

BUSINESS TOOLKIT

OWNING AND STARTING A BUSINESS IN SPRING GROVE, MINNESOTA

SPRING GROVE BUSINESS TOOLKIT

Contents of this Reference Book were Collected and Assembled by the Spring Grove Economic Development Authority in an effort to provide relevant, local and helpful information for area entrepreneurs and small business owners.

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Portions of this toolkit were taken from the Minnesota Department of Employment and Economic Development's 'A guide to Starting a Business in Minnesota'.

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Business Startup 101

Are you interested in starting a business? Do you own a small business and are just missing some information about how to make your business more successful? This Toolkit is designed to provide helpful information to current and potential businesses in and around Spring Grove, MN. The Toolkit addresses areas of starting and/or running a business that we have identified as problem areas due to the results of a survey, overseen by the Spring Grove Economic Development Authority.

Examples of forms and applications referenced in this Toolkit can be found in the Appendix at the back of this book.



“THE WAY TO GET STARTED IS TO QUIT TALKING AND BEGIN DOING.”

- WALT DISNEY

Before You Begin

Before starting your business, you will want to determine your offering and the market demand. The best business ideas come by identifying a need or solving a problem for customers. You will also want to be sure that you have a strong support system in place. Starting a business can be stressful and overwhelming at times. It is helpful to have someone you know you can trust for emotional support.

Take some time and answer the following questions. If you are unable to answer one of them, that is okay. But it does identify an area where you still need more work before you get started.

- What do I want to sell?
- What will the product/service do?
- What problem does my product/service solve?
- How is it different from what currently exists?
- Who will buy it? How do I know? How do I find out?
- How much will they be willing to pay for it?



Understanding the competition is another important step. When you have a solid understanding of what currently exists, you are better able to identify gaps and unfulfilled needs. Getting a grasp of your competition can help you get a starting point with pricing, marketing, etc.

Before you can turn that idea into a reality, you have to choose your businesses name!



Finding the right name for your business can have a significant impact on your success. Here are some tips when selecting yours:

- Avoid hard-to-spell names
- Don't pick a name that could be limiting as your business grows
- Conduct a thorough internet search on potential names. Be sure to look at all potential meanings of your name, as well as a trademark search.
- Come up with five names you like, then test the name with friends, customers, or potential customers.

Your Local EDA

Your Local Economic Development Authorities (EDA) are committed to helping new and existing businesses thrive in their counties and communities. Each uses their own design of business assistance and development programs with a strategic framework to encourage economic expansion. Both Spring Grove and Houston County offer professional and confidential support for businesses within their jurisdictions.

Spring Grove Economic Development Authority (EDA)

www.springgrovemn.com/business/

Members include elected city officials, local citizens and business representatives to create and maintain a pro-business environment, a high quality of personal lifestyle and a strong sense of community. The EDA considers ways to attract and retain businesses in the city, assist with business expansion and enable the quality commercial and industrial development/rehabilitatee of areas within the community. The Spring Grove EDA offers some programs and financial assistance to local businesses. These programs are listed below.

EDA Meetings are held on the second Tuesday of each month at 5:30 p.m. in the Spring Grove Communications public meeting room.

- Revolving Loan Fund¹²: the Spring Grove EDA has available, a loan fund that local businesses can utilize. The intent of the revolving loan fund is to provide a low interest “gap” financing tool that can be used to assist the financing of business projects which would otherwise lack the required funding (Revolving Loan Fund Application, 2019) (Revolving Loan Fund Guidelines, 2016).
- Fix-UP Fund: The Spring Grove EDA has committed \$10,000 annually to the popular Fix-UP Fund grant program, which kicked off in 2013. These matching grants pay up to 50% towards the cost of improvements to storefronts up to a maximum of \$2,500 per business. From 2013 to 2019, the EDA has granted \$38,365 in Fix-UP Fund dollars, which leveraged over \$115,000 of private investment.
- Tax Abatement: The EDA has the ability to work with businesses to provide tax abatements for economic development purposes.
- Business Breakfasts: The Spring Grove EDA has acquired a grant from the Southern Minnesota Initiative Foundation (SMIF), which is being used to provide several workshops for local businesses and entrepreneurs who are interested in starting a business. These sessions are free of charge. Dates for these events are posted on the EDA’s website.

¹ See Appendix A on page 42

² See Appendix B on page 46

- **Community Happy Hour Events:** The EDA has been hosting several Community Business Happy Hour events throughout the year. These events are held in public spaces with food and beverage provided by the Spring Grove EDA. These events are a great way to network with other professionals, and to meet new potential partners or consumers.

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Houston County Economic Development Authority

houstoncountymn.com/start-a-business/

The county level EDA is able to provide most of the same types of programs as the city. Please see a list of the programs being offered by Houston County.

- **Financial Packaging:** The EDA manages a revolving loan fund that provides low-interest gap financing to startup and expansion projects. EDA staff can also assist in identifying other sources of funding from regional and statewide entities, such as the Department of Employment and Economic Development, 504 Corporation and the Southern Minnesota Initiative Foundation. (Houston County Revolving Loan Fund Application & Guidelines)³
- **Resources & Education:** There are many business resources available from energy efficiency upgrades to leadership development to grant programs for job training. If your business has unmet needs or is embarking on a new project, don't hesitate to reach out to the EDA.
- **Business Coaching:** EDA staff are trained consultants for the Small Business Development Center, a free service to entrepreneurs. Staff can help with business planning, connect you to experts and review goals for expansion.
- **Regional Incentives:** In addition to helping individual businesses, the Houston County EDA is committed to community development projects that make our region a better place to live. EDA staff have spearheaded and continue to lead efforts in regional marketing, workforce development, outdoor recreation, nonprofit development and downtown revitalization.

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³ See Appendix C on page 55

Writing a Business Plan

“How complicated is it really”?

The business plan describes the business: its product or service, market, people and financing needs. A well prepared business plan serves several purposes:

- For a new business, it helps the owner determine the feasibility and desirability of pursuing the steps necessary to start a business.
- For a company seeking financing, it is an important sales tool for raising capital from outside investors.
- For an existing business, the plan forms the basis of a more detailed operational plan and thus becomes an important management tool for monitoring the growth of the firm and charting future directions.

Where can you get assistance in writing a business plan?

- Small Business Development Center (SBDC)
- Small Business Administration (SBA)
- University of Minnesota Extension Office



There are two types of business plans to consider when you are ready to begin:

1. **Traditional Business Plan:** This type of plan is very detailed, takes more time to write, and is comprehensive. Lenders and investors commonly request this plan. (Traditional Business Plan, 2016)
2. **Lean Startup Plan:** This type of plan is high-level focus, fast to write, and contains key elements only. Some lenders and investors may ask for more information. (Lean Business Plan)

The following shows the format of both the traditional and lean business plans:

examples of both plans can be found in the appendix at the end of this toolkit. (see footnotes)

Traditional Business Plan Format⁴

You might prefer a traditional business plan format if you're very detail oriented, want a comprehensive plan, or plan to request financing from traditional sources.

When you write your business plan, you don't have to stick to the exact business plan outline. Instead, use the sections that make the most sense for your business and your needs. Traditional business plans use some combination of these nine sections.

Executive summary

Your executive summary is a snapshot of your business plan as a whole and touches on your company profile and goals. Tell the reader what problem your product or service solves and why your solution is ultimately the best. Briefly tell your reader what your company is and

⁴ See Appendix D on page 60

why it will be successful. Include: your mission statement, your product or service, basic information about your company's leadership team, employees, and location. You should also include believable market and financial projections and high-level growth plans if you plan to ask for financing.

Company description

Use your company description to provide detailed information about your company. Go into detail about the problems your business solves. Be specific, and list out the consumers, organization, or businesses your company plans to serve.

Explain the competitive advantages that will make your business a success. Are there experts on your team? Have you found the perfect location for your store? Your company description is the place to boast about your strengths.

Market analysis

You'll need a good understanding of your industry outlook and target market. Competitive research will show you what other businesses are doing and what their strengths are. In your market research, look for trends and themes. What do successful competitors do? Why does it work? Can you do it better? Now's the time to answer these questions.

Organization and management

Tell your reader how your company will be structured and who will run it.

Describe the legal structure of your business. State whether you have or intend to incorporate your business as a C or an S corporation, form a general or limited partnership, or if you're a sole proprietor or LLC.

Use an organizational chart to lay out who's in charge of what in your company. Show how each person's unique experience will contribute to the success of your venture. Consider including resumes and CVs of key members of your team.

“THE ONLY PLACE WHERE SUCCESS COMES BEFORE WORK IS IN THE DICTIONARY.”

- VIDAL SASSOON

Service or product line

Describe what you sell or what service you offer. Explain how it benefits your customers and what the product lifecycle looks like. Share your plans for intellectual property, like copyright or patent filings. If you're doing research and development for your service or product, explain it in detail.

Marketing and sales

There's no single way to approach a marketing strategy. Your strategy should evolve and change to fit your unique needs.

Your goal in this section is to describe how you'll attract and retain customers. You'll also describe how a sale will actually happen. You'll refer to this section later when you make financial projections, so make sure to thoroughly describe your complete marketing and sales strategies.

Funding request

If you're asking for funding, this is where you'll outline your funding requirements. Your goal is to clearly explain how much funding you'll need over the next five years and what you'll use it for. Specify whether you want debt or equity, the terms you'd like applied, and the length of time your request will cover. Give a detailed description of how you'll use your funds. Specify if you need funds to buy equipment or materials, pay salaries, or cover specific bills until revenue increases. Always include a description of your future strategic financial plans, like paying off debt or selling your business.

“MANY OF LIFE’S FAILURES ARE PEOPLE WHO DID NOT REALIZE HOW CLOSE THEY WERE TO SUCCESS WHEN THEY GAVE UP.”

- THOMAS EDISON

Financial projections

Supplement your funding request with financial projections. Your goal is to convince the reader that your business is stable and will be a financial success.

If your business is already established, include income statements, balance sheets, and cash flow statements for the last three to five years. If you have other collateral you could put against a loan, make sure to list it now.

Provide a prospective financial outlook for the next five years. Include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, be even more specific and use quarterly — or even monthly — projections. Make sure to clearly explain your projections, and match them to your funding requests.

This is a great place to use graphs and charts to tell the financial story of your business.

Appendix

Use your appendix to provide supporting documents or other materials were specially requested. Common items to include are credit histories, resumes, product pictures, letters of reference, licenses, permits, or patents, legal documents, permits, and other contracts.

Lean Business Plan Format⁵

You might prefer a lean startup format if you want to explain or start your business quickly, your business is relatively simple, or you plan to regularly change and refine your business plan.

Lean startup formats are charts that use only a handful of elements to describe your company's value proposition, infrastructure, customers, and finances. They're useful for visualizing tradeoffs and fundamental facts about your company.

There are many versions of lean startup templates, but one of the oldest and most well-known is the Business Model Canvas, developed by Alex Osterwalder. You can search the web to find free templates of the Business Model Canvas, or other versions, to build your business plan.

We'll discuss the nine components of the Business Model Canvas version here.

⁵ See Appendix E on page 68

Key partnerships: Note the other businesses or services you'll work with to run your business. Think about suppliers, manufacturers, subcontractors and similar strategic partners.

Key activities

List the ways your business will gain a competitive advantage. Highlight things like selling direct to consumers, or using technology to tap into the sharing economy.

Key resources

List any resource you'll leverage to create value for your customer. Your most important assets could include staff, capital, or intellectual property. Don't forget to leverage business resources that might be available to women, veterans, Native Americans, and HUBZone businesses.

Value proposition

Make a clear and compelling statement about the unique value your company brings to the market.

Customer relationships

Describe how customers will interact with your business. Is it automated or personal? In person or online? Think through the customer experience from start to finish.

Customer segments

Be specific when you name your target market. Your business won't be for everybody, so it's important to have a clear sense of who your business will serve.

Channels

List the most important ways you'll talk to your customers. Most businesses use a mix of channels and optimize them over time.

Cost structure

Will your company focus on reducing cost or maximizing value? Define your strategy, then list the most significant costs you'll face pursuing it.

Revenue streams

Explain how your company will actually make money. Some examples are direct sales, memberships fees, and selling advertising space. If your company has multiple revenue streams, list them all.

Business Registration

One of the fundamental initial decisions a new business owner faces is choosing the form of organization for the business. The following describes the different types and the tax reporting methods for each. Additionally, a ‘Fee Schedule for Business Entity Filings’ for the State of Minnesota can be found in the appendix of this toolkit.⁶

How Should You Register Your Business?

LLC – Limited Liability Company: A hybrid form of partnership that is gaining popularity because it allows owners to take advantage of the benefits of both the corporation and partnership forms of business. A LLC may have one or more members. The members of LLCs have some flexibility with respect to the federal income tax treatment of their entities. A LLC with more than one member will be taxed as a partnership unless it elects to be taxed as a corporation and a limited liability company with only one member will be taxed as a sole proprietorship unless it elects to be taxed as a corporation. LLCs may be managed by its members, by a board of governors, or a manager.



Corporation: A corporation is a separate legal entity created to conduct business. It is owned by one or more shareholders. The corporation must be established in compliance with the statutory requirements of the state of Minnesota. The shareholders elect a board of directors which has responsibility for management and control of the corporation. Because the corporation is a separate legal entity, the corporation is responsible for the debts and obligations of the business.

S. Corp – Subchapter S of IRS Code: An S corporation election may be made by the shareholders of a corporation if the corporation meets the statutory requirements. Income and expenses of the S corporation “pass through” to the shareholders in proportion to their shareholdings, and then are taxed to them at their individual rates. Under the IRS Code, an S corporation may have only one class of stock (i.e., corporations, partnerships, LLCs) except for certain estates, trusts and certain tax exempt entities. The federal 2004 American Jobs Creation Act allows an S corporation to treat shareholders with six generations of one family as one shareholder, thus allowing family business S corporations to distribute shares to family members of existing shareholders without these new shareholders being counted against the 100 shareholders limit.

C. Corp – Subchapter C of IRS Code: A C corporation reports its income and expenses on a corporation income tax return and is taxed on this profits at corporate income tax rates. The Minnesota corporate franchise tax, sometimes called and income tax, is based on the portion of a C corporation’s income that is allocated to Minnesota. Profits are taxed without regard to payment of dividends, which generally are not referred to as “double taxation” because this effectively taxes operating income twice, once to the corporation

⁶ See Appendix F on page 69

and then again when distributed to the owners, although it actually is two separate taxpayers being taxed on their separate income.

Sole Proprietorship: In a sole proprietorship, the business is owned and controlled by one individual. This is the most common and easiest form of business organization. This person alone receives the profits and bears the losses from the business, and this person alone is responsible for the debts and obligations of the business. Income and expenses of the business are reported on the proprietor's individual income tax return, and profits are taxed at the proprietor's income tax rate. There are no statutory requirements unique to this form of organization. From a regulatory standpoint, the business owner only needs to register the business name as an assumed name, obtain business licenses and tax identification numbers if necessary, and begin operations.

General Partnership: This type of partnership is a business owned by two or more persons who associate to carry on the business as a partnership, agreeing to share in the profits and losses of a business. Partnerships have specific attributes, which are defined by statute. All partners in a general partnership share equally in the right, and responsibility, to manage the business, and each partner is responsible for all the debts and obligations of the business. Distribution of profits and losses, allocation of management responsibilities, and other issues affecting the partnership usually are defined in a written partnership agreement. Income and expenses of the partnership are on federal and state "information" tax returns, which are filed by the partnership. These include Schedules K-1 which are used to report to the partner's respective shares of partnership taxable income. The partners then report this income on their separate tax returns along with their other income and pay tax at their applicable income tax rates.

Non-Profit: A Minnesota nonprofit corporation is defined by statute as a corporation which is formed for a purpose not involving pecuniary gain to its members (other than members that are nonprofit organization or governmental units), and pays no dividends or other pecuniary remuneration, directly or indirectly, to its members as such (other than to members that are nonprofit organizations or governmental units). For more information on Starting a Nonprofit, see the Minnesota Council of Nonprofits at: <https://www.minnesotanonprofits.org/>

Be Clear with Co-Founders

If you begin your business with co-founders, you must agree early on about the details of your relationship. Not doing so can potentially cause enormous problems down the road. Think of a founder agreement as a business "pre-nuptial agreement". These are some of the key items that a founder agreement needs to address:

- Who gets what percentage of the company?
- Is the percentage ownership subject to vesting based on continued participation in the business?
- What are the roles and responsibilities of the founders?

- If one founder leaves, does the company or the other founder have the right to buy back that founder's shares? At what price?
- How much time commitment to the business is expected for each founder?
- What salaries (if any) are the founders entitled to? How can that be changed in future?
- How are key decisions and day-to-day decisions of the business to be made. (majority vote, unanimous vote, certain decisions dedicated to individuals alone, etc.)
- Under what circumstances can a founder be removed as an employee of the business? (Usually this would be a board decision)
- What assets or cash into the business does each founder need to contribute or invest?
- How will a sale of the business be decided?
- What happens if one founder isn't living up to expectations under the founder agreement? How will it be resolved?
- What happens if one founder passes away?
- What is the overall goal and vision for the business?

“FORGET PAST MISTAKES. FORGET FAILURES.

**FORGET EVERYTHING EXCEPT WHAT YOU'RE GOING TO DO NOW
AND DO IT.”**

- WILLIAM DURANT

Legal Processes and Advice?

Meeting your Legal Requirements to Open Your Business

Filing Documents with the Office of the Minnesota Secretary of State: Different business entities require different types of filing. The most common documents can be found below:

- **Time Required for Filing and Processing Documents**

Documents are usually reviewed the day they are received by the Secretary of State. In case of complex documents or heavy seasonal workloads, review may take place the day following receipt. Non-expected drop-offs are reviewed the business day following drop off.

- **Reserve or File a trade name**

Unless you are using your personal name as part of your business name, a sole proprietorship or a partnership usually has to file a fictitious name filing with the local county recorder. Most counties allow you to walk in, verify the name is not taken by another business and then file the paperwork all in the same day. If the business is a corporation or an LLC, the paperwork must be filed with the Secretary of State. This process usually takes several weeks to complete.

Once you settle on a name you like, you need to protect it. There are four different ways to register your business name. Each way serves a different purpose, and some may be legally required depending on your business structure and location.



