

# Entrepreneur's Edge 2004

**A resource guide  
filled with the  
tools to help take  
your business  
to the top**



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*A resource guide filled with the tools to help your business reach the top*



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November 2003

### Greetings!

The *Entrepreneur's Edge* is Arizona's official guide for establishing and operating a small business. Provided by the Arizona Department of Commerce free of charge, this guide is the ideal starting point for your venture. It is comprehensive, well-organized and easy to understand.

The state of Arizona values small business and takes great pride in the phenomenal business growth over the past decade. The entrepreneurial spirit is the engine that drives our robust economy. Our state and local governments continue to encourage new ventures through policies and programs friendly to small business.

Whether you are starting a small business, expanding or relocating to Arizona, we welcome you. I know you will find our business environment favorable and our quality of life unsurpassed.

For more information on what Arizona offers you and your small business, please visit the Arizona Department of Commerce Web site at [www.azcommerce.com](http://www.azcommerce.com). Click on Small Business Services for information and referrals — including the Arizona Business Connection (ABC) online program — tailored to meet your individual needs.

Good luck and thank you for your contribution to Arizona's economy.

Sincerely,

**Janet Napolitano**  
Governor



November 2003

### Dear Entrepreneurs:

Whether you're thinking about starting a business or ready to start or looking for ways to increase your market share, the Arizona Department of Commerce adds indispensable support and value to your efforts. This publication makes a great reference guide no matter where you are in the process.

You also will find important information and easy access to many other support services by visiting the Department of Commerce Web site at [www.azcommerce.com](http://www.azcommerce.com). You can write a business plan, learn how to pursue procurement opportunities through the state and local governments, retrieve the forms you need for licensing or permits and find out about important networking opportunities available throughout the state.

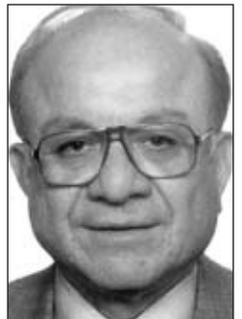
I also encourage you to take the time to list your enterprise in one or more of the directories we have for your use online.

The Arizona Department of Commerce at 602-771-1100 or by fax at 602-771-1200 can assist you with finding the perfect site, setting up an apprenticeship program, funding job training for your employees, or even becoming export-ready.

I hope you will leverage these and all our value-added services and enjoy great success!

Sincerely,

**Gilbert Jiménez**  
Director  
Arizona Department of Commerce



# The Business Journal

PHOENIX

November 2003

## Dear Entrepreneurs:



The only thing harder than starting a small business is keeping it up and running — especially in today's ever-changing marketplace.

So *The Business Journal* and the Arizona Department of Commerce once again have teamed to produce *Entrepreneur's Edge*, a resource guide that can help you answer some of those tough questions about running your business.

This year marks the second time we have partnered with *La Voz* to publish a Spanish-language version of this guide. We are excited to be reaching out to the Spanish-speaking portion of the community.

Running a business of your own can bring independence and accomplishment. If you already are in business and have weathered the stormy economic conditions, that's great news.

But now it is time to shift your focus from survival to growth. And this guide was developed to help you empower your small business.

With *Entrepreneur's Edge*, we have collected some of the best advice on everything from writing a business plan, to getting financing to dealing with state labor regulations. This is a good guide full of resources and advice that can help you grow your business.

We often hear warnings about the high failure rates of small businesses. What we don't hear about is how remarkable it is that entrepreneurs so often beat the odds and achieve the seemingly impossible.

And in Arizona, we continue to make national headlines as a top hot spot for these risk-takers. It takes a lot of work, solid strategy and good planning to be successful. *The Business Journal* can help.

The mission of our paper is to be the premier source of business news and information in the Valley. We are a key source to help you grow your business. This magazine is one example of that.

Thank you to Wells Fargo and Wal-Mart, our premier sponsors, the ADOC and *La Voz*, our Spanish-language partner in this effort.

We invite you to call us for a free trial of our weekly newspaper, and watch for our daily news reports on our Web site, phoenix.bizjournals.com.

Also, I hope you will contact me by phone, 602-308-6513, or e-mail, iruber@bizjournals.com, if you have suggestions on how we can continue to help you and your business.

Sincerely,

**Ilana Ruber**  
Editor

*The Phoenix Business Journal*



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\*Source: Scarborough Hispanic Survey, Release 1 2002; TV y Más Reader Survey, February 2002; Hispanic Track, Sept. 2001



## The Next Stage®

### Arizona Entrepreneurs:

Wells Fargo is pleased to sponsor *The Business Journal's Entrepreneur's Edge* — an invaluable resource for business owners. Wells Fargo's Arizona business banking team is another great resource for entrepreneurs, combining our community banking approach with ground-breaking technology.

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Behind each of these loans is a financial services expert who gets to know you and your goals for the future, and then delivers value-added solutions and access to the funds you need. Our decisions are made locally by professionals with extensive experience in financial services. Many of these professionals work in our 10 statewide business banking centers. They understand the needs of business customers in a changing economic environment, and they deliver fast, customized solutions.

Small business is big business at Wells Fargo. Quality is our focus and innovation is our hallmark.

We have developed multiple ways to serve small businesses. For example, we have placed 20 business specialists in our stores throughout the state. These specialists connect our customers with Wells Fargo's extensive business services. One of these, our Business Direct Group, provides owners of small companies with a fast, easy application process for loans up to \$100,000. We also participate in special lending and referral programs, including the Arizona MultiBank and Magnet Capital.

Wells Fargo has developed channels that allow you to conduct your financial business when, where and how you want to. We provide 24-hour service through our phone banks, our industry-leading online services and our network of ATMs.

Providing you with the financial tools to succeed is what we're all about. We want to offer better products and a broader product line than our local competitors and to out-perform our national competitors by staying close to our customers and providing professional, personal, timely advice and service.

We have developed expertise in industries including title companies, government banking, nonprofits, health care and legal services. And we have developed innovative programs such as qualified retirement plans tailored to meet the special needs of small businesses in Arizona. We're also a leader in developing products and services that can help our business customers fight — and win — the growing problem of financial fraud.

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We're leaders because we constantly ask what you want and need — and you can count on Wells Fargo to continue to keep ahead of your needs, developing more innovations that will help you build profitable and growing companies. Call me at 602-378-5723 to learn how Wells Fargo can help you and your business.

Sincerely,

**Dean Rennell**  
Executive vice president and manager  
Wells Fargo Business Banking





**Dear Entrepreneurs:**

At Sam's Club, we exist solely to help small-business owners succeed nationwide. Sam Walton formed Sam's Club 20 years ago to help small-business operators live the American Dream — the same dream he lived when he started Wal-Mart.

We are proud to partner with *The Business Journal* in support of this edition of *Entrepreneur's Edge*. As an advocate and partner to millions of small businesses, it is an honor to serve the communities of Arizona.

Small businesses generate at least two out of every three new jobs in America, and we're going to do everything we can to help them succeed. We understand that success depends in part on mastering the basics — expense control, operational efficiency, and consistent, quality materials. That's what we provide at Sam's Club.

We recognize that time is of the essence and invite you to take advantage of the many time-saving services we offer. We make it easy and fast to shop at Sam's Club with our early-morning Gold Key hours, Fax 'n Pull and Click 'n Pull services, special-order catalogue and Web site, [www.samsclub.com](http://www.samsclub.com).

Despite the current economic challenges, we remain committed to ensuring that you can take advantage of "everyday low prices" that will enable you to drive costs out of your business, thereby lowering your overall cost of doing business.

We appreciate your patronage and hope you will allow Sam's Club to be your resource for wholesale savings on everyday business and personal needs.

If you are not currently a member of Sam's Club, I invite you to take advantage of this special guest pass below. See you in the club!

Sincerely,

**Kevin Turner**  
President and CEO  
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- Motels and Bed & Breakfasts

# Building a Business

*Tools for starting, growing & locating your company*

**BY SUSAN MERCER HINRICHS**

Special to The Business Journal

The entrepreneurial spirit has burned within your soul for years.

After experimenting with various ideas, you believe you've finally determined the best way to fill a void in a service or industry. Possibly, you've discovered a way to make an existing product better or you've invented an entirely new gadget.

No matter what the driver, packaging your idea or product into your own business can be both invigorating and daunting.

That's where the Arizona Department of Commerce and a host of organizations dedicated to assisting new and established entrepreneurs come into focus.

With names like SCORE, the Service Corps of Retired Executives; EDIC, the Economic Development Information Center; and ABLE, Arizona Building Local Economics program, to name a few, entrepreneurs can benefit from a variety of resources readily available to them.

SCORE, for example, provides sound business advice and mentors to entrepreneurs seeking guidance in the startup phase of their companies.

Take Beverly Rathjen's dream, for example.

She was a stay-at-home mother taking care of her infant son, Kyle, when she took the first steps to turn her e-business idea into reality.

She saw a SCORE newsletter at a Mesa Public Library branch and contacted the organization for help.

"I managed to get a great counselor, Harvey Prezant," Rathjen said. "Harvey led me through the business plan, and when he did not have the expertise to help me, he had me meet with a specialist at SCORE in the area I needed help.

"It was a labor of love at times and a burden at other times," Rathjen said, describing the year-long process to develop her business plan. "I decided to have an e-business. That way I did not have to keep hours at a store and not be able to spend time with my son."

Rathjen's idea became an Internet-based business called La Bella Madonna in the spring of 2003. The business offers gift baskets to new moms and their babies.

"Beverly was fun to work with," Prezant said. "She knew what she wanted to do, and



we talked about her product."

Prezant is a retired Bank of America executive, with more than three decades of experience. A SCORE volunteer for some three years, he described Rathjen's passion for her idea as among the reasons the organization agreed to work with her. Also, he said her idea made "a heck of a lot of sense."

