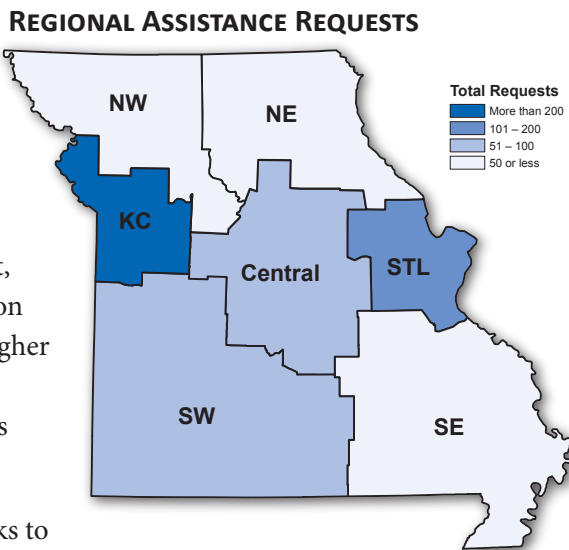


Now, more than ever, the needs of small business owners and entrepreneurs must be understood so that scarce resources can be efficiently distributed. This briefing summarizes nearly 1,000 client requests to MOSourceLink, the state's free business assistance web and hotline resource, in the third quarter of 2010.

Understanding the needs of small business helps policy makers and economic/workforce developers better tailor programs to help these job-creating engines accelerate and grow.

Request by Region

As the map shows, MOSourceLink received requests from every region of the state. As expected, the largest number come from the more populated regions of the state like Kansas City and Saint Louis. On a per capita basis, however, a more equal representation is seen in the other regions.



MOSourceLink originated in the Kansas City region several years before it became available statewide. As a result, the Kansas City region has a significantly higher number of requests because the service is better known.

MOSourceLink works to increase awareness of available resources in underserved parts of the state by reaching out to legislators, county and city clerks, and economic development agencies. Increasing awareness amongst these groups tends to increase the chances that businesses will get connected to MOSourceLink services as they are needed.

MOSourceLink's mission is to help small businesses across the state of Missouri grow and succeed by providing them easy access to available resources.

MOSourceLink connects aspiring and established business owners with a network of more than 350 governmental and nonprofit resource organizations that provide relevant business information and business-building services.

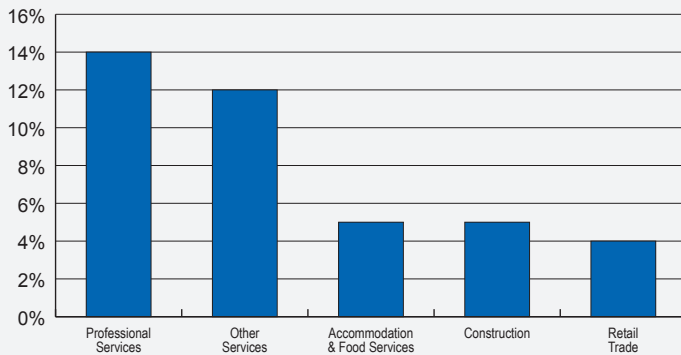
MOSourceLink provides referrals to Missouri's businesses though both a hotline and website.

**Hotline:
866.870.6500**

**Web:
www.MoSourceLink.com**

Top Industries with Requests

On a statewide level, approximately one-fourth of the businesses requests were concentrated in the Service-related industries (14% in Professional Services, 12% in Other Services), with Accommodation and Food Services (5%), Construction (5%) and Retail Trade (4%) rounding out the top five industries. These five industries account for 40% of all businesses contacting MOSourceLink in the third quarter.



These top five industries mirror the top state business formations tracked by the Missouri Economic Research and Information Center, or MERIC. Professional and Other Services, together, account for nearly 2 out of every 3 businesses that form each year in Missouri. Wholesale and Retail Trade, along with Construction, make up the majority of remaining new businesses.