- Entity name protects you at state level
- Trademark protects you at a federal level
- Doing Business AS (DBA) doesn't give legal protection, but might be legally required
- Domain name protects your business website address

- **Register Your Business with the State of Minnesota**

Almost all businesses in Minnesota must register with the office of the Minnesota Secretary of State. Once you know the structure of your business i.e. LLC, Corporation etc., you can contact the Secretary of State's office.

You can register your business easily using the online step by step guide.

www.sos.state.mn.us/business-liens/start-a-business/how-to-register-your-business/

A current fee schedule is available at the back of this book⁷. Information regarding payment methods is available on the Secretary of State's website at <http://www.sos.state.mn.us>. (SOS Office, 2019)

- **How to Get Your EIN#**

An EIN or Federal Tax ID number is a nine-digit number assigned by the IRS. It's used to identify tax accounts of employers and certain others who have no employees. The IRS uses the number to identify taxpayers who are required to file

⁷ See Appendix F on page 69

various business tax returns.

Your business needs a federal tax ID to do the following:

- Pay Employees
- Operate as a Corporation or Partnership
- File tax returns for employment, excise, or alcohol, tobacco and firearms
- Withhold taxes on income, other than wages, paid to a non-resident alien
- Use a Keogh Plan (a tax-deferred pension plan)

You can start the process of obtaining your EIN number at www.irs.gov.

The IRS EIN Application Assistant can be found at <https://sa.www4.irs.gov/modiein/individual/index.jsp>

- **Getting Your State Tax Identification Number**

Your business needs to obtain a Minnesota tax identification number (a seven digit number assigned by the Department of Revenue) if it is required to file information returns for income tax purposes, has employees, makes taxable sales, or owes use tax on its purchases. Most businesses need a Minnesota tax identification number. However, a sole proprietorship or single member limited liability company which does not have any of these tax obligations does not need a Minnesota tax identification number. You may apply for a Minnesota Tax ID number with the Minnesota Department of Revenue online at www.mndor.state.mn.us/tp/webreg/ or by phone at (651) 282-5225

- **Obtaining your Seller's Permit**

A seller's permit is a state license that allows you to sell items at the wholesale or retail level and to issue resale certificates to suppliers. Issuing a resale certificate allows you to buy items you will sell in your business operations without paying amounts for tax to your suppliers. These permits are usually free of charge.

- **Apply for Licenses and Permits**

- **Federal:** You'll need to get a federal license or permit if your business activities are regulated by a federal agency. The following business activities require federal licenses and permits.

Business Activity	Description
Agriculture	If you import or transport animals, animal products, biologics, biotechnology or plants across the state line.
Alcoholic Beverages	If you manufacture, wholesale, import, or sell alcoholic beverages at a retail location.
Aviation	If your business involves operating aircraft, transporting goods or people via air, or aircraft maintenance.
Firearms, Ammunition and Explosives	If your business manufactures, deals or imports firearms, ammunitions and explosives.
Fish & Wildlife	If your business engages in any wildlife related activity, including the import or export of wildlife and derivative products.
Commercial Fisheries	If your business engages in commercial fishing of any kind.

Maritime Transportation	If you provide ocean transportation or facilitate the shipment of cargo by sea.
Mining & Drilling	If your business is involved in drilling for natural gas, oil, or other mineral resources on federal land.
Nuclear Energy	If your business produces commercial nuclear energy, is a fuel cycle facility, or is involved in distribution and disposal of nuclear materials.
Radio & Television Broadcasting	If your business broadcasts information by radio, television, wire, satellite or cable.
Transportation & Logistics	If your business operates an oversize or overweight vehicle. Permits for oversize and overweight vehicles are issued by your state government, but the U.S. Department of Transportation can direct you to the correct state office.

- **State:** States tend to regulate a broader range of activities that are commonly regulated locally include: auctions, construction, dry cleaning, farming, plumbing, restaurants/bars, retail and vending machines.

Some licenses and permits expire after a set period of time. Keep close track of when you need to renew them – it’s often easier to renew than it is to apply for a new one.

- **Worker’s Compensation:** the Worker’s Compensation Division of the Minnesota Department of Labor and Industry oversees and administers the workers’ compensation system in Minnesota. Information on this Division and Worker’s Compensation, visit: <http://www.dli.mn.gov/business/workers-compensation-businesses>.

Intellectual Property Protection (All Business, 2019)

If you have developed a unique product, technology or service, you should consider the appropriate steps to protect the intellectual property you have developed.

- **Patents** – Patents are the best protection you can get for a new product. A patent gives its inventor the right to prevent others from making, using or selling the patented subject matter described in the client’s claim. The key issues in determining whether you can get a patent are:
 - Only the Concrete embodiment of an idea, formula, and so on is patentable
 - The invention must be new of novel
 - The invention must not have been patented or described in a printed publication previously
 - The invention must have some useful purpose



You obtain a patent from the U.S. Patent and Trademark Office; this process can take several years and be complicated. For a step by step process on patents, visit <http://www.dli.mn.gov/> for

more details.

- Copyrights – Copyrights cover original works of authorship, such as art, advertising copy, books, articles, music, movies, software, etc. A copyright gives the owner the exclusive right to make copies of the work and prepare derivative works (such as sequels or revisions) based on the work. (All Business, 2019)



- Confidentiality Agreements – These are also referred to as Non-Disclosure Agreements or NDA's. The purpose of the agreement is to allow the holder of confidential information (such as a product or business idea) to share it with a third party. But then the third party is obligated to keep the information confidential and not use it whatsoever, unless allowed by the holder of the information.
- Confidentiality & Assignment Agreement for Employees – Every employee should be required to sign such an agreement. It accomplishes several purposes. First, it obligates the employee to keep confidential the proprietary information of the business, both during and after employment. Second, it ensures any inventions, ideas, products, or services developed by the employee during the term of employment and related to the business belong to the company and not the employee. This will also be discussed in the 'Employee Management' section of this toolkit.



“FAR AND AWAY THE BEST PRIZE THAT LIFE OFFERS IS THE CHANCE TO WORK HARD AT WORK WORTH DOING.”

- THEODORE ROOSEVELT

Startup Financing

“Where do I get the Money to start a business”?

The money to start your business comes from these three areas:

1. Money You Have Saved
 - a. From Friends and/or Family
 - b. Personal Investment/Savings
2. Money Borrowed Through a Business Loan
 - a. Bank or other lender, such as the Small Business Association (SBA)
 - b. Local EDA
 - c. County EDA
3. Money You Borrow Personally
 - a. Home Equity Line of Credit/Personal Loan
 - b. Credit Card



Most often, someone who is preparing to start a business will not have enough savings to get started and will need to find some source of outside funding. For most small businesses, the search for funding leads to a Business Loan.

Even in today's internet world, it is best for a small business owner to deal face-to-face with their lender. Cultivate a relationship with your local bank. Meet with your bank officer about your business. While your credit score provides a quantifiable (and very impersonal way for a lender to gauge how likely the small business owner is to repay his or business loan, the factor that may turn a “maybe” decision into a “yes” may very well be the entrepreneurial spark that the lender sees in the loan applicant. The only thing a potential lender knows about your business is the story that you tell.

Loan sources OTHER than banks include:

- Credit Unions
- Micro-lenders
- Community-based lending programs
- Local Programs (City/County/State)

Microloans: A microloan is typically offered to businesses with smaller start-up capital needs. Usually less than \$50,000. Advantages of Microloans include:

More flexible credit requirements

Pay more attention to the character of business owners

Work more closely with borrowers

May provide technical help and advice to borrowers

These borrowers understand the conditions in the local community and how that may affect businesses operating there.

One example, the Small Business Association, offers a microloan program.

<http://www.sba.gov/content/microloan-program>

What Matters Most to Lenders?

A business owner who knows the business, has the ability to run it well, and is willing to work hard to make it succeed.

- A business that is financially sound or, if it is brand new, appears to have the ability to make enough money to pay its bills, give its owner an income and pay back the loan.
- Collateral
- An investment from the Business Owner

Full Disclosure: Address any situations in your business that may appear on your credit report BEFORE the lender brings it up.

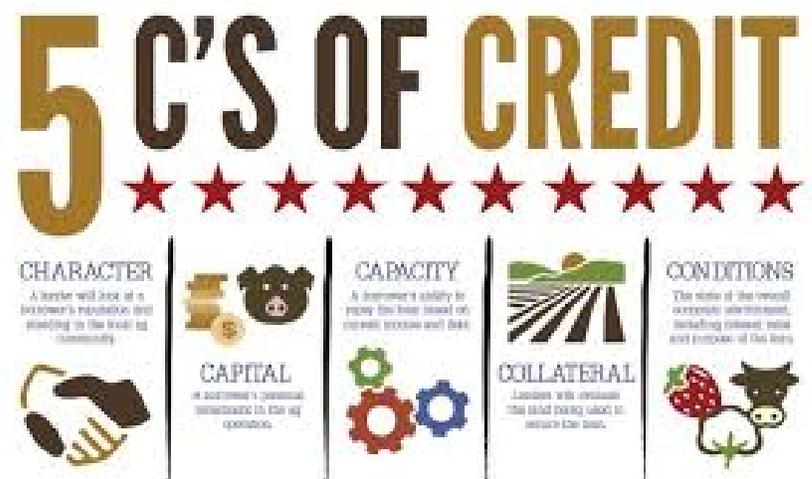
“PLAY BY THE RULES, BUT BE FEROCIOUS.”

— PHIL KNIGHT

Lenders Look for the 5 C's of Credit

1. Character
Your personal reputation & General impression you make on your lender.
How you pay your bills (they will get this from the credit bureau).
The time you have spent working in your field and knowledge of industry.
2. Capital/Contribution
 - a. What the business owns (assets) minus what it owes (liabilities)
 - b. Includes Money you have invested into the business
 - c. Shows you commitment to the business and what you have at risk if the business fails.
 - d. A traditional lender expects you to have contributed something to the business (equity injection)

3. Capacity/Cash Flow
Whether your business makes enough money to pay all its bills including the new loan, AND the amount of money that you make, or expect to make should be sufficient to pay all the expenses and allow a little extra in case something unexpected comes up.
Existing Businesses: Lender will look at how much money you have made in the past (historic cash flow) as shown in your business financial statements and tax returns. Requests are usually for the past two years plus current year to date.



New Business: Lender will rely on your business plan and your estimates (projections) of how much money you will make (revenues) and how much money you will need to spend.

4. Collateral (Guarantees)
 - a. Lien: a lien on collateral property gives a legal right to the lender to sell the property if a borrower doesn't make its loan payments. Generally, lenders will require a 1st lien position on any assets that are purchased with the loan proceeds. This means that more than one lender may have a lien on the same property. But the order of liens decides who has the first right to any money made with the collateral is sold and a lender that is not in the first lien position will only get paid after the first lien lender is paid back in full.
 - b. Personal Guarantees: Demonstrates the owner's commitment to the success of the business and are almost always required by all lenders, including microlenders. A personal guarantee is a business owner's legally binding agreement to repay the loan in full even if the business fails.

5. Condition – Loan Conditions that a lender considers when approving your loan.
 - a. Loan Amount
 - b. Interest Rate
 - c. What will you use the loan for? (real estate/buildings/equipment/etc.)
 - d. How well people are doing in your community, and your business' industry is doing.

If you wish to view how you will look to a lender, order a copy of your credit history and FICO® score. The largest credit reporting agencies are: Equifax, Trans Union and Experian. All are required to provide a free report every year. www.annualcreditreport.com

You're ready to ask for a loan, Don't forget.....

- Being well-prepared – Have a thought out and written plan for the steps that you will take to get started or get through your next growth phase.
- Telling your story well. Help your lender get excited about your dream and that believe that you will succeed.
- Be honest. Lenders don't want to just hear the good things; they want to know about any weaknesses too.
- A business owner who fully understands every aspect of his or her business and has a well thought out business plan will make the best impression on a potential lender.
- When you are building your financial plans, remember to include your initial and recurring costs for running your business.

“IF YOU REALLY LOOK CLOSELY, MOST OVERNIGHT SUCCESSES TOOK A LONG TIME.”

- STEVE JOBS

Start-up/Initial Costs May Include:

- Rent/Lease Deposit
- Improvements/Remodeling
- Web/Brand Design
- Legal/Professional Fees
- Licenses/Permits/Insurance
- Starting Inventory/Supplies
- Future/Equipment
- Recurring Costs May Include:
 - Telephone/Utilities/Internet
 - Rent/Lease Payments
 - Loan Payments
 - Advertising/Marketing
 - Salaries/Payroll/Taxes
 - Software & Software Subscription Services
 - Bookkeeping



Income Forecasting: One of the most important steps in the construction of a written plan for your proposed business is the development of meaningful financial projections. To be of maximum value in the planning process, your projections should accurately reflect the potential of your business and must not be influenced by wishful thinking.

Area Organizations That Offer Financial Assistance

Southern Minnesota Initiative Foundation (SMIF) (SMIF, 2019)

Southern Minnesota Initiative Foundation is a regional development and philanthropic organization that fosters economic and community vitality in 20 counties of southern Minnesota through a culture of collaboration and partnership. SMIF envisions a prosperous and growing region with vibrant communities, innovative & successful economies and engaged & valued citizens.

Funding Assistance from SMIF

- Business Loan Fund
- Seed Fund
- Grow a Farmer Fund
- Building Blocks Loan Fund
- Small Enterprise Loan Fund
- Local Foods Loan Fund
- Economic Development Grants

Your Local Economic Development Authorities (EDA): are committed to helping new and existing businesses thrive in their counties and communities. Each uses their own design of business assistance and development programs with a strategic framework to encourage economic expansion. Below, you will find a list of programs offered by the city and county economic development authorities. There are copies of applications to local EDA programs.

1. Spring Grove EDA: members include elected city officials, local citizens and business representatives to create and maintain a pro-business environment, a high quality of personal lifestyle and a strong sense of community. The EDA considers ways to attract and retain businesses in the city, assist with business expansion and enable the quality commercial and industrial development/rehabilitate of areas within the community. The Spring Grove EDA offers some programs and financial assistance to local businesses. (Revolving Loan Fund Application, 2019) These programs include:
 - a. Revolving Loan Fund⁸
 - b. Tax Abatement
 - c. Resident Recruitment Incentive
 - d. General Business Subsidies

2. Houston County EDA: Strong businesses create strong communities, and the EDA want to help yours succeed. The Houston County EDA provides professional and confidential support to regional businesses and organizations through a number of programs. (Houston County Revolving Loan Fund Application & Guidelines) These programs include:
 - a. Revolving Loan Fund⁹
 - b. Tax Abatement
 - c. Assistance for County Farmers

“SUCCESS IS NOT THE KEY TO HAPPINESS. HAPPINESS IS THE KEY TO SUCCESS. IF YOU LOVE WHAT YOU ARE DOING, YOU WILL BE SUCCESSFUL.”

-ALBERT SCHWEITZER

Small Business Association (SBA) (SBA, 2019): Provides critical support and resources to help small businesses grow and create jobs. The SBA is one of the best sources for free business information. SBA’s core operations are focused around the “Three C’s”:

1. Capital: SBA guarantees support loans to small business that have challenges obtaining credit.
2. Contracting: SBA is charged with helping federal government meet goals of contracting to small businesses.
3. Counseling: SBAs entrepreneurial development programs provide counseling and training to entrepreneurs.

There are several different learning topics on the SBA website:

- Starting and Managing – written articles about specific topics
- Learning Center – half hour videos about specific topics related to small businesses

SBA Website: sba.gov

⁸ See Appendix A & B on page 42 & 46

⁹ See Appendix C on page 55

Budgeting

Prepare Yourself Financially

Cash flow may be tight during the early stages of your business the following items can help to figure out how to manage your finances during the tough beginning months.

1. Limit New Debt or Monthly Payments
2. SAVE Money
3. Get Your Personal Finances in Order
4. Live on Less
5. Track all Personal and Business Expenses
6. Budget month by month
7. Take into Account Your Personal Budget and Calculate How Much You Need to Survive at Least the First Six months of business.

Preparing well is essential as most businesses that fail, do so because they do not have enough cash on hand during the early months before businesses turn a profit. Please see the Appendix for the following sample worksheets:

- Sample Balance Sheet¹⁰
- Sample Bank Reconciliation Worksheet¹¹
- Sample Cash Flow Statement¹²
- Sample Cash Flow Worksheet¹³
- Sample Comparative Balance Sheet¹⁴
- Sample Comparative Income Statement¹⁵
- Sample Income Statement¹⁶



Don't forget to pay yourself, even if just \$50 a month to save

Determining your Minimum Requirement for Annual Sales

In this example, your personal and business expenses add up to \$23,000

To determine the required annual sales, you will need to solve for X = Minimum Required Annual Sales.

¹⁰ See Appendix G on page 73

¹¹ See Appendix H on page 74

¹² See Appendix I on page 75

¹³ See Appendix J on page 76

¹⁴ See Appendix K on page 78

¹⁵ See Appendix L on page 79

¹⁶ See Appendix M on page 80

For our example, we will assume the industry sources show that, for the type of business under consideration, the average profit, including the owner's draw or salary, is 11 percent of sales.

$$.11x = \$23,000$$

$$X = \$214,500$$

We have now determined that, if our proposed business is assumed to be average, we will need to sell \$214,500 of the businesses products or services to cover both personal and business expenses.

Don't Forget About Taxes

When starting a business, there are some key tax issues to consider. Here are some of the most common issues: (All Business, 2019)

- **Sales Tax.** The company needs to collect sales tax of its products, because failure to do so can have legal consequences. The issue is compounded if your business is distributing in multiple states.
- **Payroll Tax.** Many cities and counties impose a payroll tax.
- **Tax Incentives.** Depending on the nature of the business, various tax incentives may be available, such as renewable energy tax credits and investment tax credits.

Small Business Development Center (SBDC) (SBDC, 2019): provide free one on one business consulting. Additionally, they provide training workshops on business topics, often free of charge. The staff at an SBDC serve as advisors to provide aspiring and current small business owners a variety of free business consulting and low-cost training services including: business plan development, manufacturing assistance, financial packaging and lending assistance, exporting and importing support, disaster recovery assistance, procurement and contracting aid, market research help, program support and healthcare guidance.

Small Business Association (SBA) (Small Business Administration, 2019): Provides critical support and resources to help small businesses grow and create jobs. SBA's core operations are focused around the "Three C's":

4. **Capital:** SBA guarantees support loans to small business that have challenges obtaining credit.
5. **Contracting:** SBA is charged with helping federal government meet goals of contracting to small businesses.
6. **Counseling:** SBAs entrepreneurial development programs provide counseling and training to entrepreneurs.