Before launching a new business, determine the position it occupies in its market. Questions to ask include the following:

1. How does your product or service fill a void?
2. Who will your customers be?
3. How will you supply them?
4. Who or what stands as a market competitor?
5. How much time, energy and resources are you willing to commit toward establishing your business as a going concern?
6. Do statistics exist concerning similar business startups?

One online resource entrepreneurs have available is the Arizona Department of Commerce's Web site, [www.azcommerce.com](http://www.azcommerce.com). The site provides a wealth of free information to help small-business startups.

Click the links for facts and figures about Business Development and Attraction. The Innovation & Technology link contains in-

formation about support sources and venture-capital opportunities. Another will describe the Arizona Bioindustry Cluster.

The Center for the Advancement of Small Business at the W.P. Carey School of Business at Arizona State University is another valuable resource.

According to center Director Mary Lou Bessette, "Success is about making the best choice (for an individual's business). You can live what you imagine."

Bessette said Arizona's pro small-business climate makes it one of the leading states in the nation for startups. CASB figures indicate 651,000 small businesses exist in Arizona, providing for 98 percent of all new jobs created. Among those businesses, 41 percent of them are started by women.

A key part of establishing a business is deciding the business structure under which an enterprise will operate. A business can be established as a partnership, a limited liability company, a limited liability corporation or an S corporation, to name a few. (For more information, see Pages 13-15.)

With these basics in place, entrepreneurs take the first steps in hanging out their own shingle.

(For a helpful business checklist filled with important steps to get started, see Page 63.)

# Arizona Department of Commerce

The Arizona Department of Commerce provides a wholly integrated approach to statewide economic development. Our job is Jobs! By pursuing strategies that diversify our economy, we facilitate the creation of high-paying jobs and expand our tax base in order to fund critical public services and improve quality of life for all Arizonans.

Small business is the backbone of our economy. More than 95 percent of the businesses in Arizona have fewer than 100 employees and nearly one-third (numbering close to 300,000) are sole proprietorships or home-based. Every area of service within the Arizona Department of Commerce supports the success of this small-business base. Here's why:

According to the U.S. Small Business Administration Office of Advocacy, small business creates more than 75 percent of net new jobs. Small enterprises also produce 55 percent of innovations, twice as many product innovations as large firms, and obtain more patents per sales dollar than large business.

Visit the ADOC Web site at [www.azcommerce.com](http://www.azcommerce.com) for information and tools to start, maintain and grow your business.

## Small Business Services

Arizona Department of Commerce Small Business Services offers support through several key functions:

The Arizona Business Connection is a step-by-step resource center providing customized licensing and referral information for every stage of small-business development. You can connect 24/7 via the Department of Commerce Web site at [www.azcommerce.com](http://www.azcommerce.com). Click on Small Business Services and follow the Arizona Business Connection link.

## Minority/Women-Owned Business Services

The Arizona Department of Commerce collaborates with numerous business organizations to promote entrepreneurship among minorities and women in Arizona, facilitate procurement opportunities and advocate on issues that are important to these communities.

## Governor's Small Business Advocate

The Small Business Advocate keeps an open line of communication with the governor, works with chambers and other groups to develop policies and programs that address statewide issues concerning small businesses, interacts with state regulatory

agencies to improve their responsiveness to small businesses and assists entrepreneurs in working with other state agencies.

The Governor's Council on Small Business is staffed by the Commerce Small Business Services division. The council's role is to support the outreach and resource-developing activities of the Governor's Small Business Advocate by:

- Identifying and recommending opportunities to promote the prosperity of Arizona small businesses to the governor and the state Legislature.
- Providing a forum for small-business owners to voice concerns and recommendations to the governor.
- Investigating and evaluating the impact of state regulation, legislation and administrative processes on Arizona small businesses.

## Business Attraction and Development

The Arizona Department of Commerce provides a single point of contact for assistance in site selection and access to business resources. Free services include:

- Information on available sites throughout Arizona.
- Customized research on the state, its economy and industry sectors.
- Cooperative participation in state-sponsored trade shows.
- Access to incentive programs and application assistance.
- Coordination and facilitation of meetings with statewide resource providers.
- Specialized assistance in aerospace, biosciences, environmental and information-technology sectors.

## AZBusinessLINC.com

The Arizona Department of Commerce expanded this supplier network online service to cover the state. AZBusinessLINC.com is where buyers and sellers meet through a comprehensive and interactive database that:

- Profiles the capabilities of Arizona businesses.
- Increases buyer awareness of the products and services available throughout the state.
- Assists sellers to identify new marketing opportunities and access companies with immediate procurement needs, companies seeking longer-term supplier relationships and businesses looking for collaborative partners.

AZBusinessLINC staff provides technical support and extended confidential buyer-needs search assistance. If your search effort is unsuccessful or your company's product or service category is not adequately defined, call toll free 866-882-5462.

## Rural Development Office

The Arizona Department of Commerce promotes local self-sufficiency and supports sustainable economic development with technical and financial assistance from a broad range of sources. The Rural Development office provides local leaders and community organizations with customized training and resources through three programs:

### Main Street Program

The Arizona Department of Commerce affiliates with the National Main Street Program to assist Arizona communities in revitalizing their downtown business districts by:

- Organizing and training Main Street boards and committees.
- Facilitating meetings and work program retreats.
- Accessing technical and financial assistance for program implementation.
- Offering design assistance to business owners.

### Rural Economic Development Initiative

The Arizona Department of Commerce provides direct assistance to rural communities in evaluating resources and organizing economic development efforts. Qualified rural programs and organizations with an ongoing commitment to economic development can be accredited through REDI, making them eligible for technical and matching-fund assistance to develop an effective, locally generated program of activities; and implement plans to become more attractive for capital investment and industrial and business locations.

### Business Retention and Expansion

Department of Commerce efforts in communities throughout Greater Arizona for the retention and expansion of business emphasize creating an environment that encourages stability and success. We provide expertise and resources to aid in the design and implementation of a locally defined and community-based BR&E program.

### Community Planning Office

The Arizona Department of Commerce Community Planning Office directs the state's largest job-retention program in history through the Arizona Military Airports Regional Compatibility Project, a proactive endeavor to convene stakeholders around each base — the governments, military, homeowners and business people — to address land-use compatibility issues. Military installations throughout Arizona account

Continued on Page 11B

## Continued from Page 10B

for some 83,000 jobs and \$5.7 billion to the state economy each year — all of which is threatened by uncontrolled growth.

Certified community planning professionals foster community capacity-building and foundation development through technical expertise on the Growing Smarter mandates, land-use and strategic planning, zoning, infrastructure, research and public participation.

## International Trade and Investment

The Arizona Department of Commerce International focus is twofold: to help small and medium-sized businesses thrive by assisting them with foreign trade; and to attract foreign investment to the state.

In addition to an Arizona-based team of international trade specialists, expertise and resources are available through foreign trade offices in Mexico, Japan, Taiwan and the United Kingdom. These experts facilitate contacts with local partners and gather sales leads that can be matched with Arizona-based suppliers.

## Educating Arizona businesses on elements of foreign trade

From questions about getting started to specific concerns about developing the export side of your business, our trade specialists are experts in marketing abroad.

In addition to general trade information available online at [www.azcommerce.com](http://www.azcommerce.com), experts help you find interested trading partners and meet with you and your staff to assist in developing your trade strategy.

## Getting started

Your first step is to identify the most lucrative potential markets for your product or service. We provide country-specific information gathered by U.S. embassies and consulates detailing market size, distribution channels and major in-country players; reference materials/sources for your industry, including trade journals, associations and promotional events; and reports on worldwide trends in your primary target areas.

## Contact facilitation

Once you've decided which markets are best for your business, we assist you in identifying potential buyers, distributors, suppliers or other strategic partners. We maintain numerous sources and will assist you in developing a list of targeted companies.

## Company background

Before responding to foreign leads or signing any contractual agreements, do your homework. We'll help you obtain general background information on your potential partners so you can make informed decisions.

## Trade missions and trade/catalog shows

Arizona Department of Commerce trade missions are designed to introduce small and medium-sized Arizona businesses to international markets. Our trade specialists and foreign offices help you identify prospective partners/distributors, schedule meetings, and arrange for interpreters and networking events. These missions provide an opportunity to assess target markets first-hand.

We invite Arizona businesses to exhibit with us at trade and catalog shows worldwide. In some cases, you can promote your business through catalog shows attended by our trade specialists.

## Workforce Development

The Arizona Department of Commerce provides staff oversight and policy direction to the Governor's Council on Workforce Policy. The 35-member council is made up of business, state and educational leaders who recommend and advise the governor on all issues related to improving the effectiveness of Arizona's work-force development system, known as the Arizona Workforce Connection.

## Job Training Program

Design a customized curriculum to meet your specific work-force needs by applying for a grant through the Arizona Department of Commerce Job Training Program. The program supports the design and delivery of training plans that meet unique industry standards and challenges.

Under the "Net New Hire" portion of the grant program, businesses can apply for grants that return up to 75 percent of the costs of training net new employees in jobs that meet the threshold wage criteria.

The "Incumbent Worker" portion of the grant program allows for training that upgrades the skills of existing employees who also must meet the threshold wage criteria. The Incumbent Program can reimburse employers up to a maximum of 50 percent of allowable training costs and may include: course development fees; and development, purchase or production of training materials or trainer fees.

Applications for the Arizona Job Training program are available online at [www.azcommerce.com](http://www.azcommerce.com) or by calling 602-771-1181.

## Apprenticeship Program

Registered apprenticeship is a training system that produces highly skilled workers to meet your demands. Apprenticeship is a proven strategy that combines on-the-job training with related classroom instruction.

