special licenses or certifications. Visit [MOSourceLink](#) to learn more about licensing, registration and permits that might be applicable to your business.

“Small business owners and entrepreneurs may not realize it, but they have access to business information at their local public, community college and college/university libraries. At MU I assist not only students, staff and faculty but also anyone who needs direction on where to find research.”

—Gwen Grey, Business and Economics Librarian, Ellis Library

The Time is Now

These are just a small fraction of the research resources available to entrepreneurs and business owners. Be sure to visit the local library to learn more about what is available in your area. Many people ask, “Well, can’t I just Google® it?” Well, you could, but do you really know if the information is credible? The local library has reliable, vetted information to help you get started.

Library Resources

Brookfield Public Library

The Brookfield Public Library provides a variety of business resources, including business databases, to entrepreneurs and small business owners.

Christian County Library

The Christian County Library provides business resources, including databases, to assist entrepreneurs with market research. Librarians are on hand to answer questions.

H&R Block Business and Career Center

The H&R Block Business and Career Center, located in the Central Library of the Kansas City Public Library, is dedicated to customers completing research in the areas of entrepreneurship and small business research, grant research and establishment of nonprofit organizations.

Mid-Continent Public Libraries

The Mid-Continent Public Library (MCPL) provides business reference materials and free business courses for people who own small businesses or those contemplating starting a small business.

Springfield-Greene County Library

From concept through established business, entrepreneurs require timely, reliable, unbiased information to make sound decisions. Our print and electronic sources cover financing, demographics, marketing, customer and vendor funding tools and much more.

St. Louis Public Library

St. Louis Public Library’s 16 locations including Central Library’s subject specialists will help entrepreneurs find information related to day-to-day operations and long-term needs using a wide variety of resources.

University of Missouri, Columbia – Ellis Library

Ellis Library, part of the MU Libraries, serves the resource needs of students, faculty and staff of the University of Missouri-Columbia and, as part of the land grant mission, the citizens of Missouri. Business reference materials, including business databases, are available for use by small business owners or those considering starting a small business. Librarians are on hand to assist entrepreneurs with research questions.

Works Cited: LeBeau, Chris. “Resource Guide for Business.” *The University of Missouri – Kansas City, University Libraries*. 23 May 2011 <<http://lgdata.s3-website-us-east-1.amazonaws.com/docs/157/130966/business%20resource%20guide.pdf>>.

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