Marketing

The way you market your business can shape everything from the way your brand is perceived, to the customers you reach you and ultimately, how well you do.

Noticeably, marketing can get pretty pricy. You only have to turn on the TV to see the lengths that companies go to in order to promote their brands – and when you’re running a startup, excessive spending isn’t generally a good thing. You don’t need to spend your entire budget on marketing your business. If you can put in the time, you’ll be able to market your startup on any budget. More Time = Less Money. Some ways you may be able to market your business on a tight budget include: (SBDC, 2019)

- Customers: Already have a loyal customer base? Ask customers (politely) if they’ll write a testimonial for your website, or have a section in your shop or on your website for case studies: describe how you helped your customer or client, and how pleased they were with the result.
You could try offering your most loyal customers new products to test and review: everyone loves a freebie! Never forget your local clients.
- Word of Mouth: Virtually nothing is more powerful than the recommendation of a trusted friend, so use this channel to your advantage. If you can always make sure that your customers are delighted with your service or product, you’ll have happy loyal customers, who’ll love talking about you. If something does go wrong, act quickly, openly and honestly, and consider going beyond the call of duty to fix and make up for any mistakes or complaints.
- Sort out your Website: If you have a website, make sure you rank well when people search for what you do on search engines, like Google, by optimizing your site for search engines.
It can get pretty expensive having an agency to do it for you, but you can utilize online tutorials and guides so that you can gain a basic understanding for yourself. Many communities also offer training for websites for a minimal fee.



Recommendations for Your Website

- If possible, get a “.com” domain name (as opposed to “.net” or another variant)
- Start by sketching a template for your site
- Have high-quality content
- Make sure you have a ‘Terms of Use Agreement’ and ‘privacy policy’. You can find templates for these documents online.

- Make the navigation bars prominent
 - Keep it clean and simple; clutter will drive visitors away
 - Make sure the site loads quickly
 - Be sure the site is 'search engine optimized (and thus more likely to show up earlier in search results).
- Relationships with Influencers: "Influencers" could cover everyone from journalist at your local paper to the editor of the biggest blog in your industry. If you can target your attention on a couple of 'big names', you'll probably find it pays off more so than chasing thousands of individuals. Think of it as a waterfall: if an influencer knows about your business, they'll tell their network and awareness of brand will begin to trickle down to all of their followers, making the word much easier than going after them all individually.

“PLAY BY THE RULES, BUT BE FEROCIOUS.”

— PHIL KNIGHT

- Social Media: Get active on social media. Post interesting articles, things that inspire and entertain you, and of course you could try the odd discount code or offer! Try to pick sites and networks that are right for you and your business and focus on them. Aim for where your communities 'hang out' and are most active. Currently, the most popular social media sites include:
 - Instagram
 - Facebook
 - Pinterest
 - Twitter
 - You Tube
- Go Local: If there is a local project in which you can be involved, it's a great way to raise local awareness of your business, as well as giving back to the community. You could sponsor a sports team, donate equipment to school clubs, help fundraise with local charities.
- Discounts & Loyalty Cards: Something as simple as a loyalty card could work wonders for your business. Everyone loves something free, and it's a great incentive to keep people coming back over and over. Using a card to collect stamps, or a punch card is popular in restaurants and retail businesses. Online discounts are also fairly easy to create. Post it on your social media sites or in your email newsletter, if you have one. Even a small discount could be enough to tempt a buyer into spending now, or encourage new customers to try out your service or product.
- Email Newsletters: Try sending out newsletters. You will be able to keep existing customers involved and interested in your business, as well as maybe even attracting new ones. That is if you have interesting content to share. Try putting a subscribe box

on your website to give visitors an option to follow you. If you have genuinely good content, and attractive discounts or offers, you might end up attracting people who aren't just your customers. An important rule to note: Do not go overboard. No one likes getting spammed with tons of emails.

- **Press Releases:** You don't have to be a PR genius to write a great press release. Every time you release something new, change something of note, or do something great, try putting together a press release and sending it to relevant websites, magazines, and newspapers as well as your local press. Include information that you want to spread about your business. If possible, work on building your relationship with a journalist. Press releases are an excellent way to secure free press. All newsworthy events concerning your business should be written up in a press release. A sample press release can be found in the appendix of this toolkit.¹⁷

PLEASE NOTE: Send press releases in a word document, never submit as a PDF

- **Business Cards:** It would be a mistake to not to mention business cards. A distinctive business card can really set you and your business apart when meeting potential customers, especially if you can showcase as much of your work as possible. They are a cost effective way of making sure you leave a piece of you and your business behind with every everyone you meet.

“SUCCESS USUALLY COMES TO THOSE WHO ARE TOO BUSY TO BE LOOKING FOR IT.”

- HENRY DAVID THOREAU

Market Research

Before selling a product or service, it is important to know the market that you will be entering into. Market research blends consumer and economic trends to confirm and improve your business idea. It is crucial to understand your consumer base from the outset. Market research lets you reduce risks even while your business is still in its planning stages.

Surveys, questionnaires and focus groups are three among the many ways to obtain original data on potential customers. You can also get basic information when a customer calls for your services, visits your facility or browses your website. When customers make a purchase, or any other inquiry, you can find out where they heard about your business.

What to research:

- **Demand:** Is there a desire for your product or service?
- **Market Size:** How many people would be interested in your offering?
- **Economic Indicators:** What is the income range and employment rate?
- **Location:** Where do your customers live and where can your business reach?
- **Market Saturation:** How many similar options are already available to consumers?

¹⁷ See Appendix N on page 81

- Pricing: What do potential customers pay for these alternatives?

Gather demographic information to better understand opportunities and limitations for gaining customers. This could include population data on age, wealth, family, interests, or anything else that's relevant for your business. This type of information is easily accessible at **census.gov**. For direct research, there are additional methods that can be utilized. This includes surveys, questionnaires, focus groups and in-depth interviews.

Create an Identity

Whether you've just launched your company or you've been around for years, your brand identity is one of your most vital assets. Having a strong brand can make the difference between a successful business and one that falls prey to the growing competition.

So what is brand identity?

A lot of new marketers and business owners are surprised to realize it's more than just your logo and your font selection. It's how your customers recognize your company and makes you stand out. 72% of marketers argue that branded content is more effective than advertising in print. (Blasberg, 2018)

Brand Identity includes:

- Logos and color selection
- Email marketing messaging
- Blog post content
- Social media posts
- Interactions with customers online
- Customer service
- Interaction with the community (sponsorships & donations)

Branding today means knowing who your ideal customer is. It combines messaging, values and versatile elements to target the exact demographic you're trying to reach. It's a promise to your customers that they can expect a certain level of service and quality when they choose your brand or product. You need to understand the importance of brand identity before you begin creating your own.

“IN A NAME, WE CLAIM OWNERSHIP OF WHO WE ARE AND WHAT WE STAND FOR.”

- **JENNIE ALLEN**

Employee Management

Hiring A Reliable Workforce

How do you know if someone will be a good employee? What do you look for?

Having the right employees is critical to the success of any business. Good employees can follow directions, are trustworthy, dedicated and do not need to be micromanaged. Across the spectrum, the wrong employees can not only slow down a business, but can cause you to lose money through wasted training time, improperly performed tasks and even stealing. More importantly, any negative actions reflect poorly on your business.

Labor Laws

Before you start to hire your staff, be sure that you have covered your legal bases to do so. The United States Department of Labor administers and enforces nearly 200 federal laws covering workplace activities. The laws fall under various congressional acts and are enforced by various divisions of the DOL (www.dol.gov). These laws include:

- Wages & Hours: Under the Fair Labor Standards Act, administered by the Wage & Hours Division of the Employment Standards Administration (ESA)
- Workplace Safety & Health: Under the Occupational Safety & Health Act, administered by the Occupation and Safety Administration (OSHA)
- Pension & Welfare Benefits: Under the Employee Retirement Income Security Act, administered by the Employee Benefits Security Administration (EBSA)
- Unions & Members: Under the Labor-Management Reporting & Disclosure Act, administered by the Office of Labor-Management Standards (OLMS). The DOL enforces other laws pertaining to drug testing and, polygraph use, garnishing wages and family & medical leave. (Unknown, 2018)



What Kind of Workforce are you Looking for?

Create an accurate job description: Even though there may only be a few of you, it is best to have everything down in print: outline what you expect from employees, what they can expect from you, and ensure that you have a brilliant company atmosphere. In a small business, you may find yourself combining many roles into one, so be specific about what is needed. Your job description shouldn't just be a list of duties and requirements: make sure it portrays your company culture, and what people can expect from you. Remember, unless you sell your job well, you won't get the best people applying for it.

Determine what required skills or experience: There are certain skills, qualifications and training that may be a necessity for the job, but there will also be extras that aren't so important. Distinguish between what a candidate has to have, and what would make you a lot happier to see.

Creating your application

Having a physical or online application will typically save you time during your hiring process. Some jobs, like many in the retail and service industries, don't require a resume, you can get all of the information that you need from an application.

Applications should provide spaces for basic information such as name, address, phone number, and social security number. While you cannot ask a person's age, you can ask if he or she is over the age of 18. You may also want to ask who referred them or where they found out about the position.

The following sections should include Education, Past Job/Salary History and leave some room for applicants to inform you of any special skills and/or experience they may have relating to the position.



Finally, you need to have a paragraph (review this with your attorney) proclaiming that all statements made by the individual are true and that this application does not signify that any hiring agreement has been entered into. Also, have the applicant answer whether or not it is okay to contact his or her current or previous employer. The Employment Application should then be signed by the applicant and dated. (All Business, 2019)

Similarly, with the interview, you cannot ask a variety of personal questions on the application. Once you have selected someone to hire, you should start an employee file with that person's application and resume.

Reviewing Resumes/Applications (Unknown, 2018)

Once you begin receiving applications, there are a few items to look for on submitted resumes:

- Length of employment at previous jobs
- Previous job titles
- Responsibilities at each position
- Special Skills
- Education Level

The review should make it relatively easy to see if an applicant is qualified enough to warrant an interview. A sample of a basic job application can be found in the appendix in the back of this workbook.¹⁸ The more complex or more responsibilities a position has, the more information you will want to require to apply. This could include a resume, writing sample, typing speed, etc.

Employment Interviews

¹⁸ See Appendix O on page 82

Once you have determined which employees you would like to interview, you will want to prepare in advance what questions you plan to ask. There are several different philosophies

when it comes to the interview process. Depending on the position being filled, some employers will look more closely at specific technical skills, while others will focus on how well the individual will fit in with the team.



Among the questions you will want to ask, include:

- What did you do at your last position?
- What did you like about your last position?
- Why did you leave your last position? Or why do you wish to leave?
- What accomplishments are you most proud of?
- What are your strengths and weaknesses?

Additional sample questions can be found in the appendix in the back of this workbook.¹⁹

Look at other specific aspects of the position you are looking to fill. Will they work well with customers; are they familiar with computer or point of sale systems? Be sure to describe the job in detail. After explaining the tasks involved with the position, be sure to ask if they are comfortable performing these tasks.

Questions you may not ask include:

- How old are you?
- What is your religion?
- What ethnicity are you?
- What is your sexual preference?
- Are you married?
- Do you have children?
- Are you planning to start a family?
- Have you ever done drugs?
- Have you ever been arrested?



Additionally, you should not ask any questions that relate to personal information and are not pertinent to the position. You should also never touch an applicant other than a handshake.

Offer Letters

An Offer Letter puts into writing the terms of the job offer so that ambiguities do not arise later. This also makes it clear that either party can terminate employment when they so choose. In addition, changes made to the terms of employment later on can also be written into the agreement and signed by both parties. A sample letter can be found in the appendix at the back of this workbook.²⁰

¹⁹ See Appendix P on page 84

²⁰ See Appendix Q on page 86

Do's and Don'ts of Job Offers

DO:

- State clearly the salary and how often payment is made (weekly, bi-weekly, monthly).
- Give the prospective employee time to think about the offer and respond. If there is a qualifying period before the employee is entitled to benefits, include how long that time period will be.
- Include the date of hire and title of the position.
- Make it clear that employment is “at will” and that the employee can be terminated at any time by the employer.²¹

DON'T:

- Promise raises, bonuses, vacations or perks that may not be forthcoming.
- Make any guarantees that the employee will be employed for any length of time.
- In short, don't promise anything that you cannot, or do not intend, to follow up to provide.

Securing Your Secrets

To make sure employees and consultants keep any of your businesses' proprietary information confidential, the company should typically require them to sign a Confidentiality and Invention Assignment Agreement²². This form deals with the confidentiality issues, but also provides that the ideas, work product and inventions that the employee or consultant creates which are related to your business, belong to the business and not to the employee or consultant. (All Business, 2019)

Wages/Benefits as a Tool / How to Incentivize Employee

- **The Right Pay Rate:** Unless you already know, research the average pay for similar jobs. Depending on how well you're doing, you might be looking to pay less than average, or more. Remember that this will be a deciding factor for many people, so if you are offering less, make sure it sounds like it will be worth it.
- **Define Company Benefits and Holiday Entitlement:** Company benefits at this point may just be free fruit and a sweatshirt, or a discount. No matter what it is, be sure to sell it as some of the great reasons to be working for you.
- **Outline your maternity/paternity policy:** Every company should have these policies in place. The Spring Grove EDA, Small Business Administration (SBA) and Small Business

²¹ See Appendix R on page 89

²² See Appendix S on page 90

Development Center (SBDC) are all resources that can be used if you get stuck.

- There are other ways to incentivize employees. Depending on the general age group and/or personalities of your staff, you hold regular competitions for sales of a specific item, most sales, perform a specific task the most times, or raffle tickets for doing specific tasks. There are also non-work related competitions such as office decorating for holidays or regular rewards for going a month with no injuries.



Not only will your employees have a little something extra to be excited about for work each day, you will see them work a little bit harder to stay competitive. A person who feels appreciated will always do more than is expected. Additionally, your business will gain a reputation for being a great place to work. Remember, people don't leave bad jobs, they leave bad bosses who don't appreciate their value.

Managing People (It's Hard)

There are a number of situations and tasks that you need to be prepared for when managing staff of any number. Everything from hiring, firing, scheduling, training, etc. will need to be done, and you'll need to be the one to do it.

"IMAGINATION IS EVERYTHING. IT IS THE PREVIEW OF LIFE'S COMING ATTRACTIONS."

- ALBERT EINSTEIN

- **Scheduling**

There are many ways to go about scheduling your staff. You may only have full time employees, in which case you may be able to keep schedules fairly consistent. If you have multiple employees and/or multiple shift times, it may be a little more complicated. There are many templates for creating Employee Shift Documents online, as well as a number of telephone apps that can assist you with creating your schedules and communicating those schedules to your staff.

- **Selecting Management**

If you find that you are overwhelmed with the tasks that lay before you, you may be interested in hiring a manager. This individual would have a number of additional tasks to complete, which would give you some additional time to run your business. When asking someone to take on additional duties, it would be anticipated that there would be a raise in pay equal to the increase in responsibilities.

For many small businesses, there are no employees for the first few years. All businesses have different staffing needs, and there is no hurry to add staff until you feel you are financially prepared to do so.

- **Addressing Conflict**

Conflict resolution is a daily occurrence at work that can either propel or disrupt the momentum for a leader, a team or an entire organization. The workplace can become a toxic environment when leaders allow conflict to fester rather than confront it head-on. (Llopis, 2014)

1. Right Timing: Timing is everything when it comes to managing conflict. The best time to take action is when there is hard evidence/proof that an employee has a track record of wrongdoing that is negatively impacting the performance of other staff or experience of clients. (Llopis, 2014)
If everyone around you knows it must be dealt with and you are still waiting to act, you are losing the respect of your peers and those you lead.
2. Know Your Boundaries: Since everyone deals with conflict differently, you have to be observant of the boundaries of your employees. Identify behavioral tendencies that seem to trigger certain attitudes, provoke mindset shifts, or demonstrate a lack of self-awareness. Once you feel you have identified the issue, address it. Always confront conflict in private.
3. Respect Differences: Respect the unique differences in people and work to see things from their perspective so you can better understand how to avoid the situation in the future. Conflict resolution is rarely black and white. In fact, there are more and more grey areas as the workplace becomes more generationally and culturally diverse than ever before.
4. Confront the Tension: Conflict can yield an emotional state of mind that makes it more difficult to manage it. As such, we must confront rather than allow it to fester because we failed to address the conflict when it first became apparent. Perception is not always reality and oftentimes we don't confront the most obvious situation before us because we let other points of view distort what we believe to be true. The most effective leaders have the self-awareness and wisdom to confront and diffuse the tension (Llopis, 2014).

“EVERY PROBLEM IS A GIFT — WITHOUT PROBLEMS WE WOULD NOT GROW.”

- ANTHONY ROBBINS

- **Establishing Consequences for negative behavior** (Madlinger, 2019)

Ensure all staff are aware of your policy.

1. Don't do it when you are angry
2. Document the problem
3. Use company policies to back you up
4. Include any relevant witness statements
5. Set expectations for improvement and/or create an action plan
6. Deliver news in person
7. Require employee's signature on action plan and keep records

8. Follow up

- **Annual Performance Reviews, it's more important that you think**

Annual performance reviews are an important part of managing staff that often gets overlooked. This type of consistent reviewing schedule helps your staff to hold themselves accountable for their activities when representing you and your brand. In addition, staff want to know how they are performing at their jobs. If they are doing well, tell them. If they have ideas, listen to them. You don't have to implement all of them, but it is of great benefit to you if your staff are happy and feel invested in the success of your business. Try to hold a review for each employee once a year.

One way that is used often is an appraisal form.²³ In this situation both you and your staff member would fill out an appraisal form for the employee in question. Once this has been done, you will schedule the employee for an in person review where you are able to discuss the appraisal forms. Do not focus only on areas that need improvement. Be sure to give praise where praise is due. Employees who feel they are appreciated and are doing well, will perform better and will stay with you longer.

- **Exit Interview**

Whenever possible, try to get an exit interview²⁴ from any employee that leaves your employment. These interviews help you to be a better manager of your business and allows you to see some views of your business from another perspective. Use this information to better your business or to reinforce that some of your programs/benefits are paying off. A sample exit interview can be found at the back of this toolkit.