Arizona has more than 100 registered apprenticeship programs with more than 2,500 apprentices in industries such as agriculture, construction and manufacturing.

For more: 602-771-1182 or [www.azcommerce.com](http://www.azcommerce.com).

## IT Training Tax Credit

Meet your immediate needs for in-house information technology skills and offset training costs through the Arizona Information Technology (IT) Training Tax Credit available to businesses as a 50-50 match for training up to 20 employees in information technology skills. To qualify for the Information Technology Training Tax Credit, an Arizona business must:

- Be sending an Arizona employee to qualified information training.
- Use accredited training institutions.

For applications, visit [www.azcommerce.com](http://www.azcommerce.com) or call 602-771-1181.

## Arizona Workforce Connection

Attract qualified applicants and cut employee selection and retention costs through the Arizona Workforce Connection. Arizona employers profit from the simple, flexible services that Arizona Workforce Connection sites tailor for unique business needs.

Streamlined and standardized for business efficiency, Arizona Workforce Connection sites integrate the major work-force development players across the state. And, most services are provided free of charge.

Services include:

- Job bank posting.
- Screened and trained labor pool.
- Training and education resources for incumbent workers.
- On-site applicant screening and job fairs.
- Rapid response pre-layoff support.
- Current and historical labor market information.
- Unemployment insurance information.

For more information, visit the Web site at [www.arizonaworkforceconnection.com](http://www.arizonaworkforceconnection.com).

## Arizona Film Commission

Housed in the Arizona Department of Commerce, the Arizona Film Commission attracts film and television production from around the globe for economic development; serves as the statewide liaison for local, county, state, federal and tribal governments as well as private-sector businesses and property owners statewide; promotes Arizona employment for film professionals and Arizona businesses used by film companies.

Businesses benefiting from film-company spending include everything from hotels and restaurants to car rental agencies and a wide range of support services.

## Business Development Finance

Arizona Department of Commerce financial programs that promote economic development opportunities statewide include:

- The Arizona Enterprise Zone Program, or EZ, offers tax benefits to businesses located in distressed areas of the state. The EZ program offers a tax credit to nonretail

See **ADOC**, Page 12B

# Discover the Arizona Business Connection

**W**hat are the right reasons for starting your own business? It starts with asking yourself what makes your business idea different; what is your competitive edge?

Regardless of the type of business you are interested in, there are many community and educational organizations that can help you, without charge, explore your business options.

Once you know what type of business you want to start, visit the Arizona Department of Commerce's Web site at [www.azcommerce.com](http://www.azcommerce.com) and click on "Small Business Services." The Small Business Services Division is your statewide resource for licensing, certification and small-business assistance for every stage of business development: startup, expansion or relocation.

The Arizona Business Connection is a step-by-step online service that walks you through what you need to know to start or expand your business, and it is accessible 24 hours, seven days a week (24/7). This program applies to the majority of people/organizations seeking occupational, business or license information, and will provide other valuable information and resources.

The program is designed to take you through a series of brief statements; you can skip over any statement that doesn't apply to your business needs. Once you have completed the program, a customized report will appear on the screen. Your report will enable

you to link over and download most of the forms you may need. It also provides you with telephone numbers and addresses in the event that you wish to contact an agency or organization directly.

You can revisit the program as many times as you like. A personalized "Welcome Back" page will be created after your first visit, offering quick links to the pages you want information about. Some of the information available to you on our Web site and in *Entrepreneur's Edge* include:

## Trade Name/Trademark

Information on how to register and research your business name or logo with county, state and federal agencies.

## Corporations/LLCs

Which is right for me? This book contains one of the best reference charts for making an informed decision. Once you decide, our Web site will direct you to the necessary forms to get started.

## Industry Specific Information

Regulatory licensing and/or certification and environmental restrictions or requirements, health permits, child-care licensing, contractor's license, auto dealer's license, etc.

## State Taxes

Access to information and brochures on

Arizona's Transaction Privilege (Sales) Tax (TPT) and Use Tax.

## Employees

The most important part of any business is its employees. How do I hire employees? What forms am I required to file? Where can I go for help? Step-by-step to hiring your employees.

## City & County Tax/Licensing

Every city and county in Arizona has a different set of requirements for starting a business within its jurisdiction.

Some of these requirements include: home-based business permits, licenses, tax licenses, zoning permits, etc.

## Referrals/Special Assistance

Small Business Services has developed a **free online directory** to promote the state's minority and/or women-owned businesses throughout the world. This directory helps state, county, city and corporate buyers looking to do business with minority and/or women vendors. You can add your business to the directory. You can search the directory for vendors to do business with. You also can download the directory.

For **Bid Opportunities**, there are links to public and private-sector buyers. The **Calendar of Business Events** links to a schedule of statewide networking meetings.

## ADOC: Commerce Department services help business owners

### Continued from Page 11B

businesses for net increases in new quality jobs within a zone. The program offers manufacturing businesses a property tax reduction for a period of five years if the company makes the required investment in fixed assets in the zone.

- The Private Activity Bonds Program, or PAB, allocates the state's portion of the federally established tax-exempt private activity bond volume cap. PABs can be used to finance industrial and manufacturing facilities and equipment, student loans, single and multifamily housing, private utility projects and some municipal facilities.

In addition, Commerce Business Development Finance administers the Military Reuse Zone. For more: [www.azcommerce.com](http://www.azcommerce.com).

## Commerce and Economic Development Commission

The Commerce and Economic Development Commission, or CEDC, is appointed

by the governor to advise and coordinate economic development policy for the state of Arizona.

## Office of Economic Information and Research

The Office of Economic Information and Research serves as the state's clearinghouse for economic information and manages research related to Arizona's economy. The office also provides information and analyses of trends, opportunities, best practices, market issues and department/program impacts.

## Office of Innovation and Technology

The Arizona Department of Commerce serves as a catalyst to accelerate the growth of technology businesses throughout the state. The goal is to achieve dynamic economic development through innovation and technology. Resources provided by this office to Arizona entrepreneurs and high-

tech firms include:

- A statewide network of industry partners, university leadership and professional organizations that provide expertise to startup businesses.

- A grant program specifically for entrepreneurs to develop and commercialize global technology by accessing Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) federal funding.

- Information and referrals from a wide spectrum of financial resources that provide capital for growing technology businesses.

The 31-member Governor's Council on Innovation and Technology is staffed by the Commerce Office of Innovation and Technology. Charged with developing strategies to improve Arizona's knowledge-based economy, the council will deliver a technology blueprint that can be implemented by private and public sectors on a statewide basis.

For more: see the Innovation & Technology link at [www.azcommerce.com](http://www.azcommerce.com).

# Business structures and registration

The first step to establishing a business in Arizona is to determine which form of business structure is most appropriate for your operations.

To do this, an analysis of the various legal and tax-related implications associated with the forms of business structure must be conducted.

In Arizona, as in all states, several business structures exist. The four most common are the sole proprietorship, general and limited partnership, limited liability company and corporation. The state also recognizes a limited liability partnership.

The following section provides a brief description of each, including general advantages and disadvantages. An attorney and/or certified public accountant should be consulted for further information and advice on selecting the appropriate structure for your business.

Once you have determined the legal structure of your business, the next step is to complete the necessary registration requirements.

Most businesses are required to register with the state and/or county in which the enterprise will operate, and these registration requirements vary.

Additionally, when establishing a business with two or more people, or as a corporation, you will need an Employer Identification Number (EIN), also known as a federal tax identification number. There are various methods of applying for an EIN.

- Apply online at [www.irs.gov/businesses/small/](http://www.irs.gov/businesses/small/).
- By calling 800-829-4933.
- By mailing your completed SS-4 from to: EIN Operations, Philadelphia, PA 19255.

## Sole Proprietorship

The sole proprietorship is the simplest and most common form of business organization. A sole proprietorship is defined as a business that is owned by one individual. Arizona is a community property state and a husband and wife can operate as a sole proprietor.

The owner is personally responsible for all debts of the firm. Profits are considered as personal income and taxed accordingly.

### Advantages of a sole proprietorship:

- Minimum legal restrictions.
- Ease of formation.
- Low startup costs.
- Sole ownership of profits.
- Maximum freedom in decision-making.

### Disadvantages of a sole proprietorship:

- Unlimited liability.
- Less available capital than in other types of business organizations.

- Relative difficulty in obtaining long-term financing.

If the business is going to be a sole proprietorship operating under a name other than your own, it is not required — however, it is an accepted business practice — to register the business name (commonly known as “doing business as” or “dba”) with the Arizona Secretary of State’s Trademark and Trade Name Registration Office or the County Recorder of the county in which you will operate.

## General Partnership

A general partnership is an association of two or more persons joined together to carry on trade or business for profit. As in the sole proprietorship, each partner (spouse) is personally responsible for all debts of the firm.

Formal partnership agreements should be prepared by an attorney. In general, partnership agreements outline each partner’s share of income, gain, loss, deductions, credits and methods to dissolve the partnership under various situations including death of a partner.

### Advantages of a partnership:

- Ease of formation.
- Direct rewards.
- Broader management base.

### Disadvantages of a partnership:

- Unlimited liability of general partners.
- Divided authority in decision-making.
- Difficulty in disposing of partnership interest.

General partnerships transacting business in Arizona under a trade name, or a designation not showing the names of the partners, should register the business name “doing business as” or “dba” with the Arizona Secretary of State’s Trademark and Trade Name Registration Office or the County Recorder of the county in which the business operates.

## Limited Partnership

This form is similar to the general partnership with several major differences.

### Some of these differences include:

- At least one person must be identified as a general partner and be responsible for the operation and liability of the organization.
- Limited partners are not active managers of the business and are not liable for the organization’s debts, etc.

If the business is a limited partnership, you are required to register with the Arizona Secretary of State’s Trademark and

Trade Name Registration Office or the County Recorder of the county in which the business is located.