Many of these industries reflect large employment in the state, such as Retail Trade that accounts for 14 percent of all private employment. These industries also have a larger amount of business turnover as new firms open and close, particularly in Professional Services.

Industry Composition by Region

The industry composition of businesses requests varied widely across the state. While services and retail businesses dominated most regional lists, Agriculture (in the Southwest), Arts (Central), Bioscience/High Tech (Saint Louis) and Manufacturing (Southeast) were more prevalent within specific regions.

Top Industry by Region	
Northern Region	
1. Retail Trade	
2. Administrative Support	
Kansas City	
1. Professional Services	
2. Other Services	
3. Retail Trade	
Central	
1. Retail Trade	
2. Arts	
3. Manufacturing	
Saint Louis	
1. Retail Trade	
2. Bioscience/High Tech	
3. Construction	
Southwest	
1. Other Services	
2. Construction	
3. Agriculture/Forestry & Fishing	
Southeast	
1. Retail Trade	
2. Manufacturing	

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 breaks out requests according to the stage of the firms seeking assistance. As the table to the right shows, the largest segment of requests (39%) came from people who are currently in the process of creating a business.

It is interesting to note that 1 out of every 4 requests came from existing businesses. Many entrepreneurs experience growing pains when moving from a small operation to a larger company that has to deal with issues such as finance and staffing. The business owner has to put on a managerial hat that is often very different from the inventive, creative hat that inspired the business in the first place. While this move up in business sales is exciting, many entrepreneurs need assistance navigating the additional duties required for running a larger business.

Statewide Request by Business Stage	
Concept Phase:	
Thinking of starting a business	36%
Start-Up Phase:	
In the process of starting a business	39%
Established:	
Already in business	22%
Well Established:	
Annual revenue above \$1 million	3%

Requested Business Assistance

Businesses and entrepreneurs seek assistance on a wide variety of business needs, from assistance writing a business plan or putting together a loan package, to assistance forming a corporation or meeting state regulations.

Looking at requests on a regional basis shows fairly consistent trends, with business planning being the top assistance requested across the state. The one exception to this was the Kansas City region, where financial resources assistance was the top request.

While the nature of assistance requested varied little by region, it does vary considerably by business stage. The needs of established businesses, and those with annual revenue over \$1 million vary greatly, ranging from complex regulatory compliance issues to bidding on government and/or large corporate contracts, tax planning, and hiring employees.

In contrast, aspiring business owners (those in both the Concept and Start-up phase) consistently seek assistance with entity formation, marketing, business planning, and funding.

Over the past seven years MOSourceLink has developed a methodology to assist Missouri's aspiring business owners in getting their business started. This information may prove useful to others working in the economic development and business development fields.

Assistance Requested	Percentage of Total Requests
Business Planning	21%
Financial Resources & Assistance	15%
Starting a Business	7%
Regulatory Compliance	8%
Marketing	5%
Tax Planning	5%
Nonprofit	4%
Economic & Property Development	2%

STARTING A SMALL BUSINESS

Starting a new business can be an exciting and fruitful option for individuals wanting to be their own boss and for individuals who have difficulty finding a job in their field. Most people know it is not about simply finding a building and putting an “OPEN” sign in the front door but some do not. Either way, entrepreneurs are always encouraged to take measured and deliberate steps, and they need to know where to begin.

When entrepreneurs contact MOSourceLink through a variety of small business websites or other referral sources, representatives educate individuals about an adopted six step process for their success.

STEP 1: Evaluate the Business Idea

First, clients are strongly encouraged to take time to gather information so they can determine the viability of their proposed business. Completing market research can help budding entrepreneurs avoid costly mistakes. Many of Missouri’s public libraries, as well as university and community college libraries, offer business databases where clients can search specific industry information and learn more about their competitors, target customers, and potential partners.