There are many other aspects of managing employees that will come up often throughout your time running your business. If you ever run across an issue or situation where you feel stuck, reach out to the city EDA, Small Business Development Center, Minnesota Department of Employment and Economic Development or a Small Business Administration, and there will be someone ready to help you through whatever it is you may need.

²³ See Attachment T on page 95

²⁴ See Attachment U on page 98

Succession Planning

What Is It and Why Is It Important?

So you think that you don't need a succession plan? You're young, you're healthy. But it is more than you think. And it is not necessarily just about you. If something suddenly happens to you, is your family okay? Who owns the business? What affect will this have on your community? Succession planning keeps your business moving forward during the inevitable changes that come with this scenario. We will attempt to give a general overview of succession planning.

There are two types of succession plans; exit planning and transition planning. We will explore both in this section.

According to the University of Minnesota Extension, around 80% of those who buy a business hear about the businesses availability because they were approached by the previous owner, they were an employee, from a real estate agent or a family member.

Transitional Succession Planning

A Transitional Succession Plan is a training plan for the individuals who will be successors for your top tier employees. Succession planning is practiced by small businesses, hospitals and universities. Succession planning helps you to identify the staff that you will want to train to take over key positions when the time is right. It is a process that ensures your business is prepared for the future. That way, when a key employee leaves, you already have someone in mind to fill their position. (who, hopefully, has been groomed for this eventuality). Early Succession planning ensures that employees are recruited and developed to fill each key role in your business.

Actively pursuing succession planning ensures that employees are constantly developed to fill each needed role in your business. As your business grows, succession planning guarantees that you have employees on hand ready and waiting to fill the new roles. If your business is significantly smaller, your planning may look a little different as you won't have many spots to fill and some individuals may be preparing remotely for taking a position or purchasing a business.

Businesses who ultimately have successful transitions, begin planning 1-3 years ahead of the time. Always have three or more years of profitability in financial records, get a business valuation to target improvements of your business, create your leadership transition plan, and offer mentorship to the new owner. These are all ways to help you transition successfully.

Steps to Secure Your Business Future

When you are ready to start, here is a business model to help guide you along. (Succession Planning, 2018) While this is not the only way to go about succession planning, this seven step model will serve as our guide to the process.



1. Identify Critical Roles: The first phase involves developing a solid understanding of the most significant challenges the business and its industry are likely to face over the next four to six years, and the skills and experiences the chief executive will need to lead the business past those hurdles. Looking at these challenges will help to establish measurable goals to guide the succession planning process

2. Construct Succession Profiles: Once you determine the critical roles, you will need to be specific on your job description and know what training, on or off the job, needs to be completed before the

staff member can be selected. What changes do you think that your industry may face in the coming years? How would you want to have these things handled? Knowing what each position will entail, will make it easier to select a successor with the competencies that you are looking for.

3. Assess Staff: Succession planning is looking at filling a position with the best possible candidate, not basing it on personal opinions (Mikesell, 2018). You will need to assess your current workforce to identify key positions and key employees, recognizing that sometimes key employees are not in upper leadership, but in support positions. (Succession Planning, 2018) You need to carefully consider every individual for both skill and emotional intelligence. Your highest-potential employees will be lifelong learners who are both self and socially aware. They'll also be great problem solvers, adaptable, reliable and able to take on additional responsibilities. You'll want to avoid promoting people who tend to get involved in the office drama, resist change and spread negativity.

“LUCK IS PREPARATION MEETING OPPORTUNITY”
- OPRA WINFREY

4. Create Development Plans: There are many ways you can go about succession planning. The best succession plan is the one that fits your business. To determine what will work best for your business, consider these questions:
- Do you want a complete succession plan that includes every position and employee in your organization? Or, do you want a succession plan that covers only upper management and other important leadership positions.
 - Will identifying and grooming successors be incorporated into your managers' performance reviews?

- Does your company have particular vulnerabilities, such as a large percentage of retiring employees in a particular area of your business?
- What is your ultimate goal? What outcome are you hoping for?

Try creating an organization chart to assist you with developing your plans. This chart is more than just a 2-D snapshot of a company's hierarchy. When used as a workforce planning tool, it allows you to make staffing decisions that spur growth, including those involved with succession planning.



5. Develop Successors: Once you have identified key positions, you need to select employees to fill these roles. Talk to your employees about their career goals and where they see themselves in the future. Be prepared to find that some employees you consider to be high potential for advancement aren't interested. That's okay. You need solid performers at every level of the organization.

Once selected, begin to mentor your candidates. Don't limit yourself to selecting only one person for a position. Leaving yourself options is a good idea since you cannot see the future. You will want to have a solid training or mentoring strategy for each position you are looking to provide a successor for. For many small businesses, that is just the owner.

If you know you are looking to sell your business sooner rather than later, the media can be very helpful. By advertising and having a story to accompany your store's closing, you can increase the feeling of urgency for potential buyers. In smaller communities, losing businesses can be devastating. Having a story about how your business has impacted the community over the years, or how you wish you could keep it running but..., can alert the community into action. Once alerted, many times, the word of mouth can spread to the right person.

6. Successors Ready: When successors are ready you should be at the point where you feel comfortable if they were to unexpectedly need to step into your shoes. No changes need to be made that this time, but you will want to ensure you are continuing to mentor and provide updated training etc. for the successors to keep up to date. Your task at this time is to retain your successors and provide them with continued education. Talent management during this phase of planning should focus on addressing competency gaps, particularly in critical positions, by implementing and maintaining programs to attract, acquire, develop and retain quality talent.
7. Review and Adapt: Evaluate the entire succession planning program on a regular (usually annual) basis. It is notable that the majority of literature on succession planning is focused more on bigger companies. A majority of the current approaches do not fully address what is often involved in and the complexities of these transitions in small businesses.

Exit Succession Planning (Unexpected)

Unexpected transitions occur due to the "5 unexpected D's" (Unexpected Transitions, 2018).

1. Divorce
2. Death
3. Disability
4. Departure
5. Disagreement (between owners)

The largest solution for an Unexpected Succession, is early planning. 99% of Business Owners agree a plan is important. Yet 48% had NO planning at all, and 80-90% had NO WRITTEN business or personal transition plan. (Unexpected Transitions, 2018)

When it comes to a family owned business, talk to your family and make a plan for an unexpected event. This will identify who in your family will be looking to make the transition as the new business owner. This type of internal business transfer is a fairly straight forward and easy transfer, as long as the legal work was done in advance. You will want to ensure that your business plan and will reflect this desire.

Barriers to Succession

Top Barriers

- Time
- Cost
- Confidentiality
- Lack of awareness about value of planning

Also,

- Not interested/ready to pass it on
- Valuation is too low
- Value is overestimated
- Don't know where to begin

Whether you are ready to retire or just preparing your business for a potential emergency, a succession plan is something that every business owner should have. Not only will it give you peace of mind, knowing that your family and business are safe and secure in the event that something happens to you, a succession plan will assist you in seamlessly passing on or selling your business when the time comes.

References

Better Business Bureau of Minnesota

651-633-1111

<https://www.bbb.org/local-bbb/bbb-of-minnesota-and-north-dakota>

Business Identity Theft: Education, Prevention & Assistance. Victim Assistance can also be found online at: <http://www.businessidtheft.org/>

Houston County Economic Development Authority (EDA)

507-458-2492

eda@co.houston.mn.us

<http://houstoncountymn.com>

IRS: EIN Registration Assistant

1-80-829-1040

<https://sa.www4.irs.gov/modiein/individual/index.jsp>

Lender Match: Free online referral tool that connects small businesses with participating SBA-approved lenders.

<https://www.sba.gov/lendermatch>

Minnesota Council of Nonprofits: works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector.

651-642-1904

1-800-289-1904

info@minnesotanonprofits.org

<https://www.minnesotanonprofits.org/>

Minnesota Department of Agriculture (MDA)

651-201-6000

<http://www.mda.state.mn.us>

<http://www.mda.state.mn.us/funding> - MDA Loan and Grant Programs. The MDA provides many programs to assist farmers in improving and expanding their current operations. Programs are also available to offer low interest loans to farmers, rural landowners and agriculture supply businesses. These programs include:

- Agriculture Best Management Practices (BMP) Loan Program: 651-201-6618
- Aggie Bond Beginning Farmer Loan: 651-201-6556
- Agricultural Improvement Loan: 651-201-6666
- Beginning Farm Loan: 651-201-6666
- Farm Opportunity Loan Program: 651-201-6666
- Livestock Equipment Loan Program: 651-201-6666
- Livestock Expansion Loan Program: 651-201-6666
- Methane Digester Loan Program: 651-201-6666
- Pilot Agricultural Microloan Program: 651-201-6666

- Restructure II Loan Program: 651-201-6666
- Seller Assisted Loan Participation Program: 651-201-6666
- Value Added Stock Loan Program: 651-201-6666
- AGRI Livestock Investment Grant: 651-201-6458
- AGRI Value-Added Grant Program: 651-201-6135
- Dairy Business Planting Grant: 651-201-6646
- Specialty Crop Block Grant Program: 651-201-6539

Minnesota Department of Employment and Economic Development (DEED)

651-259-7114

800-657-3858

<http://mn.gov/deed/>

Minnesota Department of Labor and Industry

651-284-5005

1-800-342-5354

<http://www.dli.mn.gov/>

Worker's Compensation: <http://www.dli.mn.gov/business/workers-compensation-businesses>

Minnesota Department of Revenue: Business Tax Registration

<https://www.mndor.state.mn.us/tp/webreg/>

Minnesota Emerging Entrepreneur Loan Program (ELP): Supports growth of businesses owned and operated by minorities, low income persons, women, veterans and/or persons with disabilities.

651-259-7456 651-259-7450

<https://mn.gov/deed/business/financing-business/deed-programs/mn-elp>

Minnesota Investment Fund (MIF): Provides financing to help add new workers and retain high-quality jobs. The program's focus is on industrial, manufacturing and technology-related industries.

651-259-7430

<https://mn.gov/deed/business/financing-business/deed-programs/mn-mif/>

Minnesota Job Creation Fund: Provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets.

651-259-7483

<https://mn.gov/deed/business/financing-business/deed-programs/mn-jcf/>

SCORE: Offers free business mentoring, low-cost or no-cost business training, and numerous templates and tools to help you start or grow a business.

507-200-0760

<https://seminnesota.score.org/>

Spring Grove Economic Development Authority (EDA)

Courtney.Bergey@cedausa.com

(507) 251-9272

<http://www.springgrovemn.com/business/>

EDA Meetings are held on the second Tuesday of the Month at 5:00 pm in the Spring Grove Communications public meeting room.

- **Fix-UP Fund:** The Spring Grove EDA has committed \$10,000 to the popular fix-up fund grant program, which kicked off in 2013. These matching grants will pay 50% towards the cost of improvements to storefronts up to a maximum of \$2,500 per business.
- **Business Breakfasts:** The Spring Grove EDA has acquired a grant from Southern Minnesota Initiative Foundation, which will be used to provide several training opportunities for local businesses and entrepreneurs who are interested in starting a business. These sessions are free of charge. Dates will be announced on the website, along with the Spring Grove Herald and Bluff Country Reader.
- **Revolving Loan Fund:** The Spring Grove EDA has available a loan fund that local businesses can

United States Economic Development Administration: The U.S. Economic Development Administration's investment policy is designed to establish a foundation for sustainable job growth and the building of durable regional economies throughout the United States. This foundation builds upon two key economic drivers - innovation and regional collaboration. Innovation is key to global competitiveness, new and better jobs, a resilient economy, and the attainment of national economic goals. Regional collaboration is essential for economic recovery because regions are the centers of competition in the new global economy and those that work together to leverage resources and use their strengths to overcome weaknesses will fare better than those that do not. EDA encourages its partners around the country to develop initiatives that advance new ideas and creative approaches to address rapidly evolving economic conditions.

- Office of the Assistant Secretary
202-482-5081
- Office of Innovation and Entrepreneurship
202-482-8001
- Regional Office (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)
312-353-8143

United States Patent & Trademark Office

571-272-1000

1-800-877-8339

<https://www.uspto.gov/patent/laws-and-regulations/interview-practice#last-anchor>

<https://www.facebook.com/uspto.gov>

Appendix

- A. SPRING GROVE ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND GUIDELINES
- B. SPRING GROVE ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND & SUBSIDY APPLICATION
- C. HOUSTON COUNTY ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND GUIDELINES & APPLICATION
- D. TRADITIONAL BUSINESS PLAN EXAMPLE
- E. LEAN BUSINESS PLAN EXAMPLE
- F. STATE OF MINNESOTA FEE SCHEDULE FOR BUSINESS FILINGS
- G. SAMPLE BALANCE SHEET
- H. SAMPLE BANK RECONCILIATION WORKSHEET
- I. SAMPLE CASH FLOW STATEMENT
- J. SAMPLE CASH FLOW WORKSHEET
- K. SAMPLE COMPARITIVE BALANCE SHEET
- L. SAMPLE COMPARITIVE INCOME STATEMENT
- M. SAMPLE INCOME STATEMENT
- N. SAMPLE PRESS RELEASE
- O. SAMPLE APPLICATION
- P. SAMPLE INTERVIEW QUESTIONS
- Q. SAMPLE OFFER LETTER
- R. SAMPLE 'AT WILL' POLICY
- S. SAMPLE CONFIDENTIALITY AGREEMENT
- T. SAMPLE EMPLOYEE APPRAISAL FORM
- U. SAMPLE EMPLOYEE EXIT INTERVIEW

Spring Grove Economic Development Authority Revolving Loan Fund & Business Subsidy Application Guidelines

The Spring Grove Revolving Loan Fund (RLF) originated from City funds. The primary objective is to be considered in administering the RFL is growth, retention and attraction of businesses in Spring Grove.

Use of funds: Acquisition, construction, machinery and equipment and working capital.

Types of businesses: New or expanding businesses including manufacturing, service, retail and commercial entities.

Financing: Direct/low interest loans, gap financing and loan guarantees.

The establishment of the RLF allows the Authority to assist businesses for growth and success. The fund will enhance conventional lenders ability to make adequate and affordable credit available to businesses through a public/private partnership. The City will receive dividends of a healthier business community, more jobs for its residents, and an expanded, diverse tax base.

Goals and Objectives

- Collaboratively make credit more readily available to small businesses in the city of Spring Grove. Provide financing for “good deals” which may not be conventionally bankable through structure of terms, interest rates and type of participation.
- Create jobs for the Spring Grove community. Expanded employment opportunities for residents of Spring Grove.
- Expand and continue to diversify the tax base. Assisting businesses to remain and expand in Spring Grove and to provide tax base diversity.
- Manage the portfolio. Assure repayment so the capital base of the loan fund can grow over time. To have a permanent impact the funds must be available to future borrowers using funds repaid by earlier borrowers.

Service Area

The Spring Grove EDA will operate and service loans made to companies located within Spring Grove city limits.

Types of Financing

Direct loans up to 50% of total project cost, not to exceed \$75,000 (minimum of \$2,500). Minimum of 10% owner equity investment in project required. The term and rate of each loan will be determined by the needs of each project based on:

- Term of other lenders and the economic life of the asset being financed.
- Rate of interest will be negotiable as determined by project need and will be tied to the prime rate (at the time of submission of the application) with a floor and ceiling holding to a radius of 2%.
- Maximum Length of Term shall be capped by the following schedule for financing terms. In the event, f a request for composite use of funds, the cap will be the longest applicable term and negotiated on a case by case basis.
 - Acquisition of Land 20 years
 - Acquisition of Building 20 years
 - New Construction 20 years
 - Machinery and Equipment 7 years
 - Building Renovation 15 years
 - Working Capital (Inventory) 5 years

Eligible Borrowers

The program will be open to any eligible legitimate business whose primary place of business is in Spring Grove. Proposals will be reviewed by staff and the EDA Loan Committee.

Use of Loan Proceeds

Eligible uses:

- Land Acquisition
- Site Improvements
- Demolition
- New Building Construction or Rehabilitation
- Renovation and Modernization of Interior & Exterior of Buildings
- Machinery, Equipment and Fixtures
- Inventory
- Working Capital: Limited to 25% of total project costs or to a maximum of \$7,500
- Workforce Development
- Renewable Energy

The EDA, with approval from City Council, has the authority to grant RLF funds to a regional or state pool to provide the local match required for capitalization of a regional or state revolving loan funds.

Ineligible uses:

- Taxes (except for Sales & Use Tax when paid in connection with the purchase of eligible items)
- Refinancing Debt (Unless Debt is current RLF Loan)
- Residential Real Estate

- Professional Fees
- Construction and/or Renovation of Residential Units
- Organization Expenses
- Financing of Speculative Product Development

Other Criteria to be Considered:

- Creation of new jobs or retention of existing jobs
- Increase in the tax base
- The project can demonstrate that investment of public dollar induces private funds
- The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project
- The project provides higher wage levels to the community or will add value to current workforce skills
- Whether assistance is necessary to retain existing businesses
- Whether assistance is necessary to attract out-of-state business

Credit Policies

Loan decisions will be based on demonstrated ability to repay debt, firm project costs, demonstrated need for financing, and financial statements of the company. Equity investment and collateral will be determined on a case by case basis. Subordinated positions will be accepted.

Application Process

Application Procedure, Approval Process, and Closing shall follow the City of Spring Grove Business Subsidy Criteria Policy for all loans of principals of \$50,000 or greater. All loans of principal of less than \$50,000 shall follow the application and closing processes of the City of Spring Grove Business Subsidy Criteria Policy, and will be approved by a simple majority of the Economic Development Authority (EDA).

Application Review Process

When a completed application is received, EDA staff will conduct a thorough review of the application. Items to be considered:

- Applicability of the project to the goals of the business Subsidy policy
- Benefits of the proposed project to the City as compared to costs
- Compliance with all city ordinances, policies and restrictions
- Availability and applicability of other governmental grants and/or loan programs
- Ratio of private funds to loan funds
- Financial Feasibility – availability of funds, private investment, financial packaging and cost effectiveness.

- Project design
- Repayment ability and sufficient cash flow to cover proposed debt service
- Balance sheet/ratio analysis
- Letter of commitment from applicant pledging to complete the project during the proposed project duration, if the loan application is approved.
- Letter of commitment (or denial) from regulated financial institution stating terms and conditions of their participation in project, if applicable
- Management skills
- Sufficient collateral and lien position

Other Policies

Loan closing will be handled by EDA staff and other appropriate City Staff.