## Limited Liability Partnership

Limited Liability Partnership, or LLP, is a recent form of business entity in Arizona.

For information regarding an LLP, contact an attorney or your local county bar association. The lack of clear legal precedents could be a disadvantage.

If the business is a limited liability partnership, you are required to register with the Arizona Secretary of State’s Trademark and Trade Name Registration Office or the County Recorder of the county in which the business is located.

## Limited Liability Company

A Limited Liability Company, or LLC, offers businesses the protection of a corporation and the single taxation feature of a partnership.

### Limited liability company advantages:

- Limited disclosure of owners.
- Limited documentation.
- No advance IRS filings.
- No public disclosure of finances.
- Lower filing fees.
- Professional LLCs are allowed.
- Can build in buy/sell and owner compensation provision — no separate document.
- Ease in transfer of ownership.
- Can use special allocations between owners.
- Can use different classes of owners.
- Member (owner) involved in LLC operation insulated from liability.
- Can assign management to a nonmember.

### Limited liability company disadvantages:

- Out-of-state business complicates status if the other state does not recognize LLC.
- Large number of owners complicates status.
- Death, bankruptcy or withdrawal of owner could cause problems.

### Tax provisions advantages:

- No tax at LLC level.
- Established and well-seasoned partnership rules apply.
- No new federal ID number required when converting from partnership to LLC.
- No withholding tax on owners’ salaries.
- No double tax on appreciation.
- More flexible restructuring possible.
- No problem with retained earnings.
- Easier structuring of debt.

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# Business structures and registration

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- Step-up in tax basis on death of member or sale of interest.
- Less tax on owner's retirement pay.
- Tax-free distribution of assets possible.
- Flexibility in contribution of assets.
- Member's "outside" expenses not classified as miscellaneous itemized deduction subject to 2 percent disallowance.

## Tax provisions disadvantages:

- Status of self-employed tax on owners uncertain.
- Status of sales tax on owner/lessees uncertain.
- Some gain on appreciation may be taxed as ordinary income.
- No shifting of appreciation on contribution of property to LLC.

To register a Limited Liability Company, domestic or foreign, contact the Arizona Corporation Commission.

## Corporation

A corporation, sometimes referred to as a "C Corporation," is the most complex type of business organization. It is formed by law as a separate entity, completely distinct from those who own it, and has its own rights and responsibilities.

In forming a corporation, potential shareholders offer money and/or property in exchange for capital stock. The stockholders are the owners of the corporation, and the managers of the firm may or may not be stockholders. Businesses that incorporate in this state must file Articles of Incorporation with the Arizona Corporation Commission.

Out-of-state corporations conducting business for 30 days or more in the state must file an Application for Authority to Transact Business as a foreign corporation.

## Advantages of a corporation:

- Separate legal entity.
- Limited liability for stockholders.
- Unlimited life of the business.
- Relative ease in raising capital.
- Transfer of ownership stock sale.

## Disadvantages of a corporation:

- Complex and expensive to organize.
- Activities limited by the corporate charter.
- Extensive regulation and record-keeping.
- Double taxation — once on corporate profits and again on dividends.

## Incorporation of a business in Arizona involves the following steps:

1. Make sure the name you plan to use has been checked with the Arizona Corporation Commission and is available for use by your corporation.

2. Deliver the original and one or more copies of the Articles of Incorporation to the Corporation Commission.

3. Show a street address for the statutory agent (P.O. Box not accepted).

4. File Certificate of Disclosure (included in the incorporation application forms).

5. Pay the required fees.

6. Advise the commission, in writing, of the fiscal year to be used by the corporation.

7. Publish the Articles of Incorporation within 60 days after filing.

The Articles must be published in three consecutive issues of a newspaper in general circulation in the Arizona county of the corporation's known place of business. Within 90 days after filing, an affidavit of this publication must also be filed with the Arizona Corporation Commission.

## S Corporation

Subchapter S Corporations, sometimes referred to as "S Corporations," elect not to be subject to federal corporate income tax.

The shareholders, however, include their shares of the corporation's items of income, deduction, loss and credit, or their shares of nonseparately computed income or loss, as part of their personal income.

## To qualify as an S Corporation, a corporation must meet the following:

- It must be based in the United States.
- It must have only one class of stock.
- It must have no more than 75 shareholders.
- It cannot have any nonresident alien as a shareholder.

Recent changes in tax laws have liberalized Subchapter S rules; however, current restrictions must be checked at the time of filing.

Check with your attorney and certified public accountant for further information regarding the changes in law. Publications may have outdated information.

## A corporation that meets all of the above criteria can become an S Corporation if:

1. All shareholders consent to the corporation's election of S Corporation status.

2. The corporation has a permitted tax year.

3. IRS Form 2553, Election by a Small Business Corporation, is filed to indicate the choice of S Corporation status. The corporation must qualify as an S Corporation at the time it files Form 2553.

For information on S Corporations, obtain IRS Publication 542.

To incorporate your business, contact the Arizona Corporation Commission.

## Foreign Corporation

If the business is a foreign corporation (an entity organized under the laws of another state or country), it also must register with the Arizona Corporation Commission.

## Foreign corporations applying for Authority to Transact Business in Arizona must comply with the following at the time of filing:

1. Make sure the name that you are using has been checked with the Arizona Corporation Commission and is available for use by your corporation. The name may be reserved for 120 days while filing.

2. Deliver the original and one or more copies of the Application for Authority to the Corporation Commission.

3. Show a street address for the statutory agent (P.O. Box not accepted).

4. File Certificate of Disclosure (included in application forms).

5. Pay the required fees.

6. Advise the Corporation Commission, in writing, of the fiscal year to be used by the corporation.

7. Publish the Application for Authority within 60 days after filing with the Arizona Corporation Commission.

The Articles must be published in three consecutive issues of a newspaper in general circulation in the Arizona county of the corporation's known place of business. Within 90 days after filing, an affidavit of this publication also must be filed with the Arizona Corporation Commission.

Additional information on incorporating may be obtained from the Arizona Corporation Commission Corporations Division.

## Tax-Exempt Organizations/ (Nonprofit Corporations)

There are more than a dozen different types of corporations approved by the Internal Revenue Service as "Nonprofits."

These organizations usually are developed and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition (under certain restrictions), or the prevention of cruelty to children or animals.

The organization must be a corporation, community chest fund or foundation. A sole proprietorship or partnership will not qualify.

Other organizations that may qualify include: civic leagues; social welfare organizations; labor, agriculture and horticultural organizations; social and recreation clubs; and fraternal beneficiary societies.

For a free IRS booklet on this subject, call 800-829-3676 and request publication 557, or visit the IRS Web site at [www.irs.gov](http://www.irs.gov).

To register a nonprofit corporation, contact the Arizona Corporation Commission.

# Comparison of Business Structures

<b>SOLE PROPRIETORSHIP</b>	<b>GENERAL/LIMITED PARTNERSHIP</b>	<b>LIMITED LIABILITY COMPANY</b>	<b>“C” CORPORATION</b>	<b>“S” CORPORATION</b>
<p><b>Advantages</b>            Minimum legal restrictions            Ease of formation            Low startup costs            Sole ownership of profits            Maximum freedom in decision-making</p>	<p><b>Advantages</b>            Ease of formation            Direct rewards            Broader management base</p>	<p><b>Advantages</b>            Single-member LLC treated as sole proprietor for taxation            Limited disclosure of owners            No advance IRS filings            Ease in transfer of ownership            Can use different classes of owners            Lower filing fees</p>	<p><b>Advantages</b>            Separate legal entity            Limited liability for stockholders            Unlimited life of business            Relative ease in raising capital            Transfer of ownership through sale of stock            Ability to draw on expertise of more individuals</p>	<p><b>Advantages</b>            Liability limits for shareholders            Unlimited life of business</p>
<p><b>Disadvantages</b>            Unlimited liability            Less available capital            Relative difficulty in obtaining long-term financing</p>	<p><b>Disadvantages</b>            Unlimited liability of general partners            Divided authority            Difficulty disposing of partnership interest</p>	<p><b>Disadvantages</b>            Large number of owners complicates status            Death, bankruptcy or withdrawal of owner could cause problems            Doing business in other states may require filing individual tax returns in each</p>	<p><b>Disadvantages</b>            Complex and relatively expensive to organize            Activities limited by charter            Extensive regulation, record-keeping requirements            Double taxation of profits and dividends</p>	<p><b>Disadvantages</b>            Restrictions on number of shareholders            Limitations on ownership</p>
<p><b>No. of owners allowed</b>            Only one owner</p>	<p><b>No. of owners allowed</b>            At least 2; no upper limits</p>	<p><b>No. of owners allowed</b>            At least 1; no upper limits</p>	<p><b>No. of owners allowed</b>            At least 1; no upper limits</p>	<p><b>No. of owners allowed</b>            At least 1; upper limit is 75</p>
<p><b>Arizona filing required</b>            Trade name registration</p>	<p><b>Arizona filing required</b>            Certificate of limited partnership</p>	<p><b>Arizona filing required</b>            Articles of organization</p>	<p><b>Arizona filing required</b>            Articles of incorporation</p>	<p><b>Arizona filing required</b>            Articles of incorporation</p>
<p><b>Formation</b>            Nontaxable</p>	<p><b>Formation</b>            Nontaxable, unless disguised sale or the partner is relieved from debt</p>	<p><b>Formation</b>            Nontaxable, unless disguised sale or the member is relieved from debt</p>	<p><b>Formation</b>            Taxable; however, if the transferors receive only stock and meet the 80 percent control test of the Internal Revenue Code, section 351, nontaxable except to the extent of debt relief</p>	<p><b>Formation</b>            Taxable; however, if the transferors receive only stock and meet the 80 percent control test of the Internal Revenue Code, section 351, nontaxable except to the extent of debt relief</p>
<p><b>Taxation issues</b>            (Subject to federal income tax at entity level)            No, tax items reported on Schedule C to personal return</p>	<p><b>Taxation issues</b>            (Subject to federal income tax at entity level)            No, if meet Internal Revenue Code tests</p>	<p><b>Taxation issues</b>            (Subject to federal income tax at entity level)            No, if meet Internal Revenue Code tests</p>	<p><b>Taxation issues</b>            (Subject to federal income tax at entity level)            Yes</p>	<p><b>Taxation issues</b>            (Subject to federal income tax at entity level)            No, however any shareholder may cause loss of tax status</p>
<p><b>Liquidation</b>            Not applicable</p>	<p><b>Liquidation</b>            Nontaxable to the extent of a partner's tax basis</p>	<p><b>Liquidation</b>            Nontaxable to the extent of a member's tax basis</p>	<p><b>Liquidation</b>            Taxable to both corporation and shareholders</p>	<p><b>Liquidation</b>            Generally nontaxable at corporate level and taxable at shareholder level via flow-through of corporate tax items</p>

Source: Gammage & Burnham PLC

# Picking a name is an important step

**N**aming the business is one of the most critical steps a business owner will take.

Unfortunately, in the startup process, many people do not consider the importance of name selection and its role in the success of their business.