In some instances, business librarians work with entrepreneurs to understand what information the databases offer and how to optimize their searches. Clients are encouraged to meet with librarians in order to maximize their time as it is critical not to get hung up on this step.

In smaller communities, databases may be more limited; however, the Gale research database, available in most libraries, is a good first step for entrepreneurs. If there are gaps in information, clients are referred to local economic directors or University Extension staff as they may have additional market research available.



STEP 2: Take a Business Class

Next, clients should focus on taking a basic business class. A basic 3-4 hour start up class can be very helpful to new business owners and cover topics such as business planning, financing, legal structure, marketing, and other critical business skills. Business start-up classes allow the entrepreneur to cover a lot of ground with an expert.

These business classes provide a great opportunity to engage with other entrepreneurs and discuss opportunities as well as barriers to success. In some instances, the individuals or agencies teaching the classes will also counsel clients about their specific business needs.

In many of the metro areas, a variety of agencies and libraries schedule business classes. In rural areas, the number and variety of classes may be more limited, though classes are always available through the Small Business and Technology Development Centers (SBTDCs) as well as Extension Offices. Clients should also consider free webinar options through the Small Business Administration (SBA), <http://www.sba.gov/training/index.html> and SCORE National, http://www.score.org/online_workshops.html.



STEP 3: Meet with a Business Counselor

Once the client takes a business class, he or she can meet with a business counselor to go over specific questions. Counselors are experienced in a variety of business areas and can offer guidance on broader topics, such as accounting and legal structure, and they can

discuss business nuances, such as web versus retail marketing. It is always important for entrepreneurs to be specific about the type of assistance they need in order to be assigned to the most appropriate counselor.



STEP 4: Plan the Business

After the information gathering stage is complete, it is time to work on a business plan. Though many people are resistant to the idea of physically writing a business plan, MOSourceLink representatives spend time talking entrepreneurs through this step for multiple reasons:

- 1) When you write a business plan, you have to take time to evaluate and really know your customers and competition, strengths, and possible barriers.
- 2) A business plan is required if the entrepreneur is planning to apply for financing; and,

- 3) Written goals help keep entrepreneurs focused on priorities rather than getting off task with various opportunities that arise.

If additional support is needed, entrepreneurs can take a local business planning class or see a small business counselor in their area. SCORE counselors are great resources for business owners; the owners can request specific help and are directed to the most knowledgeable volunteer. SBTDC and Extension staff persons are also available to review written plans.



STEP 5: Register the Business

MOSourceLink's most frequent referral is to the Secretary of State's office for business registration. Clients are provided with the pros and cons of various business entities as a preparatory step. If the company plans to hire employees, a second referral is made to the IRS local offices and Department of Revenue for the necessary paperwork. Every entrepreneur should check with local authorities regarding specific licensing, permits and zoning. Some occupations, services and products require additional licenses, and MOSourceLink maintains a database of that information.

When a client calls requesting information regarding regulatory compliance, MOSourceLink staff always check to be sure the client only needs information regarding registration, licensing and permits. Many people mistakenly believe that registering the business is the first step but that misstep can prove costly if someone has not conducted research to determine if they truly have a viable concept. Staff members often redirect clients and educate them about the process leading up to registering and opening a business in order to increase the likelihood for success.

STEP 6: Connect with Ongoing Support Agencies

Entrepreneurs will always require additional needs and services. MOSourceLink encourages individuals to find common interest groups in their community or industry to find additional support. Chambers and trade associations often provide networking opportunities and many are now focusing efforts for small business owners.

As entrepreneurs start and grow their businesses, they can count MOSourceLink as a partner in helping connect them to the resources and information to be successful. Small business owners looking for assistance can contact MOSourceLink 866-870-6500 or visit www.mosourcelink.com.

Small Business Insight Reports developed by MOSourceLink in partnership with the Missouri Economic Research and Information Center (MERIC), Department of Economic Development