Staff will notify EDA of any account delinquencies.

Defaults will be handled on a case by case basis. Specific action will depend on the nature and circumstances, amount and availability of collateral and costs versus benefit of liquidating assets or other collateral. Any action taken will be handled by EDA staff at the direction of the EDA.

Conflict of Interest

A loan application must stand on its own merits. A voting member of the EDA or City Council may not vote or otherwise influence other voting members on measures regarding a loan request where they or their immediate family stand to benefit either personally or financially.

Business Subsidy Law

The project must conform to the Spring Grove Business Subsidies Criteria and innesota Business Subsidy Law, MN § 116J.994.

Government Data Practices

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act, MS § 13.

Right of Ultimate Review

Due to the fluctuating nature of business and communities, this policy must remain able to accommodate the changing needs of the City. Due to inherent inability to fully anticipate future situations and projects, this granting body retains the right to grant loans to projects that are deemed in the public interest, yet may deviate from the above criteria.



Spring Grove Economic Development Authority

Business Subsidy/Revolving Loan Fund Application

Basic Information			
Company Name:			
Company Contact(s):			
Address:	City:	Zip:	
	Telephone:	Cell Phone:	
Email Address:	Website Address:	Fax:	
Company Information			
Date Established		Federal Tax ID (if you have one)	
What Stage Is Your Business In?			
<input type="checkbox"/> Planning/Pre-Start-Up		<input type="checkbox"/> Start-Up (1 to 12 months of revenue)	
<input type="checkbox"/> Existing (12 plus months of revenue)			
Business Structure			
<input type="checkbox"/> Sole Proprietorship		<input type="checkbox"/> S-Corp	<input type="checkbox"/> C-Corp
		<input type="checkbox"/> LLC	<input type="checkbox"/> Other (Please List) _____
List all owners (current or anticipated) holding at least 20% or more of the share equity in the company			
_____	_____	_____	_____
Last Name	First Name	Ownership %	Company/Position
_____	_____	_____	_____
Last Name	First Name	Ownership %	Company/Position

*All owners listed above are required to fill out and sign the signature page.

Requested Amount					
How Much Money Are You Asking to Borrow?					
What Will You Do With The Money?					
Desired Loan Term:					
Sources and Uses of Funds					
Purpose for which funds will be used	Spring Grove EDA	Bank	Personal Equity	Other	Total
Land Acquisition					
Building Acquisition					
Building Renovation/Rehab					
New Construction					
Machinery/Equipment					
Inventory					
Working Capital					
Other:					
Total					
Collateral Offered					
Asset	Value	Lien Position			

Job Creation				
	Full Time	Hourly Wage (average)	Part Time	Hourly Wage (average)
Number of Existing Employees:				
Number of New Jobs Created:				
Jobs Retained (jobs that would be lost without project)				

Employee Benefits None Health Dental Retirement Disability

Sick Life Vacation Profit Sharing Other _____

Business Profile

Describe type of business the applicant is engaged in:

Describe the project for which the applicant is seeking funding:

How are your products/services unique from your competitors?

What economic benefit does the project provide to Spring Grove and the surrounding area?

Property Identification and Data		
* Please provide information on the property where the project will occur		
Site Address:		
Current Owner(s):		
Legal Description:		
Property ID Number:		
For Construction Projects Only:		
Property Area (sq. ft.):		
Building Size (sq. ft.):		
Building Use:		
Zoning District:		
Special Restrictions/Regulations:		
Covenants & Restrictions Compliance:		
Financial Competency		
	YES	NO
Has the business, owners or parent company ever declared bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
Has there or is there currently any judgements or injunctions against the company or owner?	<input type="checkbox"/>	<input type="checkbox"/>
Is there any pending, anticipated, or final regulatory or legal (civil or criminal) litigation involving the business, principles, officers or shareholders?	<input type="checkbox"/>	<input type="checkbox"/>
Has the company or owners ever been or currently delinquent on State or Federal Taxes?	<input type="checkbox"/>	<input type="checkbox"/>
Has the company or the owners ever defaulted on any loan commitment, development or redevelopment agreement, or other business subsidy?	<input type="checkbox"/>	<input type="checkbox"/>
<i>If yes is checked, you must attach detailed information about the particular item</i>		

Government Monitoring - OPTIONAL

The following information is requested by the Federal Government for certain types of loans in order to monitor the Lender's compliance with equal credit opportunity, and title VI of the Civil Rights Act of 1964. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations this Lender is required to note race and sex on the basis of visual observation or surname. If you do not wish to furnish the information, please check the box below.

Applicant 1 <input type="checkbox"/>	Applicant 2 <input type="checkbox"/>	<input type="checkbox"/> I do not wish to furnish this information	Applicant 1	Applicant 2
Race Categories			Military Service	
<input type="checkbox"/>	<input type="checkbox"/>	American Indian or Alaskan Native	<input type="checkbox"/>	<input type="checkbox"/> Veteran
<input type="checkbox"/>	<input type="checkbox"/>	Black or African American	<input type="checkbox"/>	<input type="checkbox"/> Non Veteran
<input type="checkbox"/>	<input type="checkbox"/>	Asian		
<input type="checkbox"/>	<input type="checkbox"/>	white		
<input type="checkbox"/>	<input type="checkbox"/>	Native Hawaiian or Pacific Islander		
Ethnic Categories			Sex	
<input type="checkbox"/>	<input type="checkbox"/>	Hispanic or Latino	<input type="checkbox"/>	<input type="checkbox"/> Female
<input type="checkbox"/>	<input type="checkbox"/>	Not Hispanic or Latino	<input type="checkbox"/>	<input type="checkbox"/> Male

Are you a citizen of the United States of America? Yes No

If no, please provide a copy (front and back) of your alien registration card.

Signature Page

Information Release Authorization

I certify that all statements made in this application are an accurate representation of my financial condition on this date and are made for the purpose of obtaining the funding indicated. Verification and re-verification of any information contained in this application may be made at any time by the City of Spring Grove, its agents, successors and assigns, either directly or through a credit reporting agency or another source named in this application at any time while checking the credit worthiness of this authorized signer.

The City of Spring Grove, its agents, successors and assigns will rely on the information contained in this application and I/we have a continuing obligation to amend and o supplement the information provided in this application if any of the material facts which I/we have represented herein should change prior to advancement of funds by the City or at any time thereafter if requested.

Applicant's Full Name (Printed)

Applicant's Full Name (Signature)

Date

Applicant's Full Name (Printed)

Applicant's Full Name (Signature)

Date

Applicant's Full Name (Printed)

Applicant's Full Name (Signature)

Date

Application Submittal

Please return the completed application form along with attachments and a \$100 non-refundable, application fee to:

City of Spring Grove
118 1st Avenue NW
PO Box 218
Spring Grove, MN 55974

Or email Courtney Bergey Swanson at Courtney.Bergey@cedausa.com

If you have any questions regarding the completion of this application contact Courtney Bergey Swanson, EDA Director at (507) 251-9272 or courtney.bergey@cedausa.com or contact Erin Konkel, City Clerk at (507) 498-5221 or Erin.Cityofsg@springgrove.coop

Attachment - Personal Financial Statement

Personal Financial Statements are required by all owners holding at least 20% or more of the share equity in the Company. You may submit in your own format, or use the one below:

ASSETS

Liabilities

1. CASH	
2. Savings Account	
3. Checking Account	
4. Subtotal (Lines 1-3)	
5. U.S. Bonds	
6. Other Securities	
7. Other Assets	
8. Subtotal (Lines 5-7)	
9. Household Real Estate Owned	
10. Other Real Estate Owned	
11. Personal Property	
12. Other Assets	
13. Subtotal (Lines 9-12)	
14. Total Assets (Lines 4 + 8 + 13)	

15. Notes due to Banks	
16. Notes due to Relatives	
17. Notes due to Others	
18. Unpaid Bills	
19. Rent Due	
20. Subtotal (Lines 15-19)	
21. Real Estate Mortgages and Contract for Deed	
22. Liens	
23. Installment Debts, Credit Cards, Etc.	
24. Car or Vehicle Debts	
25. Subtotal (Lines 21-24)	
26. Total Liabilities (Lines 20 + 25)	

Net Worth (Line 14 minus 26)	
------------------------------	--

Applicant's Full Name
(Printed)

Applicant's Full Name
(Signature)

Date

Business Plan and Attachments

We encourage all businesses to maintain a viable business plan including the following components. While this is not required for submission, it is highly encouraged and the Spring Grove EDA may request any or all of the following documents during the loan review process. Note that not all areas listed below will apply to your business plan or situation.

BUSINESS PLAN

History & Description of Business

- Describe the past operation of the business and/or the events leading to its creation. Include information on the products, services, industry, management/key employees, and the operation's growth and affiliates.

Market Analysis and Strategy

- Description of current buyers and target markets (provide verification of purchase orders, contracts, etc. that relate to the reason for the loan request).
- Competition (who are the local, national and international competitors?)
- Sales Promotion
- Advertising
- Pricing, distribution and promotion
- Manufacturing process and materials

Factor and Demand Conditions

- What specialized factors, such as labor or infrastructure, affect your success?
- Specifically, who are your customers?
- Who are your primary suppliers and where are they located?
- What utility company will provide service to your company?
- Products
- Description of product line
- Proprietary position of patents, copyrights, legal and technical considerations
- Comparison to the competition

Financial Projections

- Provide at least two years of financial projections, including debt service & cash flows, stated on a monthly and annual basis.

Other Attachments

- A detailed list of all business debt to include terms and conditions of all debt
- Include resumes of all principals
- Copy of at least 3 years Business income tax statements & financial documents (balance sheet, income, etc.)
- Copy of least 3 years Personal tax returns from all principals owning 20% or more of the business
- Evidence of payment of last quarter's payroll tax
- Evidence of Worker's Compensation insurance coverage
- Verification of no outstanding judgements, tax liens, and real estate tax owed by the business or the owners
- Partnership/Corporate documents (Certificate of Authorization, By-Laws)

HOUSTON COUNTY, MINNESOTA
REVOLVING LOAN FUND POLICY
[Department of Employment and Economic Development) –DEED
MINNESOTA INVESTMENT FUND PROGRAM (MIF)]

RLF-I. INTRODUCTION - SOURCE and PURPOSE of FUNDS

The purpose of this policy is to provide written guidelines for the processing and award of loans under the Houston County Economic Development Authority (EDA) Revolving Loan Fund (RLF) Program. It is intended to be used as the procedure for the EDA to follow in the granting and administration of the RLF program.

The initial capitalization for the RLF is from the State of Minnesota. The RLF will be used primarily to provide fixed asset financing to businesses in Houston County. The RLF may also be used for limited working capital financing. The form of the RLF's involvement in the financing may be as a direct loan to the business or as a guarantor to a conventional bank loan. It is a goal of the RLF program to leverage its funds to the greatest extent possible. It is the intent of the RLF program to primarily use its direct loan program for fixed asset subordinated mortgage financing and its loan guarantee component for working capital loans.

Each loan must document job creation or retention, which is the public purpose of the program. The Houston County Revolving Loan Fund Program is a "gap" financing tool used to assist financing business projects, which would otherwise lack the required funding.

The Revolving Loan Fund Program is administered by the Houston County Economic Development Authority, subject to final approval by the Houston County Board of Commissioners.

RLF II. ELIGIBILITY, GENERAL LIMITATIONS, INTEREST & TERM

A. Applicant / Project Eligibility, Private /Equity Participation and MIF-RLF repayment terms shall follow the Houston County Business Subsidy Criteria Policy.

Interest rates will be considered on a case by case basis by the Houston County EDA Finance Committee and forwarded to the full EDA board and subject to final approval by the Houston County Board of Commissioners. Criteria for determining interest rates for the RLF may include, but are not limited to, job creation, need for the business within the community or county, tax base increases.

The Houston County EDA will consider loans for up to a ten year term on a case by case basis. The following uses are eligible for financing:

1. Acquisition of Land
2. Acquisition of Building
3. New Construction
4. Machinery and Equipment
5. Building Renovation
6. Working Capital (Inventory)

Other Loan Terms

1. Minimum loan amount is \$1,000
2. Maximum loan amount shall not exceed \$30,000.
3. RLF Loan shall not exceed 50% of the total project costs.
4. All construction and renovation must comply with city and county codes and policies; repairs may include mechanical, heating, plumbing, electrical, structural, façade, and energy related improvements.
5. Security and personal guaranty requirements will be determined by the RLF Committee. These requirements shall be consistent with financial industry standards.
6. Applicant must be willing to sign a personal guaranty if required.
7. A project may commence after Houston County has approved the loan. Any costs incurred before the loan application has been approved may not qualify as eligible expenditures.

RLF III ELIGIBLE BUSINESSES /PROJECTS

A. ELIGIBLE USES: Preference shall be given to fixed assets.

1. Acquisition of Land
2. Acquisition of Building
3. New Construction
4. Machinery and Equipment
5. Building Rehabilitation
6. Working Capital defined as Inventory.

B. INELIGIBLE BUSINESSES/PROJECTS:

1. Media
2. Casinos
3. Sports Facilities
4. Retail
2. Agricultural Production
3. Speculative Real Estate
4. Construction or Maintenance of Utilities

C. INELIGIBLE USES:

1. Refinance Debt
2. Pay Delinquent Taxes
3. Professional Offices
4. Cover Product Development Costs
5. Invest in Residential Real Estate

RLF IV. APPLICATION PROCEDURE, APPROVAL and CLOSING

- A. Application Procedure, Approval Process and Closing shall follow the Houston County Business Subsidy Criteria Policy.
- B. While the EDA will endeavor to secure each loan with adequate collateral, lack of hard collateral, by itself, will not be a reason to decline a loan.

BUSINESS SUBSIDY APPLICATION

Houston County

TYPE OF SUBSIDY: _____ **Date:** _____

Loan: _____ Tax Abatement: _____ Tax Increment Financing(TIF): _____

Request: \$ _____ Total Project: \$ _____ Parcel#: _____

Name of Business: _____

Business Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Contact Person: _____ **Phone:** _____

Type of Business: Sole Proprietor _____ Partnership _____ Corporation _____

Nature of Business: _____ **Date Established:** _____ **SIC Code:** _____

Employer's Federal Identification Number: _____

Employer's State Identification Number: _____

Name of Owner #1:

Percentage Owned: _____ %

Home Address: _____

City, State, Zip: _____

Home Phone: _____

Name of Owner #2:

Percentage Owned: _____ %

Home Address: _____

City, State, Zip: _____

Home Phone: _____

Professional Services / References

Name of Bank: _____

Bank Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Contact Person: _____ **Account#:** _____

Name of Attorney: _____

Attorney Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

Name of Accountant: _____

Accountant Address: _____

City: _____ State: _____ Zip: _____ Phone: _____

General Description of Principal Business or Product

Annual Sales:

Present: \$ _____ Future: \$ _____

General Description of Proposed Project, Building and Site (Attach site and building plans)

Building size: _____ Materials: _____

Estimated Market Value upon completion (land & improvements): \$ _____

Expected Start Date: _____ Expected Completion Date: _____

Other Potential Use(s) of Proposed Facility: _____

Potential to Attract other Related Business / Industry: _____

Current and Projected Employment

<u>Type of Employment</u>	<u>Existing Jobs</u>	<u>Employment Projections</u>	
		<u>First Year</u>	<u>Second Year</u>
Professional/Managerial/Technical Wage Rate: _____	____ FT ____ PT	____ FT ____ PT	____ FT ____ PT
Skilled Wage Rate: _____	____ FT ____ PT	____ FT ____ FT ____ PT	____ FT ____ PT
Semi-skilled/Unskilled Wage Rate: _____	____ FT ____ PT	____ FT ____ FT ____ PT	____ FT ____ PT
TOTALS:	____ FT ____ PT	____ FT ____ FT ____ PT	____ FT ____ PT

Public Benefit

State how the project will benefit the community and impact the local tax base:

Declarations:

- A. Have there ever been judgments or injunctions against the company or owners? Yes___ No___
- B. Is there any pending, anticipated or final regulatory or legal (civil or criminal) litigation involving the business, principals, officers, or shareholders? (If Yes, Explain.) Yes___ No___
- C. Has the company, or the owners of the company, ever filed bankruptcy? Yes___ No___
- D. Has the company, or the owners ever been or currently are delinquent on State or Federal taxes? Yes___ No___
- E. Has the company or the owners ever defaulted on any loan commitment, development or redevelopment agreement, or other business subsidy? Yes___ No___
- F. Note any potential conflicts that may be encountered should a business subsidy be approved:

SOURCES & USES OF FUNDS

			BANK	EQUITY	Other	CITY-		TOTAL
PROPERTY ACQUISITION								
IMPROVE/RENOVATE								
EXISTING BUILDING								
NEW CONSTRUCTION								
PURCHASE / REPAIR								
MACHINERY / EQUIPMENT								
INVENTORY								
WORKING CAPITAL								
PROFESSIONAL FEES								
OTHER / CONTINGENCIES								
TOTAL PROJECT:								
			BANK	EQUITY	Other	CITY-		TOTAL
SOURCE AMOUNTS								
% PROJECT COST			%	%	%	%	%	
TERM YEARS								
INTEREST RATE			%		%	%	%	
MONTHLY DEBT SERVICE								
LIEN POSITION			1st					
Status of Financing Source:			Secured					
(Note if secured or pending)								

*This example business plan is provided by the Small Business Administration.
Get help starting and running your small business at SBA.gov.*

Wooden Grain Toy Company

Business Plan

Andrew Robertson, Owner
Created on December 29, 2016

Executive Summary

Product

Wooden Grain Toys manufactures high-quality toys for children aged 3-10. All toys are made from solid hardwoods including maple, beech, birch, cherry, and oak. The toys are built to be long lasting with sufficient moving parts to engage each child's interest, but not limit his or her imagination.

Customers

The target audience for Wooden Grain Toys is adults, specifically parents and grandparents who wish to give their children or grandchildren the opportunity to play with a toy that is not only durable and aesthetically pleasing, but also foster the child's creativity.

Future of the Company

Although the toy manufacturing business is highly competitive, we believe that there is a place for high-quality, attractive, durable, and affordable toys. Our goal is to build and market toys that will entertain children and stand the test of time.

Company Description

Mission Statement

To build and sell high-quality toys that will be cherished and handed down from generation to generation.