Professional assistance is available from attorneys, public relations or advertising organizations, marketing consultants and trademark agents.

## ■ HOW TO

Several books and magazine articles are available from

local libraries to help you select a name. Terms used to describe a business name include trade name, "doing business as" (dba) and fictitious name.

Here are some considerations in selecting a business name:

- The name should be easy to understand, spell, pronounce, remember and find in the telephone directory.
- Will it depict the image you want for the business? This may include the level of service, speed, promptness, quality, skill, low

cost, timeliness, experience, effectiveness, etc.

- Can your product or service be listed as part of the name (such as health food or marketing consultants)?

- Using individual letters or an acronym may make the name very difficult to find in the telephone directory.

- The terms Corporation, Corp., Incorporated, Inc., LLP, etc., may be used only for businesses registered accordingly.

- Unusual spellings such as "Kar" for Car may cause your customer difficulty in finding your business name or listing.

- Avoid names similar or identical to those used by another business.

Once a name is selected, there are three places you can register your business name:

- The Arizona Secretary of State's Trademark and Trade Name Office: 1700 W. Washington St., Seventh Floor, Phoenix, AZ 85007.

For more information: 602-542-6187, 800-458-5842, or online at [www.sosaz.com](http://www.sosaz.com).

The Southern Arizona Office also accepts Trade Name and Trademark applications and is located at 400 W. Congress, North Building, Room 252, Tucson, AZ 85701. The

office also may be contacted by telephone at 520-628-6583. A certificate of registration is mailed in about 10 business days.

- The County Recorder will register a business name. This involves filing a simple form (which may be obtained at a local stationery or legal-forms store) and remitting with the required fee.

- If incorporating your business, contact the Arizona Corporation Commission at 602-542-3230 or visit the office at 1300 W. Washington St., Phoenix, AZ 85007.

The Arizona Corporation Commission's Web site can be accessed at [www.cc.state.az.us](http://www.cc.state.az.us).

## Additional resources

### Copyrights

Copyright Office, Room 401  
James Madison Building  
Washington, D.C. 20540  
202-707-5959 or 800-688-9889

### Patents

Commissioner of Patents & Trademarks  
Washington, D.C. 20231  
800-786-9199; [www.uspto.gov](http://www.uspto.gov)

# HOW

can the

## Arizona Small Business Association?

help you grow *your* business

Business Education Workshops/Seminars  
Networking Mixers  
Workers' Comp Dividend Plan  
Health Insurance  
Communication Services

Financial Service Referrals  
Monthly Special Interest Round Tables  
Home-Based Business Council  
Members Website List  
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Small Business Conferences .....  
Legislative Representation  
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Phoenix, AZ 85008-6996  
602-265-4563 Fax 602-265-3681  
[info@asba.com](mailto:info@asba.com)

4444 E. Grant Road #119  
Tucson, AZ 85712  
520-327-0222 Fax 520-327-0440  
[codowd@asba.com](mailto:codowd@asba.com)

# Trade Names

## How do I file my business name?

The registration of a trade name is not legally required in Arizona but is an accepted business practice. Trade names, also known as business names and dba's, can be filed with the Office of the Secretary of State.

Although the office will search its database for similar names on file, we recommend that customers follow the guidelines found at the Phoenix Public Library before submitting the trade name application.

Registration forms are available to download at [www.sosaz.com](http://www.sosaz.com). The filing fee is \$10 and must be in the form of a check, cashier's check, money order or cash. Currently, credit-card payments are not accepted.

## How do I search the Secretary of State database for a business name?

The Office of the Secretary of State can conduct a preliminary name check either over the phone (602-542-6187) or via e-mail ([trades@mail.sosaz.com](mailto:trades@mail.sosaz.com)).

It is recommended that you wait to order stationery or other office supplies until you receive your trade name certificate in the mail.

Corporations and Limited Liability Companies should check name availability with the Arizona Corporation Commission at 602-542-3230. Construction companies should check name availability with the Registrar of Contractors by calling 602-542-1525. Mortgage companies should check with the Department of Banking by calling 602-255-4421.

## How do I get a federal trademark?

To file for a federal trademark, contact the U.S. Patent and Trademark Office at 2021 Jefferson Davis Highway, Arlington, VA. General information requests should be addressed to General Information Services, U.S. Patent and Trademark Office, Crystal Plaza 3, Room 2C02, Washington, D.C. 20231.

Questions regarding federal trademark registration can be answered at 800-786-9199 or on the Internet at [www.uspto.gov](http://www.uspto.gov).

Arizona residents also may conduct federal trademark searches at the Noble Science and Engineering Library at Arizona State University, a U.S. Patent and Trademark Depository Library ([www.asu.edu/lib/noble/ptdl](http://www.asu.edu/lib/noble/ptdl)). For more: 480-965-6164.

## Filing guidelines

- Customers are encouraged to file descriptive names. There are roughly 350,000 names registered at the state level as trade names, trademarks, partnerships, LLCs or corporations.
- Adding a city, state or direction does not create a more descriptive name.
- Adding names such as corporation, company, services, manufacturing, associates, store, enterprises, association, etc., to the end of a name does not create a more descriptive name.
- "Made-up" names (words that are not found in a dictionary) should not be created for the purpose of a more descriptive name.
- The Office of the Secretary of State suggests that customers perform ex-

tensive, independent research before submitting an application for registration of a trade name.

■ The Office of the Secretary of State does not warrant or guarantee that chosen names will not conflict with existing business names.

■ In the event of a name conflict, it is advisable to seek legal counsel since the Office of the Secretary of State is a filing agency and not authorized to resolve legal matters involving trade name conflicts.

■ Send a check or money order to: Secretary of State Business Services — Trade Names 1700 W. Washington St., Seventh Floor, Phoenix, AZ 85007

**For a trade name application, see Page 72.**

## What is the statutory authority?

Statutory authority for the registration of trade names can be found in Arizona Revised Statutes §44-1460 through §44-1460.05.

## What if my trade name is rejected?

The general rule governing trade name acceptability is found in A.R.S. §44-1460.01(B). It states "The Secretary of State shall not file an application for the registration of any trade name, title or designation if it might mislead the public, or is not readily distinguishable from names, titles or designations previously registered under the provisions of this article."

## Are there any additional business-related functions offered by the Secretary of State?

In addition to the initial registration of trade names, the Office of the Secretary of State is the centralized filing office for the registration of Trade/Service Marks, Limited Partnerships, Charitable Organizations, Telephone Solicitors, Contracted Fundraisers, Uniform Commercial Code filings, Athlete Agents, Intergovernmental Agreements and Public Meeting Notices.

The agency also provides Notary Public Commissions and the maintenance and publishing of the Administrative Code and Register.

Forms and filing information are available online at [www.sosaz.com](http://www.sosaz.com) or by calling 800-458-5842.

## Where do I file?

### By mail:

Office of the Secretary of State  
1700 W. Washington St., Seventh Floor  
Phoenix, AZ 85007  
602-542-6187 or 800-458-5842  
(state of Arizona only)

### In person:

Secretary of State  
Customer Service Center  
14 N. 18th Ave.  
(southwest corner of 18th Avenue and Adams), Phoenix, AZ 85007  
Hours: Monday-Friday, 8 a.m. to 5 p.m., except holidays  
or  
Office of the Secretary of State  
400 W. Congress, Ste. 252  
Tucson, AZ 85701

# A solid business plan is a must

**B**elow are guidelines intended to help you develop and write a business plan. Your business plan is very important to your success. It represents your "road map" toward a successful venture.

These guidelines do not address every aspect of every possible business plan. You should consider more questions than those that are posed in each section. Be sure to ask many questions — your success depends on the completeness of your planning process.

Each numbered section below (I, II, III, etc.) should start a new section of your plan, while other lettered items within each section will each be one to three paragraphs long.

## I. Title Page

The title page should be double-spaced, horizontally centered and positioned just above the center of the page. It should contain the following items: business name, address, phone number and owner(s) name(s).

## II. Table of Contents

The table of contents should list the title of each section of the document and indicate the page number where each is located. It also should list specific support items (appendices) by name.

This page will be done last, since it requires the entire document as input. It allows the reader to quickly locate specific sections.

## III. Business Concept or Executive Summary

This section should be a one-page explanation of what your business is and its competitive advantage.

Here you will provide a clear description of the industry in which you are competing and a precise explanation of your business' unique qualities that set it apart from others that are competing for the same customers. This section should include key points from marketing, operational and financial plans.

Your explanation should answer these questions:

- What does your business do?
- In what general market does your business compete?
- What quality/price image will it have?
- What customer needs are met?
- What makes it unique from competition?
- Why will it be financially successful?

## IV. Marketing Plan

This section should contain a narrative description of these factors:

### A. Products/Service

- What needs/benefits are sought by your



customers?

- Specifically how does your product meet those needs/benefits?
- How is your product/service unique from the competition?
- What customer services do you provide to support the central product?

### B. Target market

First, determine if your focus is on consumers (end-users) or other businesses. Then tailor your responses to the appropriate category below.

- What needs/benefits are sought by your customers that your product/service satisfies?
- When and under what circumstances does your customer buy your product or service?
- Describe the volume and frequency of your customer's purchases.
- Based on available data, what is the expected volume of your target market?
- Of that target market, what is the projected volume of actual paying customers?
- Describe your customer base.

*Consumers:* It is important for you to develop a clear, mental picture of your ideal customer.

Describe your potential customers using the following factors: age, sex, income, education, location, occupation, interests, buying habits, and goals and aspirations.

*Businesses:* If selling to a business, your description should include: type of business; size of business; priority placed on purchasing your product; projected image of the business; markets that the business services; its trade organizations and memberships; and the trade publications read.

### B. Competition

A description of your competition should answer the following questions:

- Who are your major competitors?
- Why are they successful?
- What alternatives are there to your product?
- How do alternatives impact your sales?
- What distinctive differences separate you from your competitors?
- Why should customers leave your competitors to choose your product?
- What market share do you expect to get?

### C. Location analysis

Describe your business location and how it will enhance the sale of your product or service. Your description should answer the following questions:

- What strategic advantages do you have at this location?

**Continued on Page 19B**

## Continued from Page 18B

- Is there opportunity for expansion?
- What are the neighboring businesses?
- Do they complement/detract from yours?
- Are renovations needed? At what cost?
- What is the zoning classification?
- Is the neighborhood stable, changing, improving, deteriorating? How?
- How is customer access, parking, etc.?

*NOTE: Include in the appendix a photograph of the building, a drawing of the immediate area showing road access and identity of adjoining businesses and a drawing of the floor plan of your business.*

### D. Price determination

A description of the price structure for your product or service will answer the following questions:

- How does the unit cost of your product compare to the relative value seen by the customer?
- How does your price compare with the competition's?
- Why will customers pay your price?
- What image will this price project?
- What special advantages do your customers get that is included in the price?
- Will you offer credit terms?

### E. Marketing approach

A description of your marketing effort should answer the following questions:

- What are the test market results?
- Where do your customers seek information about purchasing your product/service?
- How will your image be clearly and consistently conveyed to potential buyers?
- Which media are most suitable?
- How will you evaluate the effectiveness of each advertising and promotional effort?
- How will you use/evaluate a sales staff?

## V. Management Plan or Operational Plan

This section contains a description of who will run the business and how they will do it, including the following:

### A. Management team

A description of how the business will be managed will answer these questions:

- What business management background do you have?
- How will that drive the business?
- How is the experience of key people related to this type of business?
- What legal form will you use — corporation, partnership, proprietorship, etc.?
- Who does what? Who reports to whom?
- What resources are needed and who will provide them (accountant, lawyer, etc.)?

*NOTE: Include in the appendix the résumés of key personnel.*

### B. Employee relations

A description of your methods for hiring, training and communicating with your staff will answer these questions:

- What are your personnel needs?
- What skills will be required?
- How will you hire and train?
- What salary/benefits will be provided?
- How will you determine wage increases?
- What personnel policies will be provided?

### C. Operational controls

A description of the kinds of management systems and how they will be used will answer these questions:

- What is your production capacity?
- What operating advantages do you have?
- What elements are key to your success?
- What will be indicators of success?
- How will you monitor these factors?
- What hazards do you anticipate for your business? What protection and/or alternate plans do you have?
- What policies will you establish for the operation of your business?

## VI. Financial Plan

A description of how your business will be financed and how you will maintain a sound financial condition will answer the following questions:

### A. Current funding requirements

- How much money will be needed for starting your business?
- What will be the sources of startup capital?
- What business and personal assets will be pledged as collateral?

### B. Use of funds

- How will the money be spent (working capital, capital expenditures, etc.)?
- How will borrowed funds make your

business more profitable?

### C. Long-range financial strategies

- How will you liquidate your investors' position?
- What terms of repayment are feasible?
- What will you do if repayment cannot be accomplished as planned?

### D. Financial statements

To support this section, several financial statements will be required, such as the following:

- Personal financial statement of owner.
- Business startup costs.
- *Pro forma* cash flow analysis (expected).
- Balance sheet (actual or proposed).
- Income statement (actual or proposed).
- Capital equipment list.

## VII. Strategic Plan

It is very important to include a description of where you want your venture to be in the next few years and how you intend to achieve those goals. This strategic plan should focus on years two through five and include descriptions of the following items:

- Strengths within your organization.
- Weaknesses within your organization.
- Opportunities available to you.
- Threats impeding you.

Using these four factors, you should describe strategies that use your strengths to take advantage of opportunities and overcome threats; and strategies to reduce weaknesses and avoid threats to your business.

The strategies should identify intermediate goals (yearly) and the marketing, management and financial resources that will be used to achieve these goals.

For assistance in preparing your business plan, visit [www.azcommerce.com](http://www.azcommerce.com) and click on Small Business Services.

## Tips for writing your blueprint

Consider the following when constructing a business plan:

- The business opportunity is presented in a clear, exciting manner.
- The entrepreneur understands that projections are, at best, hopeful guesses and tries to base the projections on realistic assumptions.
- The entrepreneur estimates, as much as possible, the pitfalls of the business as well as its strengths.
- The plan is carefully proofread and edited until it does not contain any errors in grammar or math.
- The entrepreneur knows the plan by heart before making a presentation to a potential lender or investor.
- The company has taken the time to study and understand its competitors and can address their strengths and possible weaknesses.
- The plan contains enough information to tell a complete story about the company, and it is presented in a concise, tight writing style.
- The plan does not make exaggerated claims about the product or the management.
- The plan shows why the company and its products are different and significantly better than what is out there in the marketplace.

Source: The Capital Connection, [www.capital-connection.com](http://www.capital-connection.com)

# Library Resources

**D**eveloping a business plan? Tracking industry and market trends? Researching other factors that may affect the success of your enterprise?

Start your research on these and other key business development issues with your local Economic Development Information Center (EDIC) library.

The Arizona State Library, Archives and Public Records was awarded federal grant funds to initiate the EDIC program in 1992. There currently are 27 EDICs based in public and community college libraries throughout the state. EDICs provide the business community and library users with:

- Business information from a core collection of business reference materials.
- Research experts familiar with the local

economy and the community.

- Referrals for business information and assistance.
- Database searching and Internet access, assistance and training.

Through a statewide pilot project, the Arizona State Library, Archives and Public Records recently enhanced EDIC services by providing an online business database that covers the latest information from top newspapers such as the *New York Times*, *Wall Street Journal* and *USA Today*.

EDIC library customers can use this database for identifying market and industry trends, tracking potential customers and competitors, and analyzing business strategies.

For more: 800-255-5841, 602-542-5841, or contact one of the EDIC libraries listed below.

## Visit your local library

Visit your local library, it's a great resource for starting or running a business.

Librarians will help you find information on every phase of business ownership, information on writing the business plan, and electronic databases where you can research industries and competitors.

The library provides access to subscription databases you can use in the library, office or home when you obtain a library card and a PIN number. (Check your local library for details).

In addition, libraries provide free access to the Internet. Many libraries present free programs, workshops and book lists on business topics.

For a list of Arizona libraries, visit the Arizona Library Association Web site at [www.azla.org/azinfor/libraries.html](http://www.azla.org/azinfor/libraries.html).

## Economic Development Information Centers:

**Apache Junction Public Library**  
480-474-8555

**Academic Library**  
**Arizona Western College/NAU-Yuma**  
928-344-7777

**Casa Grande City Library**  
520-421-8710

**Chandler-Gilbert Community College Learning Resource Center**  
480-857-5138

**Chandler Public Library**  
480-782-2803

**City of Mesa Library**  
480-644-3721

**Clifton/Greenlee County Public Library**  
928-865-2461

**Eastern Arizona College Library**  
928-428-8304

**Estrella Mountain Community College Library**  
623-935-8072

**Flagstaff City-Coconino County Library District**  
928-779-7670

**Florence Community Library**  
520-868-9471

**Glendale Public Library**  
623-930-3530



**Globe Public Library**  
928-425-6111

**Maricopa County Library District**  
602-506-2957

**Mohave Community College Library**  
928-453-5809

**Mohave County Library District**  
928-692-2665

**Nogales City-Santa Cruz County Public Library**  
520-287-3343

**Northland Pioneer College Library Learning Resources Center**  
928-524-7320

**Peoria Public Library**  
623-773-7556

**Phoenix Public Library**  
602-262-4636

**Prescott Public Library**  
928-777-1500

**Scottsdale Public Library**  
480-312-2476

**Sierra Vista Public Library**  
520-458-4225

**Tempe Public Library**  
480-350-5511

**Tucson-Pima Library**  
520-791-2647

**Yavapai College Learning Resource Center**  
928-776-2265

**Yuma County Library District**  
928-782-1871, ext. 106

# Vision, first and always

BY SUSAN BROOKS

Special to The Business Journal

**S**o, you want to be a business owner. You think you have an entrepreneurial spirit. You are sure that now is your time to be in charge of your own destiny.

You start with baby steps, getting validation from family and friends, guidance from advisers.

But you need a business plan. You need to know your costs — down to the penny. You need a compassionate banker, a disciplined CPA and an over-protective attorney. Now you think you're ready?