Principal Members

Andrew Robertson — owner, designer and primary builder

Jane Robertson — business manager/bookkeeper

Bill Williams and Houlin Lee — builders, assemblers, and painters

Mickey Soukarin — web master and handles shipping for web, mail, and special orders

Legal Structure

Wooden Grain Toys is a sole proprietorship.

Market Research

Industry

Built-Rite Toys will be a part of the toy manufacturing industry. Currently, wooden toys are considered a niche market, comprised of different sized companies. The largest companies, such as Plastique Toys and Metal Happy Toys, have large inventories of products that are offered internationally. The smallest companies sell locally either in shops, at craft fairs, or online.

This industry is currently suffering from the economic recession as consumers are spending less on non-essentials. However, industry revenues increased by \$1.2 million in the 2nd quarter of 2012. This means there is a potential for growth as the economy recovers.

Detailed Description of Customers

The two groups that the company plans to market to are parents (age 18-30) of young children and grandparents (age 60-75) of young children with an income range of \$35,000 - \$80,000 a year. Our target customers are interested in giving durable, well-made toys to their children and grandchildren to help foster creativity. They value quality and they research the products they buy. Our target customers are willing to spend more money on products that are of higher quality and last longer.

Company Advantages

Wooden Grain Toys has the following advantages compared to competitors:

- Basic, practical designs.
- Safe, non-toxic paints, parts, and accessories.
- Easy-to-assemble parts.
- All components are manufactured in America and made with grade-A wood, high quality steel, and rubber.
- Quick, 48-hour delivery since our goal is to keep at least 50 units of each toy in stock.
- High-quality, interactive website.
- Face-to-face interaction with customers at craft shows over a three state area.

Regulations

Wooden Grain Toys must meet all federal and state regulations concerning toy manufacturing. Specifically, Code of Federal Regulations in Title 42, Parts 1234 and 9876.50, 51, 52 and 89 C.F.R. 5555.18(a)(9); Consumer Product Safety Improvement Act of 2008; Lead-Free Toys Act; and Title 99.9 of the Code of Oregon.

Service Line

Product/Service

Wooden Grain Toys will sell wooden toys made from solid hardwoods (maple, beech, birch, cherry, and oak) and steel rivets. The toys are handcrafted and designed for small children to easily use. Our line currently includes the following nine models:

- All-Purpose Pick-Up Truck w/movable doors and tailgate
- Dump Truck w/functioning dumping mechanism and box
- Biplane (two-seater) w/movable propeller
- Steam engine with coal tender - additional cars available separately:
 - Caboose, flat car w/logs, box car, tank car, coal car
- City Bus
- Tow Truck
- Flat-Bed Truck w/logs
- Sports Car
- Sedan

Pricing Structure

Wooden Grain Toys will offer its products for the following prices:

- All-Purpose Pick-Up Truck w/movable doors and tailgate - \$25
- Dump Truck w/functioning dumping mechanism and box - \$30
- Biplane (two-seater) w/movable propeller - \$20
- Additional train cars (single car) - \$5
- Additional train cars (three cars) - \$12
- City Bus - \$12
- Tow Truck - \$18
- Flat-Bed Truck w/logs - \$35
- Sports Car - \$20
- Sedan - \$20

Product Lifecycle

All current Wooden Grain Toys products are in production and inventory is being accumulated.

Intellectual Property Rights

Wooden Grain Toys is a trademarked name in the State of Oregon.

Research and Development

The company is planning to conduct the following research and development:

- Include a feedback mechanism on the website for ideas, suggestions, and improvements
- Provide comment cards for distribution at craft fairs
- Review available market research to identify top children's toys and reason(s) for their popularity

Marketing & Sales

Growth Strategy

To grow the company, Wooden Grain Toys will do the following:

- Sell products at craft fairs in California, Oregon, and Washington.
- As business grows, advertise in target markets, especially in advance of the holiday season.

Communicate with the Customer

Wooden Grain Toys will communicate with its customers by:

- Providing an email newsletter with company news, product information, and craft fair schedule.
- Using targeted Google and Facebook advertisements.
- Utilizing social media such as Twitter, YouTube, Facebook, LinkedIn, Pinterest and Tumblr.
- Providing contact information on the company website.
- Adding labels on toys that include company name, contact info, and web address.

How to Sell

Currently, the only person in charge of sales for Wooden Grain Toys is the owner, Andrew Robertson. As profits increase, Wooden Grain Toys will look to add an employee to assist with social media and online marketing. The target demographic for the company will be parents of children aged 3-10. The company will increase awareness to our targeted customers through online advertising and attending craft fairs.

This example business plan is provided by the Small Business Administration. Get help starting and running your small business at SBA.gov.

Wooden Grain Toy Company	
<p>Identity</p> <p>Wooden Grain Toys manufactures high-quality hardwood toys for children aged 3-10.</p>	<p>Problem</p> <p>Parents and grandparents are looking for high-quality, durable toys that will entertain kids and foster creativity.</p>
<p>Our solution</p> <p>Our handcrafted toys are made from solid hardwoods, and are designed with sufficient moving parts to engage young children without limiting imagination.</p>	<p>Target market</p> <p>The target audience is adults, specifically parents and grandparents who wish to give toys to their children or grandchildren.</p>
<p>The competition</p> <p>Wooden toys are part of a niche market with companies of all sizes. Large companies include Plastique Toys and Metal Happy Toys, which sell internationally. Smaller companies sell locally in shops, craft fairs, or online.</p>	<p>Revenue streams</p> <p>Wooden Grain Toys will sell directly to customers at craft fairs and online.</p>
<p>Marketing activities</p> <p>Wooden Grain Toys will communicate with customers with an email newsletter, targeted Google and Facebook ads, social media, and in person at craft fairs.</p>	<p>Expenses</p> <ul style="list-style-type: none"> • Materials for toys including wood, steel, and rubber • Craft fair fees and travel costs • Inventory space for products
<p>Team and key roles</p> <p>Currently, the only team member is the owner, Andrew Robertson. As profits increase, Wooden Grain Toys will look to add an employee to assist with social media and online marketing.</p>	<p>Milestones</p> <p>As business grows, Wooden Grain Toys will advertise in target markets—especially in advance of the holiday season.</p>

**OFFICE OF THE MINNESOTA SECRETARY OF STATE
FEE SCHEDULE FOR BUSINESS ENTITY FILINGS**

FILING TYPE	Mail Filings	In-Person & Online Filings
Assumed Name Minn. Stat. Chapter 333		
Certificate of Assumed Name-Original Filing	\$30	\$50
Amendment	\$30	\$50
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Cancellation	\$0	\$0
Limited Liability Partnership (Domestic/Foreign) Minn. Stat. Chapter 323A		
Statement Qualification-Original Filing	\$135	\$155
Statement of Amendment/Cancellation	\$135	\$155
Annual Renewal	\$135	\$155
Annual Renewal Reinstatement	\$160	\$180
Statement of Denial/Dissociation/Dissolution/Merger	\$135	\$155
Statement of Partnership Authority	\$135	\$155
Resignation of Agent	\$135	\$155
Limited Partnership (Domestic/Foreign) Minn. Stat. Chapter 321		
Certificate of Limited Partnership/Certificate of Authority-Original Filing	\$100	\$120
Amendment	\$50	\$70
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Cancellation/Conversion/Merger	\$50	\$70
Resignation of Agent	\$50	\$70
Business Corporation (Domestic) Minn. Stat. Chapter 302A		
Articles of Incorporation-Original Filing	\$135	\$155
Amendment/Dissolution Filings	\$35	\$55
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Conversion to Limited Liability Company	\$35	\$55
Merger	\$60	\$80
Resignation of Agent	\$35	\$55

**OFFICE OF THE MINNESOTA SECRETARY OF STATE
FEE SCHEDULE FOR BUSINESS ENTITY FILINGS**

Business Corporation (Foreign) Minn. Stat. Chapter 303		
Certificate of Authority-Original Filing	\$200	\$220
Amendment/Merger/Withdrawal Filings	\$50	\$70
Annual Renewal	\$115	\$135
Annual Renewal Reinstatement	\$500	\$520
Conversion	\$35	\$50
Dissolution	\$50	\$70
Resignation of Agent	\$50	\$70
Nonprofit Corporation (Domestic) Minn. Stat. Chapter 317A		
Articles of Incorporation-Original Filing	\$70	\$90
Amendment/Merger/Dissolution Filings	\$35	\$55
Resignation of Agent	\$35	\$55
Annual Renewal/Reinstatement	\$0	\$0
Change of Registered Agent and Office	\$35	\$55
Change of Registered Office Only	\$0	\$0
Resignation of Agent	\$35	\$55
Nonprofit Corporation (Foreign) Minn. Stat. Chapter 303		
Certificate of Authority-Original Filing	\$50	\$70
Amendment/Merger/Withdrawal Filings	\$50	\$70
Dissolution	\$50	\$70
Resignation of Agent	\$50	\$70
Limited Liability Company (Domestic) Minn. Stat. Chapter 322C		
Articles of Organization	\$135	\$155
Amendment	\$35	\$55
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Conversion Filings	\$60	\$80
Domestication Filings	\$60	\$80
Statement of Dissolution	\$35	\$55
Statement of Termination	\$35	\$55
Merger	\$60	\$80
Resignation of Agent	\$35	\$55
Statement of Authority/Authority/Amendment	\$35	\$55
Cancellation	\$35	\$55

**OFFICE OF THE MINNESOTA SECRETARY OF STATE
FEE SCHEDULE FOR BUSINESS ENTITY FILINGS**

Limited Liability Company (Foreign) Minn. Stat. Chapter 322C		
Certificate of Authority	\$185	\$205
Amendments	\$35	\$55
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Conversion Filings	\$60	\$80
Domestication Filings	\$60	\$80
Resignation of Agent	\$35	\$55
Withdrawal	\$35	\$55
Termination	\$35	\$55
Cooperative (Domestic) Minn. Stats. Chapters 308A & 308B		
Articles of Incorporation/Organization – Original Filing	\$60	\$80
Amendment	\$35	\$55
Annual Renewal	\$0	\$0
Annual Renewal Reinstatement	\$25	\$45
Conversion/Dissolution	\$35	\$55
Merger	\$60	\$80
Resignation of Agent	\$35	\$55
Cooperative (Foreign) Minn. Stat. Chapter 303		
Certificate of Authority-Original Filing	\$200	\$220
Amendment/Merger/Withdrawal Filings	\$50	\$70
Annual Renewal	\$115	\$135
Annual Renewal Reinstatement	\$500	\$520
Dissolution	\$0	\$0
Resignation of Agent	\$50	\$70
Reservation of Name		
Name Reservation – Original Filing	\$35	\$55
Name Reservation Renewal	\$35	\$55
Cancellation	\$0	\$0
Trademarks Minn. Stat. Chapter 333		
Certificate of Registration – Original Filing	\$50	\$70
Renewal	\$25	\$45
Cancellation	\$0	\$0
Assignment	\$15	\$35

Business Services Filing Fees pg. 3

**OFFICE OF THE MINNESOTA SECRETARY OF STATE
FEE SCHEDULE FOR BUSINESS ENTITY FILINGS**

Legal Newspapers		
Legal Newspaper Registration – Original Filing	\$25	\$25
Legal Newspaper Renewal	\$25	\$25
Miscellaneous Business Filings		
Abandoned Name Affidavit	\$35	\$55
Articles of Correction	\$35	\$55
Consent to Use of Name	\$35	\$55
Pre-Clearance Filings	\$250	\$250
Service of Process		
Minnesota Entities	\$35	\$55
Non-Minnesota Entities	\$50	\$70
Business Copy & Certification Schedule		
Copy of Original Filing	\$3	\$13
Copy of Amendments	\$3 per filing	\$3 per filing + \$10 online fee
Certification of Filing(s)	Additional \$5 per Certification	Additional \$5 per Certification
Certified Copy of All / Specify Amendments	\$8	\$18
Copy of Specific Amendment	\$3	\$13
Business Certificate		
Certificate of Good Standing	\$5	\$15
Certificate of Existence & Registration	\$5	\$15
No Record Certificate	\$5	N/A

Balance Sheet

As of: _____

Assets	\$ _____
Current Assets:	
Cash	_____
Marketable Securities	_____
Accounts Receivable (Net)	_____
Total Current Assets	_____
Fixed Assets:	
Property and Equipment	_____
Buildings	_____
Land	_____
Less: Accumulated Dep.	_____
Total Fixed Assets	_____
Other Assets	_____
Total Assets	_____
Liability and Equity	
Liabilities	
Current Liabilities:	
Accounts Payable	_____
Notes Payable	_____
Taxes Payable	_____
Other: _____	_____
Total Current Liabilities	_____
Non-Current Liabilities:	
Long-Term Debt	_____
Other: _____	_____
Total Non-Current Liabilities	_____
Total Liabilities	_____
Equity:	
Stock (Capital)	_____
Retained Earnings	_____
Total Equity	_____
Total Liabilities and Equity	_____

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Bank Reconciliation Worksheet

Date _____

Closing balance shown on bank statement

Add deposits not credited:

- - -	<input type="text"/>
- - -	<input type="text"/>

TOTAL DEPOSITS NOT CREDITED

Subtotal

Subtract outstanding checks:

No.	<input type="text"/>
.....	<input type="text"/>
.....	<input type="text"/>
.....	<input type="text"/>

TOTAL OUTSTANDING CHECKS

Adjusted balance per bank statement

Balance shown in checkbook

Add:

(Needed Adjustments, if any)

Subtract: Bank service charge

Adjusted checkbook balance

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Statement of Cash Flows

	Current Period	Prior Period	Increase/ (Decrease)	Percent Change
Period Ending:	_____	_____	_____	_____
<u>Cash Flows from Operating Activities</u>	\$ _____	\$ _____	_____	% _____
Net Income	_____	_____	_____	_____
Non-Cash Expenses Included in Net Income	_____	_____	_____	_____
Gain / Loss on Sale of Assets	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____
Net Change in Receivables	_____	_____	_____	_____
Net Change in Payables	_____	_____	_____	_____
Net Change in Inventory	_____	_____	_____	_____
Net Change in Accrued Items	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<u>Net Cash</u>	_____	_____	_____	_____
<u>Provided by Operating Activities</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Cash Flows from Investing Activities</u>	_____	_____	_____	_____
Purchases of Capital Assets	_____	_____	_____	_____
Sales of Capital Assets	_____	_____	_____	_____
Loans Given	_____	_____	_____	_____
Loan Repayments	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<u>Net Cash</u>	_____	_____	_____	_____
<u>Used by Investing Activities</u>	_____	_____	_____	_____
<u>Cash Flows from Financing Activities</u>	_____	_____	_____	_____
Debt Reduction	_____	_____	_____	_____
Short-Term	_____	_____	_____	_____
Non-Current	_____	_____	_____	_____
Dividends	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<u>Net Cash</u>	_____	_____	_____	_____
<u>Used by Financing Activities</u>	\$ _____	\$ _____	\$ _____	\$ _____
<u>Net Increase / Decrease in Cash</u>	\$ _____	\$ _____	\$ _____	\$ _____
Schedule of Non-Cash Investing and Financing	_____	_____	_____	_____
Purchases of Capital Assets	_____	_____	_____	_____
Loans on Capital Assets	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Net Change	_____	_____	_____	_____

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Cash Flow (12 months)

Fiscal Year Begins: Apr-18

	Cash On Hand	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total Item EST
Cash on Hand (beginning of month)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH RECEIPTS														
Sales-Credit Cards		0	0	0	0	0	0	0	0	0	0	0	0	0
CASH RECEIPTS		0	0	0	0	0	0	0	0	0	0	0	0	0
Loans		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH RECEIPTS		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Available (before cash out)		0	0	0	0	0	0	0	0	0	0	0	0	0
CASH PAID OUT														
				0	0									
COGS		0	0	0	0	0	0	0	0	0	0	0	0	0
Salaries		0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
Electric		0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies		0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising		0	0	0	0	0	0	0	0	0	0	0	0	0
Square Inc.		0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone		0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance		0	0	0	0	0	0	0	0	0	0	0	0	0
Bank Fees		0	0	0	0	0	0	0	0	0	0	0	0	0
Entertainment		0	0	0	0	0	0	0	0	0	0	0	0	0
Rent		0	0	0	0	0	0	0	0	0	0	0	0	0
Postage		0	0	0	0	0	0	0	0	0	0	0	0	0
Interest		0	0	0	0	0	0	0	0	0	0	0	0	0
Shop Exp.		0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor		0	0	0	0	0	0	0	0	0	0	0	0	0
used Oil		0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities		0	0	0	0	0	0	0	0	0	0	0	0	0
Rent		0	0	0	0	0	0	0	0	0	0	0	0	0
Wireless		0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL		0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Repayment-Foundation		0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Repayment-Bank		0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Repayment-OCA-Austin		0	0	0	0	0	0	0	0	0	0	0	0	0
Capital purchase (specify)		0												
Other startup costs		0												
Reserve and/or Escrow														
Owner's Withdrawal-Mary		0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH PAID OUT		0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Position (end of month)		0	0	0	0	0	0	0	0	0	0	0	0	0
Liquidity Inventory														

Notes on Preparation

Note: You may want to print this information to use as reference later. To delete these instructions, click the border of this text box and then press the DELETE key.

Refer back to your Profit & Loss Projection. Line-by-line ask yourself when you should expect cash to come and go. You have already done a sales projection, now you must predict when you will actually collect from customers. On the expense side, you have previously projected expenses; now predict when you will actually have to write the check to pay those bills. Most items will be the same as on the Profit & Loss Projection. Rent and utility bills, for instance, are usually paid in the month they are incurred. Other items will differ from the Profit & Loss view. Insurance and some types of taxes, for example, may actually be payable quarterly or semiannually, even though you recognize them as monthly expenses. Just try to make the Cash Flow as realistic as you can line by line. The payoff for you will be an ability to manage and forecast working capital needs. Change the category labels in the left column as needed to fit your accounting system.