Whoa! Instead of focusing on what's next, you have to ask yourself what's first. A passion to serve, whether it's cookies or widgets, must start with a vision — your vision.

Who is your customer? Who do you want to serve, and how? Where do you see the greatest need, the hole in the marketplace that your product/service can fill better than anyone else? What are the pictures in your mind that define your product/service: your company name and logo, your merchandising and image and your core values that define and differentiate your product/service from all the others already in the marketplace? When you focus on vision, you soon realize you have opinions about things you didn't even realize mattered before.

Having been in the trenches as a business owner for more than 25 years, I've learned these lessons. Knowing how to grow a business, how to best serve customers and employees, and how to keep integrity of the vision — these are the questions that have kept me awake all hours of the night and, fortunately, have taught me lessons that now help me guide budding entrepreneurs back into the light of day.

The integrity of your vision always is being tested. There are several non-negotiable caveats in my vision that I held onto tightly. Honoring my family history and the integrity of our recipes to use fresh and real ingredients meant that our cookies have a limited shelf life. I often was advised to add preservatives to our cookies.

No way, no how! Our name, Cookies from Home, declared this truth from the get-go. Our niche had to focus on immediate munching, emphasizing the quality and freshness as an advantage rather than a limitation. Our cookies are homemade by people, not machines, and every step of our process involves the human and "back to basics" philosophy.

Vision defines your passion. My vision was to make our world a better place by treating customers to the best chocolate chip cookies and service.

Everyone loves cookies, right? Yes, but if I



Susan Brooks

took my limited dollars and tried to market to "everyone," I would have disappeared long ago with all the other startup companies that failed. I needed to be much more specific, much more definite about the cookie lovers I wanted to serve.

Look at Southwest Airlines. Its niche is clearly defined: cheap fares and

lots of them. No empty promises of gourmet meals and first-class seats. When customers

book a Southwest flight, they "buy in" to the cattle calls and peanuts. Southwest Airlines knows what it does best and doesn't try to be what it is not.

Your vision holds your truths. When you stay focused on that, your next step and bottom-line direction become clear.

This is your vision, your destiny, which owns lessons learned, triumphs celebrated and every ounce of risk that made it happen.

*Susan Brooks, co-founder and president of Cookies From Home, also is a professional speaker and consultant. She can be reached at [www.servesyouright.net](http://www.servesyouright.net) or [tobserved@aol.com](mailto:tobserved@aol.com).*

## We Have the Business Tools to Succeed

(602) 534-6000 Small Business Resource Line

- Small business information and referral services
- Financing programs
- Business consulting services
- Educational and networking events
- Business visitations
- M/W/SBE certification information
- City purchasing contacts

Community  
& Economic  
Development  
Department  
Small Business  
Division

200 W. Washington  
20th Floor  
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The  
**Business  
Journal**

# Location & Regulations

BY SUSAN MERCER HINRICHS

Special to The Business Journal

Location, location, location.

Like real estate, the 3Ls apply in business as an entrepreneur decides where to physically establish an enterprise.

Three other words — regulations, licensing and permitting — also are key to starting a business off on the right foot and growing it into a thriving enterprise.

Whether you've launched a home-based business or staked out a promising commercial site, you'll need to comply with licensing and permitting requirements.

A business owner looking at a downtown redevelopment site may wrestle with leasing or buying the property, for example.

That's where the Small Business Development Center can come into focus. Mike York, the SBDC's state director, said employees there can help people understand commercial leasing.

"It's not astrophysics; it's just business," York said. "But it can be pretty intimidating."

He said an SBDC counselor can help translate commercial real estate jargon and forms for a business person who is deciding whether to rent or buy.

Economic development officials stand as a ready source of information, too. Cities and counties may offer credits or incentives for businesses choosing to locate within special sites, sometimes known as enterprise zones or development areas.

In southwestern Arizona, the cities of Yuma, Wellton, Somerton and San Luis have teamed with Yuma County and dozens of local businesses to form the Greater Yuma Economic Development Corp. According to the GYEDC Web site, [www.gyedc.org](http://www.gyedc.org), all of Yuma County is designated as an enterprise zone — an area offering income-tax incentives for businesses choosing to locate there.

Miguel Bravo, a GYEDC business development representative, said the group often has contact with small and light-manufacturing companies from Southern California where owners are looking to move to a more affordable area.

In talking with prospective relocators, Bravo said the GYEDC looks at things such as the number of jobs to be created, starting wages offered, and benefits to be rendered as the public-private partnership members negotiate to offer relocation incentives.

"Our goal is to provide all the information

they (prospective businesses) need and assist them," Bravo said.

Likewise, when it comes to navigating the process for permitting and licensing, the SBDC's York said workers there can help, too, whether through the organization's ongoing workshops and seminars statewide, or a one-on-one question-and-answer basis.

Arizona is a "virtual nirvana to do business in," York said. Despite that, he said licensing and permitting could — and should — be easier to navigate.

According to York, the SBDC annually

Regulatory issues "are a problem," said Wasley, citing business-owner frustration with city regulations and taxation matters. One particularly troublesome area now, she said, is enforcement of municipal smoking bans in eateries.

The Greater Phoenix Chamber also acts as an ongoing legislative lobbying force to make regulations and taxation issues more business-friendly, Wasley said.

Another regulatory information source is online. A visit to the Arizona Department of Revenue's Web site, [www.revenue.state](http://www.revenue.state)



counsels about 3,500 people in Arizona on regulatory and licensing matters, among other issues. Over the past 15 years, the SBDC has assisted some 100,000 people in various capacities through its ongoing seminars and workshops statewide.

Individualized business counseling is offered without cost, York said. Workshop sessions can involve a nominal charge.

Terree Wasley, vice president of entrepreneurial services at the Greater Phoenix Chamber of Commerce, agrees with York that the gauntlet of permits for establishing and operating a business can be overwhelming.

[.az.us](http://.az.us), gives entrepreneurs a comprehensive picture of what startups and growing companies need to know about building a business in Arizona.

One link on the home page leads to general small-business information; another lists all the organizations and activities that are required to obtain an employer identification number; and another lists a guide, titled A-Z for Taxes for Small Business, where tax obligations are outlined.

Once armed with the necessary permits and licenses, entrepreneurs take another step toward fulfilling their independent business dreams.

# The right location makes a difference

The choice of a location may have a profound effect on the success of your business. Therefore, this aspect of your planning should be given great consideration. Some of the items to research and assess include the following:

## Home-based

Businesses must comply with the same license and permit requirements as a commercial location, including applicable sales tax licenses, trade or professional licenses,

## HOW TO

residential zoning and homeowner association rules. Among the factors

to consider in obtaining approval is whether you will increase traffic substantially, the ease of access for your clients and suppliers, and if there is any pollution created, including excessive noise.

## Buy or lease

One of the first decisions you must make is whether to purchase property and construct a new building, modify an existing building or lease a site.

There are many issues to consider in making this decision. You should consult with an attorney, accountant and real estate professional for assistance and information.

## Client base

Where are your current and targeted customers located? Use a map and pins to identify client locations. This information will assist you in selecting a site.

## Traffic count

Determine the traffic passing potential sites. You can make this study or, in many cases, the city, county or state traffic engineers will provide official counts of auto traffic. Commercial real estate agencies often have considerable research data on this subject.

## Which side of the street

Some retail products and services are most attractive to customers on their way to work. Examples include coffee and pastry shops.

Some chambers of commerce have very detailed studies of traffic, existing business data and other valuable information. Contact the local chamber for additional information.

## Demographics

What changes are taking place in that area? Is the population age shifting? What



is the income level? Does the local population fit your target market profile? The U.S. Census Bureau provides information on these and other related subjects. The telephone number is 800-253-1882. The Web site is: [www.census.gov](http://www.census.gov). In addition, the Arizona Department of Commerce, Community Development Division Web site, [www.azcommerce.com](http://www.azcommerce.com), provides community and county profiles. Local chambers of commerce and libraries also usually have information on area demographics.

## Type of site

Commercial locations include individual or stand-alone buildings, neighborhood strip centers with a few stores, power centers with a major tenant and several complementary businesses, and regional malls, usually with three or more major anchor stores.

## Nearby stores

Are neighboring stores compatible or complementary to your business? Will they help attract business to your establishment?

## Parking

Does the site provide adequate parking for your customers and employees? Will your customers have to compete with employees of the area businesses to find a place to park? Is the parking lot easy to enter and exit? What is its overall condition? Is it well illuminated at night? Is adequate parking

provided for handicapped customers?

## Condition of the building

Carefully check the condition of the building and calculate the modifications required to meet your needs. Do the building and property meet current zoning and other local requirements? Has the owner maintained the building and property or is the location in need of repair? What do other tenants say about the owner's willingness to make repairs and do preventive maintenance?

## Total cost of the lease

Cost of the lease is calculated a number of ways. Some items to consider include:

- Exterior building maintenance.
- Tenant improvements.
- Common area expenses.
- Insurance.
- Utility costs.
- Security services.
- Taxes.
- Flat lease rate and/or percentage of your business revenue.
- Increase in lease based on changes in the consumer price index.

## Terms of the lease

Lease terms can be confusing to the business owner. Many commercial brokers provide a glossary of terms commonly used in leasing space to businesses. Other considerations include dispute resolution, required hours open for business, and whether future expansion is possible at reasonable rates.

## History of the site

Why is the potential location available? How long has the site been vacant? What caused the previous tenant to leave? If several businesses have failed at that site, you may wish to carefully consider your odds for success.

## Professional representative

You should obtain professional assistance in negotiating a commercial lease. Leasing agents or brokers fall into two categories — those who represent building owners and those who represent tenants. Lease negotiations may directly affect the success or failure of your business. You should obtain the professional assistance of your own broker, attorney, accountant, insurance agent, banker and architect.