Note that lines for 'Loan principal payment' through 'Owners' Withdrawal' are for items that always are different on the Cash Flow than on the Profit & Loss. Loan Principal Payment, Capital Purchases, and Owner's Draw simply do not, by the rules of accounting, show up on the Profit & Loss Projection. They do, however, definitely take cash out of the business, and so need to be included in your Cash plan. On the other hand, you will not find Depreciation on the Cash Flow because you never write a check for Depreciation. Cash from Loans Received and Owners' Injections go in the "Loan/ other cash inj." row. The "Pre-Startup" column is for cash outlays prior to the time covered by the Cash Flow. It is intended primarily for new business startups or major expansion projects where a great deal of cash must go out before operations commence. The bottom section, "ESSENTIAL OPERATING DATA", is not actually part of the Cash model, but it allows you to track items which have a heavy impact on cash. The Cash Flow Projection is the best way to forecast working capital needs. Begin with the amount of Cash on Hand you expect to have. Project all the Receipts and Paid Outs for the year. If CASH POSITION gets dangerously low or negative, you will need to pump in more cash to keep the operation afloat. Many profitable businesses have gone under because they could not pay the bills while waiting for money to flow in. Your creditors do not care about profit; they want to be paid with cash. Cash is the financial lifeblood of your business.

Comparative Balance Sheet

	Current Period	Prior Period	Increase (Decrease)	Percent Change
Dates: _____	_____	_____		
Assets	\$ _____	\$ _____	\$ _____	\$ _____
Current Assets:				
Cash	_____	_____	_____	_____
Marketable Securities	_____	_____	_____	_____
Accounts Receivable (Net)	_____	_____	_____	_____
Total Current Assets	_____	_____	_____	_____
Fixed Assets:				
Property and Equipment	_____	_____	_____	_____
Buildings	_____	_____	_____	_____
Land	_____	_____	_____	_____
Less: Accumulated Dep.	_____	_____	_____	_____
Total Fixed Assets	_____	_____	_____	_____
Other Assets	_____	_____	_____	_____
Total Assets	_____	_____	_____	_____
Liability and Equity				
Liabilities				
Current Liabilities:				
Accounts Payable	_____	_____	_____	_____
Notes Payable	_____	_____	_____	_____
Taxes Payable	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Current Liabilities	_____	_____	_____	_____
Non-Current Liabilities:				
Long-Term Debt	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Non-Current Liabilities	_____	_____	_____	_____
Total Liabilities	_____	_____	_____	_____
Equity:				
Stock (Capital)	_____	_____	_____	_____
Retained Earnings	_____	_____	_____	_____
Total Equity	_____	_____	_____	_____
Total Liabilities and Equity	_____	_____	_____	_____

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Comparative Income Statement by Periods

	Current Period	Prior Period	Increase/ (Decrease)	Percent Change
Date: _____				
	\$	\$		%
Revenues	_____	_____	_____	_____
Sales-Cash	_____	_____	_____	_____
Sales – Credit	_____	_____	_____	_____
Less Returns and Allowances	_____	_____	_____	_____
Net Sales	_____	_____	_____	_____
Cost of Merchandise Sold				
Beginning Inventory	_____	_____	_____	_____
Purchases (Net)	_____	_____	_____	_____
Direct Labor	_____	_____	_____	_____
Outside Services	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Less Ending Inventory	_____	_____	_____	_____
Total Cost of Merchandise	_____	_____	_____	_____
Gross Profit	_____	_____	_____	_____
Operating Expenses				
Selling Expenses				
Advertising	_____	_____	_____	_____
Commissions	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total Selling Expenses	_____	_____	_____	_____
General Expenses				
Salary	_____	_____	_____	_____
Insurance	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____
Repairs and Maintenance	_____	_____	_____	_____
Interest	_____	_____	_____	_____
Taxes	_____	_____	_____	_____
Utilities	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
Total General Expenses	_____	_____	_____	_____
Total Operating Expenses	_____	_____	_____	_____
Income from Operations	_____	_____	_____	_____
Other Income	_____	_____	_____	_____
Other Expenses	_____	_____	_____	_____
Income (Loss) before Income Taxes	_____	_____	_____	_____
Income Taxes (Credits)	_____	_____	_____	_____
Net Income (Loss)	_____	_____	_____	_____

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Income Statement

Period of _____ to _____

	\$ _____
Revenues	_____
Sales – Cash	_____
Sales – Credit	_____
Less Returns and Allowances	_____
Net Sales	_____
Cost of Merchandise Sold	
Beginning Inventory	_____
Purchases (Net)	_____
Direct Labor	_____
Outside Services	_____
Other: _____	_____
Less Ending Inventory	_____
Total Cost of Merchandise	_____
Gross Profit	_____
Operating Expenses	_____
Selling Expenses	_____
Advertising	_____
Commissions	_____
Other: _____	_____
Total Selling Expenses	_____
General Expenses	_____
Salary	_____
Insurance	_____
Depreciation	_____
Repairs and Maintenance	_____
Interest	_____
Taxes	_____
Utilities	_____
Other: _____	_____
Total General Expenses	_____
Total Operating Expenses	_____
Income From Operations	_____
Other Income	_____
Other Expenses	_____
Income (Loss) Before Income Taxes	_____
Income Taxes (Credits)	_____
Net Income (Loss)	_____

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SPRING GROVE ECONOMIC DEVELOPMENT AUTHORITY

P.O. Box 218 • 118 1st Avenue NW • Spring Grove, MN 55974

EDA Co-Directors:

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30 July 2019

For Immediate Release:

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Spring Grove EDA Hosts Leadership Workshop

Spring Grove, Minn – The Spring Grove Economic Development Authority (EDA) hosted its second Business Breakfast Workshop on Wednesday, July 24th, with a focus on Leadership Fundamentals for Business. This free workshop was supported by Merchants Bank and the Southern Minnesota Initiative Foundation.

Fifteen local business and community leaders attended the workshop, which was led and administered by Winona State University. The workshop covered the fundamentals of communication for effective leadership, including conflict resolution, providing effective feedback, building consensus, and conducting meetings with actionable outcomes. All attendees were eligible to receive continuing education units for their participation.

This was the second in a series of workshops that are designed to assist area entrepreneurs and business owners with the knowledge and resources to be successful. This educational series is part of the Rural Entrepreneurial Ventures (REV) Program, which is a broader initiative to build the entrepreneurial culture of the community and find innovative ways to support businesses.

For more information on EDA programming or to get involved in future REV programming, please visit springgrovemn.com or contact Courtney Bergey Swanson at courtney.bergey@cedausa.com.

#

Standard Application for Employment

It is our policy to comply with all applicable state and federal laws prohibiting discrimination in employment based on race, age, color, sex, religion, national origin, disability or other protected classifications.

Please carefully read and answer all questions. You will not be considered for employment if you fail to completely answer all the questions on this application. You may attach a résumé, but all questions must be answered.

"Employer"	Position applying for
------------	-----------------------

PERSONAL DATA

Name (last, first, middle) _____

Street Address and/or Mailing Address	City	State	Zip
Home Telephone Number	Business Telephone Number	Cellular Telephone Number	
Date you can start work	Salary Desired	Do you have a High School Diploma or GED? Yes <input type="checkbox"/> No <input type="checkbox"/>	

POSITION INFORMATION Check all that you are willing to work

Hours: Full Time <input type="checkbox"/> Part Time <input type="checkbox"/>	Days: <input type="checkbox"/> Evenings <input type="checkbox"/>	Swing <input type="checkbox"/> Gravyard <input type="checkbox"/> Weekends <input type="checkbox"/>	Status: Regular <input type="checkbox"/> Temporary <input type="checkbox"/>
Are you authorized to work in the U.S. on an unrestricted basis?			Yes <input type="checkbox"/> No <input type="checkbox"/>
Have you ever been convicted of a felony? (Convictions will not necessarily disqualify an applicant for employment.) If yes, explain:			Yes <input type="checkbox"/> No <input type="checkbox"/>
Have you been told the essential functions of the job or have you been viewed a copy of the job description listing the essential functions of the job? Yes <input type="checkbox"/> No <input type="checkbox"/>			
Can you perform these essential functions of the job with or without reasonable accommodation? Yes <input type="checkbox"/> No <input type="checkbox"/>			

QUALIFICATIONS Please list any education or training you feel relates to the position applied for that would help you perform the work, such as schools, colleges, degrees, vocational or technical programs, and military training.

	School Name	Degree	Address/City/State
School			
School			
Other			

SPECIAL SKILLS List any special skills or experience that you feel would help you in the position that you are applying for (leadership, organizations/teams, etc.)

REFERENCES Please list three professional references not related to you, with full name, address, phone number, and relationship. If you don't have three professional references, then list personal, unrelated references.

Name	Address/City/State	Phone	Relationship

WORK HISTORY Start with your present or most recent employment and work back. Use separate sheet if necessary. (INCLUDE PAID AND UNPAID POSITIONS)		
Job Title #1	Start Date (mo/day/yr)	End Date (mo/day/yr)
Company Name	Supervisor's Name	Phone Number
City	State	Zip
Duties:		
Reason for Leaving	Starting Salary	Ending Salary

May we contact your present employer? Yes No N/A

Job Title #2	Start Date (mo/day/yr)	End Date (mo/day/yr)
Company Name	Supervisor's Name	Phone Number
City	State	Zip
Duties:		
Reason for Leaving	Starting Salary	Ending Salary

Job Title #3	Start Date (mo/day/yr)	End Date (mo/day/yr)
Company Name	Supervisor's Name	Phone Number
City	State	Zip
Duties:		
Reason for Leaving	Starting Salary	Ending Salary

Job Title #4	Start Date (mo/day/yr)	End Date (mo/day/yr)
Company Name	Supervisor's Name	Phone Number
City	State	Zip
Duties:		
Reason for Leaving	Starting Salary	Ending Salary

I certify that the facts set forth in this Application for Employment are true and complete to the best of my knowledge. I understand that if I am employed, false statements, omissions or misrepresentations may result in my dismissal. I authorize the Employer to make an investigation of any of the facts set forth in this application and release the Employer from any liability. The employer may contact any listed references on this application.

I acknowledge and understand that the company is an "at will" employer. Therefore, any employee (regular, temporary, or other type of category employee) may resign at any time, just as the employer may terminate the employment relationship with any employee at any time, with or without cause, with or without notice to the other party.

Applicant Signature

Date

SAMPLE INTERVIEW QUESTIONS TO CONSIDER ASKING POTENTIAL EMPLOYEES

Knowing the right questions to ask can be tough. Here are some ideas to get you going.

Sample Questions Regarding Former Employment

- How did you get your last job?
- What were your specific responsibilities?
- What did you like about the job?
- What did you dislike about the job?
- What did you learn from the job?
- Did you run into any difficult situations? How did you handle them?
- Tell me about the types of interaction you had with other workers?
- Tell me of an accomplishment you are particularly proud of and what you did.
- What kind of supervision of other workers have you had?
- Do you have persons from your former job who would provide a professional reference?
- Why did you leave your last job?
- What is the compensation at your current job? What is your salary expectation for this position?
- Describe a typical day in your current job

Sample Questions Regarding New Position

- What would be your specific goals for this job?
- What experience do you have that you think will be helpful for this job?
- This job will require a lot of [describe]. Will that be a problem for you?
- This job will require with interacting with [describe the types of people]. What experience do you have working with such people?
- What would you like to get from this new job?
- Describe some of the most important components of the position. Have you had much experience? Tell me how you have/would have gone about this?

Sample Questions Regarding Education

- What subjects did you do well in school?
- What did you study?
- Where did you go to high school, college or post-graduate school?
- Did you work at an outside job while going to school? Describe the job.
- Are you interested in continuing your education?
- Did you have any school honors?

Sample General Information Questions

- What do you consider your strongest qualities/competencies?
- What do you consider your weakest qualities/competencies?
- What specific kind of work do you particularly enjoy doing?
- What is your long term career objective?

Sample Questions Regarding Physical Condition

- Do you think you will be able to handle the physical aspects of this job?
- The position requires that you are able to lift large and/or heavy objects. Are you able to comfortably lift at least (specified weight)?
- The job requires annual medical evaluation which includes urinalysis for drug testing, etc. Do you have any objection to this?

Sample Questions Regarding Experience and Skill Proficiency

- What special skills do you have?
- How proficient are you in using PCs?
- Are there software applications you are particularly familiar with?
- What Internet or Social Media skills do you have?

[Name of Company]

[Date]

Re: Terms of Employment

Dear _____:

We are pleased to inform you that [Name of Company] (the "Company") has decided to make you this offer of employment. This letter sets forth the terms of the offer which, if you accept, will govern your employment.

1. **Position; Duties.** Your position will be _____, reporting to the _____ of the Company. Your duties and responsibilities will be as designated by the Company, with an initial focus on (i) _____ and (ii) _____.
2. **Employment.** The employment term will begin on _____, _____, and will consist of [full time employment] [part time employment of _____ hours a week].
3. **Compensation.** Your compensation will be \$_____, paid [every two weeks] consistent with the Company's payroll practices. Your package will include participation in the health and other benefit plans of the Company pursuant to their terms as may be amended by the Company from time to time. You will be entitled to _____ weeks paid vacation (equivalent of business days) for each year of full employment. Unused vacation time should be taken and may not be carried over into subsequent years.
4. **Stock Options.** Subject to approval of our Board of Directors, we expect you will be granted options to acquire _____ shares of the Company's Common Stock, vesting over a [four (4)] year term with one (1) year cliff vesting for 1/4th of the options. The options are expected to be granted at a strike price of \$____ per share. The terms and conditions of your stock options are contained in a Stock Option Agreement of today's date and must be executed by you and returned to us immediately.
5. **Employment at Will.** Our employment relationship is terminable at will, which means that either you or the Company may terminate your employment at any time, and for any reason or for no reason. Our at will agreement can only be modified by a writing signed by both you and the CEO of the Company.
6. **Confidentiality and Invention Assignment Agreement.** You will be subject to the Company's Confidentiality and Invention Assignment Agreement, which is enclosed with this letter and must be signed and returned by you before any employment relationship will be effective.
7. **Certain Acts.** During employment with the Company, you will not do anything to compete with the Company's present or contemplated business. You will not engage in any conduct or enter into any agreement that conflicts with your duties or obligations to the Company. You will not during your employment or within one (1) year after it ends, directly or indirectly solicit any employee, agent, or independent contractor to terminate his or her relationship with the Company.
8. **Representations.** You represent that you are aware of no obligations legal or otherwise, inconsistent with the terms of this Agreement or with your undertaking employment with the Company. You will not disclose to the Company, or use, or induce the Company to use, any

proprietary information or trade secrets of others. You represent that you have returned all proprietary and confidential information belonging to all prior employers. You also represent and warrant that all information provided to the Company (including any information in your resume and any Employment Application) is true, correct, and complete.

2. Arbitration.

a) Disputes can arise even in the best of relationships. Rather than fighting it out in court, both you and the Company agree that any controversy, claim, or dispute arising out of or relating to this Agreement or the employment relationship or your compensation, either during the existence of the employment relationship or afterwards, between the parties hereto, shall be settled solely and exclusively by confidential binding arbitration in the city in which you work.

b) Such arbitration shall be conducted in accordance with the JAMS Employment Rules & Procedures (which can be reviewed at <http://www.jamsadr.com/rules-employment-arbitration>) in existence at the time of the commencement of the arbitration, with the following exceptions if in conflict: The Company will pay the arbitration filing fees and the arbitrator's fees; one arbitrator shall be appointed by JAMS; and arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party.

c) The parties agree to abide by all decisions and awards rendered in such proceedings.

d) You and the Company agree that any claim for breach of this Agreement and any claim regarding or related to your employment, including disputes regarding compensation, discrimination, wrongful termination, harassment, and any and all other conflicts or claims will be resolved solely and exclusively by confidential final and binding arbitration on an individual basis only, and not on a class, collective, or private attorney general representative basis on behalf of other employees, to the extent not prohibited by applicable law.

e) We both agree to waive any rights to a jury trial or a bench trial in connection with the resolution of any dispute under this Agreement (although both of us may seek interim emergency relief from a court to prevent irreparable harm pending the conclusion of any arbitration).

f) This Section 9 arbitration provisions shall not apply to the following matters: (1) claims for workers' compensation; (2) claims for unemployment compensation benefits; (3) claims or charges before an administrative agency having jurisdiction over the matter; or (4) claims that are forbidden to be arbitrated as a matter of law.

g) Any dispute or claim concerning the scope or enforceability of the arbitrations provisions of this Section 9 shall be determined exclusively by an arbitrator pursuant to the procedures set forth above.

h) The arbitrator shall have the power to award all relief available in law or equity requested by the parties and supported by credible, relevant, and admissible evidence.

i) Arbitration is not a mandatory condition of your employment. If you wish to opt out of the arbitration provisions of this Section 9, you must notify the Company by email to

_____@_____.com, stating your decision to opt out, within 10 days of your signing this Agreement.

10. Miscellaneous. Upon your acceptance, this letter will contain the entire agreement and understanding between you and the Company and supersedes any prior or contemporaneous agreements, understandings, term sheets, communications, offers, representations, warranties, or commitments by or on behalf of the Company (oral or written). The terms of your employment may in the future be amended, but only by writing and which is signed by both you and, on behalf of the Company, by a duly authorized executive officer, provided, however, that you agree to comply with the provisions of the Company's Employee Handbook, as may be amended or adapted by the Company from time to time. In making this offer, we are relying on the information you have provided us about your background and experience, including any information provided us in any Employment Application that you may have submitted to us. The language in this letter will be construed as to its fair meaning and not strictly for or against either of us. If any provision of this Agreement is held invalid, in whole or in part, such invalidity will not affect the remainder of such provision or the remaining provisions of this Agreement. This Agreement is governed by [State] law (without regard to conflicts of law principles) and the Federal Arbitration Act (FAA), but in case of a conflict the FAA controls.

If these terms are acceptable, please sign in the space provided below and return this letter to us. Again, we're very excited to have you join the Company.

Yours truly,

[Name]

[Title]

IMPORTANT

I agree that I have been given a reasonable opportunity to read this Agreement carefully. I have not been promised anything that is not described in this Agreement. The Company encourages me to discuss the Agreement with my legal advisor. I have read this Agreement, understand it, and I am signing it voluntarily. By signing the Agreements, I understand that the parties are agreeing to arbitration for any disputes as set forth above.

Agreed and Accepted:

[Name]

Employment At-Will Policy

Employment at the Company is employment at-will. This means that an employee's employment can be terminated at any time by the employee or the Company, with or without advance notice and with or without cause. Nothing in any document or statement now in existence or hereafter created shall limit the right to terminate the employment at-will, except pursuant to a written employment agreement signed by the CEO of the Company and the employee. No other officer, agent or employee of the Company has the authority to revise, waive or alter this at-will employment policy, which cannot be altered other than pursuant to a written agreement signed by the CEO and the employee.

CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT FOR EMPLOYEE

This CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT (the "Agreement") is made between _____ (the "Company") and the undersigned employee.

In consideration of my employment with the Company (which for purposes of this Agreement shall be deemed to include any subsidiaries or Affiliates of the Company), the receipt of confidential information while associated with the Company, and other good and valuable consideration, I, the undersigned individual, agree that:

1. Term of Agreement. This Agreement shall continue in full force and effect for the duration of my employment by the Company (the "Period of Employment") and shall continue thereafter as otherwise provided in this Agreement.

2. Confidentiality.

(a) Definitions. "Proprietary Information" is all information and any idea whatever form, tangible or intangible, pertaining in any manner to the business of the Company, or any of its Affiliates, or its employees, clients, consultants, or business associates, which was produced by any employee or consultant of the Company in the course of his or her employment or consulting relationship or otherwise produced or acquired by or on behalf of the Company. All Proprietary Information not generally known outside of the Company's organization, and all Proprietary Information so known only through improper means, shall be deemed "Confidential Information." By example and without limiting the foregoing definition, Proprietary and Confidential Information shall include, but not be limited to:

- (1) formulas, research and development techniques, processes, trade secrets, computer programs, software, electronic codes, mask works, inventions, innovations, patents, patent applications, discoveries, improvements, data, know-how, formats, test results, and research projects;
- (2) information about costs, profits, markets, sales, contracts and lists of customers, and distributors;

For purposes of this agreement, "Affiliate" shall mean any person or entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

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- (3) business, marketing, and strategic plans;
- (4) forecasts, unpublished financial information, budgets, projections, and customer identities, characteristics and agreements; and
- (5) employee personnel files and compensation information.

Confidential Information is to be broadly defined, and includes all information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is identified as Confidential Information by the Company.

(b) Existence of Confidential Information. The Company owns and has developed and compiled, and will develop and compile, certain trade secrets, proprietary techniques and other Confidential Information which have great value to its business. This Confidential Information includes not only information disclosed by the Company to me, but also information developed or learned by me during the course of my employment with the Company.

(c) Protection of Confidential Information. I will not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any third party, other than in my assigned duties and for the benefit of the Company, any of the Company's Confidential Information, either during or after my employment with the Company. In the event I desire to publish the results of my work for the Company through literature or speeches, I will submit such literature or speeches to the President of the Company at least 10 days before dissemination of such information for a determination of whether such disclosure may alter trade secret status, may be highly prejudicial to the interests of the Company, or may constitute an invasion of its privacy. I agree not to publish, disclose or otherwise disseminate such information without prior written approval of the President of the Company. I acknowledge that I am aware that the unauthorized disclosure of Confidential Information of the Company may be highly prejudicial to its interests, an invasion of privacy, and an improper disclosure of trade secrets.

(d) Delivery of Confidential Information. Upon request or when my employment with the Company terminates, I will immediately deliver to the Company all copies of any and all materials and writings received from, created for, or belonging to the Company including, but not

limited to, those which relate to or contain Confidential Information.

(e) Location and Reproduction. I shall maintain at my work station and/or any other place under my control only such Confidential Information as I have a current "need to know." I shall return to the appropriate person or location or otherwise properly dispose of Confidential Information once that need to know no longer exists. I shall not make copies of or otherwise reproduce Confidential Information unless there is a legitimate business need of the Company for reproduction.

(f) Prior Actions and Knowledge. I represent and warrant that from the time of my first contact with the Company I held in strict confidence all Confidential Information and have not disclosed any Confidential Information, directly or indirectly, to anyone outside the Company, or used, copied, published, or summarized any Confidential information, except to the extent otherwise permitted in this Agreement.

(g) Third-Party Information. I acknowledge that the Company has received and in the future will receive from third parties their confidential information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree that, during the Period of Employment and thereafter, I will hold all such confidential information in the strictest confidence and not to disclose or use it, except as necessary to perform my obligations hereunder and as is consistent with the Company's agreement with such third parties.

(h) Third Parties. I represent that my employment with the Company does not and will not breach any agreements with or duties to a former employer or any other third party. I will not disclose to the Company or use on its behalf any confidential information belonging to others and I will not bring onto the premises of the Company any confidential information belonging to any such party unless consented to in writing by such party.

3. Proprietary Rights, Inventions and New Ideas.

(a) Definition. The term "Subject Ideas or Inventions" includes any and all ideas, processes, trademarks, service marks, inventions, designs, technologies, computer hardware or software, original works of authorship, formulas, discoveries, patents, copyrights, copyrightable works products, marketing and business ideas, and all improvements, know-how, data, rights, and claims related to the foregoing that, whether or not patentable, which are conceived, developed or created which: (1) relate to the Company's current or contemplated business or activities; (2) relate to the Company's actual or demonstrably anticipated research or development; (3) result from any work performed by me for

the Company; (4) involve the use of the Company's equipment, supplies, facilities or trade secrets; (5) result from or are suggested by any work done by the Company or at the Company's request, or any projects specifically assigned to me; or (6) result from my access to any of the Company's memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment or other materials (collectively, "Company Materials").

(b) Company Ownership. All right, title and interest in and to all Subject Ideas and Inventions, including but not limited to all registrable and patent rights which may subsist therein, shall be held and owned solely by the Company, and where applicable, all Subject Ideas and Inventions shall be considered works made for hire. I shall mark all Subject Ideas and Inventions with the Company's copyright or other proprietary notice as directed by the Company and shall take all actions deemed necessary by the Company to protect the Company's rights therein. In the event that the Subject Ideas and Inventions shall be deemed not to constitute works made for hire, or in the event that I should otherwise, by operation of law, be deemed to retain any rights (whether moral rights or otherwise) to any Subject Ideas and Inventions, I agree to assign to the Company, without further consideration, my entire right, title and interest in and to each and every such Subject Idea and Invention.

(c) California Labor Code (If Applicable). However, Section 3(b) shall not apply if and to the extent that California Labor Code Section 2870 lawfully prohibits the assignment of rights in such intellectual property. I acknowledge that I understand the limits placed on this definition by California Labor Code Section 2870, if applicable to me, which provides:

(1) "Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

- a. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
- b. Result from any work performed by the employee for the employer.

(2) To the extent a provision in an employment agreement purports to require an employee to assign

an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.”

(d) Burden. I understand that I bear the full burden of proving to the Company that an Invention qualifies fully under Section 2870. I agree to disclose promptly to the Company full details of any and all Subject Ideas and Inventions.

(e) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Subject Ideas and Inventions and their development made by me (solely or jointly with others) during the term of my employment with the Company. These records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. These records will be available to and remain the sole property of the Company at all times.

(f) Determination of Subject Ideas and Inventions. I further agree that all information and records pertaining to any idea, process, trademark, service mark, invention, technology, computer hardware or software, original work of authorship, design, formula, discovery, patent, copyright, product, and all improvements, know-how, rights, and claims related to the foregoing (“Intellectual Property”), that I do not believe to be a Subject Idea or Invention, but that is conceived, developed, or reduced to practice by the Company (alone by me or with others) during the Period of Employment and for one (1) year thereafter, shall be disclosed promptly by me to the Company (such disclosure to be received in confidence). The Company shall examine such information to determine if in fact the Intellectual Property is a Subject Idea or Invention subject to this Agreement.

(g) Access. Because of the difficulty of establishing when any Subject Ideas or Inventions are first conceived by me, or whether it results from my access to Confidential Information or Company Materials, I agree that any Subject Idea and Invention shall, among other circumstances, be deemed to have resulted from my access to Company Materials if: (1) it grew out of or resulted from my work with the Company or is related to the business of the Company, and (2) it is made, used, sold, exploited or reduced to practice, or an application for patent, trademark, copyright or other proprietary protection is filed thereon, by me or with my significant aid, within one year after termination of the Period of Employment.

(h) Assistance. I further agree to assist the Company in every proper way (but at the Company's expense) to obtain and from time to time enforce patents, copyrights or other rights or registrations on said Subject Ideas and

Inventions in any and all countries, and to that end will execute all documents necessary:

(1) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and

(2) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection; and

(3) to cooperate with the Company (but at the Company's expense) in any enforcement or infringement proceeding on such letters patent, copyright or other analogous protection.

(i) Authorization to Company. In the event the Company is unable, after reasonable effort, to secure my signature on any patent, copyright or other analogous protection relating to a Subject Idea and Invention, whether because of my physical or mental incapacity or for any other reason whatsoever, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney-in-fact, to act for and on my behalf and stand to execute and file any such application, applications or other documents and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of letters patent, copyright or other analogous rights or protections thereon with the same legal force and effect as if executed by me. My obligation to assist the Company in obtaining and enforcing patents and copyrights for Subject Ideas and Inventions in any and all countries shall continue beyond the termination of my relationship with the Company, but the Company shall compensate me at a reasonable rate after such termination for time actually spent by me at the Company's request on such assistance.

(j) Exhibit. I acknowledge that there are no currently existing ideas, processes, inventions, discoveries, marketing or business ideas or improvements which I desire to exclude from the operation of this Agreement, unless a reference thereto has been attached as an exhibit hereto. To the best of my knowledge, there is no other contract to assign inventions, trademarks, copyrights, ideas, processes, discoveries or other intellectual property that is now in existence between me and any other person (including any business or governmental entity).

(k) No Use of Name. I shall not at any time use the Company's name or any the Company trademark(s) or trade

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name(s) in any advertising or publicity without the prior written consent of the Company.

4. Competitive Activity.

(a) Acknowledgment. I acknowledge that the pursuit of the activities forbidden by Section 4(b) below would necessarily involve the use, disclosure or misappropriation of Confidential Information.

(b) Prohibited Activity. To prevent the above-described disclosure, misappropriation and breach, I agree that during my employment and for a period of one (1) year after termination of the Period of Employment, without the Company's express written consent, I shall not, directly or indirectly, (i) employ, solicit for employment, or recommend for employment any person employed by the Company (or any Affiliate); and (ii) engage in any present or contemplated business activity that is or may be competitive with the Company (or any Affiliate) in any state where the Company conducts its business, unless I can prove that any action taken in contravention of this subsection (ii) was done without the use in any way of Confidential Information.

5. Representations and Warranties. I represent and warrant (i) that I have no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with my undertaking a relationship with the Company; (ii) that the performance of the services called for by this Agreement do not and will not violate any applicable law, rule or regulation or any proprietary or other right of any third party; (iii) that I will not use in the performance of my responsibilities for the Company any materials or documents of a former employer; and (iv) that I have not entered into or will enter into any agreement (whether oral or written) in conflict with this Agreement.

6. Termination Obligations.

(a) Upon the termination of my relationship with the Company or promptly upon the Company's request, I shall surrender to the Company all equipment, tangible Proprietary Information, documents, books, notebooks, records, reports, notes, memoranda, drawings, sketches, models, maps, contracts, lists, computer disks (and other computer-generated files and data), any other data and records of any kind, and copies thereof (collectively, "Company Records"), created on any medium and furnished to, obtained by, or prepared by myself in the course of or incident to my employment, that are in my possession or under my control.

(b) My representations, warranties, and obligations contained in this Agreement shall survive the termination of the Period of Employment.

(c) Following any termination of the Period of Employment, I will fully cooperate with the Company in all matters relating to my continuing obligations under this Agreement.

(d) In the event that I leave the employ of the Company I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

(e) Upon termination of the Period of Employment, I will execute a Certificate acknowledging compliance with this Agreement in the form reasonably provided by the Company.

7. Injunctive Relief. I acknowledge that my failure to carry out any obligation under this Agreement, or a breach by me of any provision herein, will constitute immediate and irreparable damage to the Company, which cannot be fully and adequately compensated in money damages and which will warrant preliminary and other injunctive relief, an order for specific performance, and other equitable relief. I further agree that no bond or other security shall be required in obtaining such equitable relief and I hereby consent to the issuance of such injunction and to the ordering of specific performance. I also understand that other action may be taken and remedies enforced against me.

8. Modification. No modification of this Agreement shall be valid unless made in writing and signed by both parties.

9. Binding Effect. This Agreement shall be binding upon me, my heirs, executors, assigns and administrators and is for the benefit of the Company and its successors and assigns.

10. Governing Law. This Agreement shall be construed in accordance with, and all actions arising under or in connection therewith shall be governed by, the internal laws of the State of _____ (without reference to conflict of law principles).

11. Integration. This Agreement sets forth the parties' mutual rights and obligations with respect to proprietary information, prohibited competition, and intellectual property. It is intended to be the final, complete, and exclusive statement of the terms of the parties' agreements regarding these subjects. This Agreement supersedes all other prior and contemporaneous agreements and statements on these subjects, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. To the extent that the practices, policies, or procedures of the Company, now or in the future, apply to myself and are inconsistent with the terms of this Agreement, the provisions

of this Agreement shall control unless changed in writing by the Company.

12. Employment at Will. This Agreement is not an employment agreement. I understand that the Company may terminate my association or employment with it at any time, with or without cause, subject to the terms of any separate written employment agreement executed by a duly authorized officer of the Company.

13. Construction. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not limitation, this Agreement shall not be construed against the party responsible for any language in this Agreement. The headings of the paragraphs hereof are inserted for convenience only, and do not constitute part of and shall not be used to interpret this Agreement.

14. Attorneys' Fees. Should either I or the Company, or any heir, personal representative, successor or permitted assign of either party, resort to legal proceedings to enforce this Agreement, the prevailing party (as defined in California statutory law) in such legal proceeding shall be awarded, in addition to such other relief as may be granted, attorneys' fees and costs incurred in connection with such proceeding.

15. Severability. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

16. Rights Cumulative. The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either the Company or me (or by that party's successor), whether pursuant hereto, to any other agreement, or to law, shall not preclude or waive that party's right to exercise any or all other rights and remedies. This Agreement will inure to the benefit of the Company and its successors and assigns.

17. Nonwaiver. The failure of either the Company or me, whether purposeful or otherwise, to exercise in any instance any right, power or privilege under this Agreement or under law shall not constitute a waiver of any other right, power or privilege, nor of the same right, power or privilege in any other instance. Any waiver by the Company or by me must be in writing and signed by either myself, if I am seeking to waive any of my rights under this Agreement, or by an officer of the Company (other than me) or some other person duly authorized by the Company.

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18. Notices. Any notice, request, consent or approval required or permitted to be given under this Agreement or pursuant to law shall be sufficient if it is in writing, and if and when it is hand delivered or sent by regular mail, with postage prepaid, to my residence (as noted in the Company's records), or to the Company's principal office, as the case may be.

19. Date of Effectiveness. This Agreement shall be deemed effective as of the commencement of my employment with the Company.

20. Agreement to Perform Necessary Acts. I agree to perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

21. Assignment. This Agreement may not be assigned without the Company's prior written consent.

22. Compliance with Law. I agree to abide by all federal, state, and local laws, ordinances and regulations.

23. Employee Acknowledgment. I acknowledge that I have had the opportunity to consult legal counsel in regard to this Agreement, that I have read and understand this Agreement, that I am fully aware of its legal effect, and that I have entered into it freely and voluntarily and based on my own judgment and not on any representations or promises other than those contained in this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth below.

CAUTION: THIS AGREEMENT CREATES IMPORTANT OBLIGATIONS OF TRUST AND AFFECTS THE EMPLOYEE'S RIGHTS TO INVENTIONS AND OTHER INTELLECTUAL PROPERTY THE EMPLOYEE MAY DEVELOP DURING HIS OR HER EMPLOYMENT.

Dated: _____

Employee Signature

Printed Name of Employee: _____

[Name of Company]

By: _____

Name: _____

Title: _____

Employee Appraisal Form

Date: _____	
Name of Employee:	Completed By:
A. Most successful job accomplishments since last performance period: 1. _____ 2. _____ 3. _____ 4. _____	
B. Key strengths of employee: 1. _____ 2. _____ 3. _____ 4. _____	
C. Problems since last performance appraisal: 1. _____ 2. _____ 3. _____ 4. _____	
D. Key areas that need improvement: 1. _____ 2. _____ 3. _____ 4. _____	

Employee Appraisal Form

E. Teamwork Ability: 1. _____ 2. _____ 3. _____ 4. _____						
F. What Warnings, If Any, Should be Given to Employee? 1. _____ 2. _____ 3. _____ 4. _____						
G. How Would You Rate the Employee on the Following:						
	Excellent	Above Satisfactory	Satisfactory	Average	Below Average	Unsatisfactory
Attitude						
Initiative						
Dependability						
Work quality						
Work quantity						
Knowledge of job						
Team Play						
Organization Ability						
Judgement						
Responsibility						
H. Any other Observations?: _____ _____ _____						

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Employee Appraisal Form

I. Action to be taken if improvement is desired:

Plan of action	By whom	Future Review Dates Schedule				Completion Date

J. Overall Performance:

Excellent (90-100) _____ Average (70-74) _____

Above Satisfactory (80-89) _____ Below Average (60-69) _____

Satisfactory (75-79) _____ Unsatisfactory (under 60) _____

Has this performance appraisal been reviewed with the employee? Yes No

Exit Interview

Date: _____

Employee's Name: _____

Department: _____

Job Title: _____

Supervisor: _____

Dates of Employment: _____

Reason for Leaving Company: _____

Employee Informed of Restrictions On:

<input type="checkbox"/> Solicitations of customers (if applicable) <input type="checkbox"/> Removing company documents <input type="checkbox"/> Confidentiality obligations <input type="checkbox"/> Other _____	<input type="checkbox"/> Restrictions on solicitations of employees <input type="checkbox"/> Patents <input type="checkbox"/> Customer lists
--	--

Return of:

<input type="checkbox"/> Keys	<input type="checkbox"/> Credit Card	<input type="checkbox"/> ID Card
<input type="checkbox"/> Building Pass	<input type="checkbox"/> Company Documents	
<input type="checkbox"/> Company Equipment	<input type="checkbox"/> Other Company Property	

What is your primary reason for leaving? _____

Do you feel you were treated fairly by the company? _____

Would you consider coming back to the company? _____

Were you paid an adequate salary for the work you did? _____

Exit Interview
(Continued)

Do you believe management adequately recognized employee contributions? _____
Did you understand company policies and the reasons for them? _____
Have you observed incidences of illegal acts within the company? _____
Do you feel your training was adequate? _____
Were you content with your working conditions? _____
Are security arrangements appropriate in the company? Could they be improved? _____
Do you have any suggestions for improving employee morale? _____
What was the best part of your job here? _____

Signature of Person Conducting the Interview

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