While many of these items may not seem important when you are beginning to look for a site, they are extremely important for the long-term success of your business.

# Protect your business

## Make sure you're licensed, bonded and insured

Small businesses performing services may need to be licensed, bonded and/or insured. That is especially true for commercial and residential construction contractors.

A bond or surety is a third-party obligation promising to pay if a vendor does not fulfill its valid obligations for work under a contract. It is not an insurance policy, said Brian Pugh, surety-underwriting manager for CNA Surety in Phoenix.

"It's a financial guarantee that a vendor will honor a business contract," he said. "Insurance is a two-party contract where the contractor buys a policy that pays for claims or losses."

With a surety, the bond guarantees the business is going to complete the project. If the business fails, the surety company guarantees fulfillment of the business' obligation, then

the vendor pays back the surety company. So it's more of a credit function, he said.

Although there are various types of bonds, a few of the most common are:

- **Taxpayer bond:** Contractors that must be licensed with the Registrar of Contractors or licensed as dealers of manufactured housing (mobile homes) must post a bond with the Department of Revenue before a Transaction Privilege Tax license will be issued, unless the contractor qualifies for an exemption from the bonding requirement.

- **Performance bond:** Guarantees that a business will perform work in accordance with the terms of a contract.

- **Bid bond:** Guarantees that a business will perform the work if they win a bid.

- **Indemnity bond:** Promises to reimburse loss incurred if the business fails to perform, or if the business fails to pay other

vendors or subcontractors in the performance of the contract.

- **Payment bond:** Promises a business will pay all subcontractors and material providers used in the performance of the contract.

According to Alan Felber, chief of licensing for the Arizona Registrar of Contractors, license bonds are required by statute in Arizona for construction contractors to obtain or renew a license.

The Registrar of Contractors promotes quality construction by Arizona contractors through a licensing and regulatory system designed to protect the health, safety and welfare of the public.

Bonds may be obtained from an insurance agent or an insurance company authorized by the Arizona Department of Insurance to operate in Arizona and issue contractor's license bonds.

Since bonds do not pay for property damage or personal injury on the job, business owners also need to consider health and life insurance, as well as workers' compensation coverage.

In Arizona, all businesses that have even one part-time employee must, by law, carry workers' compensation insurance, and it must be in place before the first person is hired.

The Industrial Commission will close down those operating without workers' compensation insurance and charge them a fine, said Chris Kamper, vice president of claim services for the State Compensation Fund ([www.statefund.com](http://www.statefund.com)). At present, the penalty ranges from \$1,000 to \$10,000 depending upon the number of prior violations.

"When a business doesn't have insurance and a worker gets hurt on the job, the company loses its exclusive remedy doctrine," Kamper said.

"The doctrine provides that if the employer has workers' comp coverage, then the injured worker's sole remedy for a workplace injury is workers' compensation benefits, which include medical benefits and lost wages."

The State Compensation Fund is a program operated on behalf of the state of Arizona.

Without it, the employer loses the exclusive-remedy protection, and the injured worker can elect to either file a workers' comp claim, or sue the employer for tort damages such as lost wages, medical bills and pain and suffering in Superior Court.

"So, in addition to all the other coverages necessary for operating a small business, get your workers' comp insurance in place," Kamper says. "It's extremely important."



# Be prepared for a visit from OSHA

BY SCOTT CLARK

Special to The Business Journal

If you own a business, you eventually can expect an unannounced visit from an OSHA inspector. These visits aren't social. These inspectors are charged with inspecting your business for potential health and safety violations, and they will expect access to the entire facility.

OSHA stands for Occupational Safety and Health Administration. It is organized within the U.S. Department of Labor and is charged with setting and enforcing workplace safety and health standards.

OSHA inspectors conduct periodic, random inspections of businesses. The agency also focuses on businesses where there have been serious accidents or reports of imminent job dangers, accidents or illnesses.

In fiscal year 2001, federal and state inspectors conducted about 92,000 inspections, found 220,000 workplace violations and assessed more than \$156 million in penalties. Of this total, 82 percent were classified as "willful" or "serious" violations.

However, if you have a small business, have had no previous violations, have not willfully violated the regulations and demonstrate good faith in correcting the deficiencies, penalties may be reduced or eliminated.

OSHA has four primary strategies: 1. Leadership — leading the dialogue on occupational safety and health; 2. Strong, fair and



Scott Clark

effective enforcement; 3. Outreach, education and compliance assistance — providing training and education materials; and 4. Partnerships — currently numbering more than 900.

If your business has 11 or more employees, you are required to keep records of work-related injuries or illnesses. However, work-

places in low-hazard industries such as retail, service, finance, insurance and real estate are exempt from these record-keeping requirements.

All employers must post the federal (or state) OSHA poster to provide their employees with information on their safety and health rights. You may order a printed copy from OSHA Publications by calling 800-321-OSHA, or you can download and print a copy from the OSHA Web site home page at [www.osha.gov](http://www.osha.gov).

The OSHA Web site contains a wealth of information on various health and safety topics, so it is well worth a visit. In fact, if you as an employer would like to secure help from OSHA to fix hazards in your workplace, you may wish to contact the OSHA Consultation Program Office in your state for free on-site assistance in identifying and correcting hazards or setting up safety and health programs.

You also can contact the OSHA Area Office nearest you to speak to the compliance assistance specialist about training and education in job safety and health issues.

Another option is OSHA Advisors, interactive software that walks you through specific OSHA standards for things such as asbestos or help identifying potential hazards throughout your workplace.

All of this information is available on the

**The OSHA Web site  
contains a wealth  
of information on various  
health and safety topics.**

OSHA Web site, as well as additional information on specific OSHA topics.

If you are a worker with a safety concern, you can call the nearest OSHA Area Office or you can file a complaint online through the OSHA Workers' Page.

If you own a business, it's only a matter of time before the OSHA inspector comes calling.

*Scott Clark is a business consultant and columnist based in Cedar Rapids, Iowa. He can be reached at [www.saclark.com](http://www.saclark.com).*

## Industry classifications have changed

BY TOM R. REX

Special to The Business Journal

The old Standard Industrial Classification (SIC) has been replaced with the new North American Industry Classification System (NAICS).

The SIC first was created in the 1930s and periodically was revised over five decades.

NAICS represents a significant change in the classification of industries. The first data released using NAICS in 1999 was the result of the 1997 Economic Census. The phase-in of NAICS for other federal government programs is nearly complete.

NAICS was created as a joint effort between Canada, Mexico and the United States. Differences in production processes largely act as the demarcation between industries. Special attention was given to emerging industries, service industries in general and industries engaged in the production of advanced technologies. The

goods/services distinction is not explicitly reflected in NAICS, but five of 20 sectors are largely goods-producing while the other 15 are entirely services-producing.

Ten (one-digit) divisions comprised the SIC. These were subdivided into two-digit major groups, three-digit industry groups and four-digit industries.

NAICS consists of 20 sectors progressively subdivided into three-digit subsectors, four-digit industry groups and five-digit industries. The definition of most five-digit industries is the same in the United States, Mexico and Canada.

In some cases, a sixth digit is added to U.S. industries. As implied by the greater number of digits, NAICS provides more detail on a larger number of economic activities. In the United States, 1,170 industries are defined, 358 of them being new industries.

As NAICS has been phased in, discontinuities in the historical series have occurred in

some cases. For example, nearly one-third of the former four-digit SICs are not derivable under NAICS.

The table on Page 26 compares the SIC divisions to the NAICS sectors. The SIC's transportation, communications and public utilities (TCPU) division was split into three NAICS sectors. Similarly, the SIC's FIRE (finance, insurance and real estate) division was divided into two NAICS sectors.

The largest SIC division — services — has been split into seven sectors. The last NAICS sector shown in the table does not correspond to any SIC division.

For more: 800-756-2427 or [www.census.gov/naics](http://www.census.gov/naics). (See Page 26B for a related chart.)

*Tom R. Rex is research manager at the Center for Business Research at the L. William Seidman Research Institute at Arizona State University's W.P. Carey School of Business. He can be reached at 480-965-5476.*

# Industry classification system at a glance

SIC Division	NAICS Sector	Differences from SIC to NAICS
Agriculture, Forestry and Fishing	Agriculture, Forestry, Fishing and Hunting	Logging was transferred to this NAICS sector from the SIC manufacturing division. Parts of the SIC Agriculture Services major group were shifted to other NAICS sectors.
Mining	Mining	Very few changes were made.
Construction	Construction	The NAICS definition is nearly the same as in the SIC.
Manufacturing	Manufacturing	The SIC printing and publishing major group was moved to the NAICS information sector. Logging was shifted to the agriculture sector. Numerous other minor additions and deletions were made.
Transportation, Communication and Public Utilities (TCPU)	Transportation and Warehousing	Except for parts of the SIC transportation services major group, which were shifted to other NAICS sectors, the transportation portion of this SIC division closely corresponds to the NAICS sector.
	Information	The portion of the TCPU division relating to communications makes up part of this new NAICS sector. The information sector groups industries that primarily create and disseminate a product subject to copyright. In addition to communications, it consists of the SIC major groups of printing and publishing part of business services and most of motion pictures.
	Utilities	The public utilities portion of TCPU is very similar to the NAICS sector
Wholesale Trade	Wholesale Trade	Few changes were made, but portions of the SIC division were assigned to the NAICS retail trade sector.
Retail Trade	Retail Trade	The SIC eating and drinking places major group was moved to the NAICS accommodation and food-services sector.
Finance, Insurance and Real Estate (FIRE)	Finance and Insurance	The finance and insurance major groups from the SIC are very similar to the NAICS finance and insurance sector.
	Real Estate and Rental and Leasing	Various types of rental activities, such as rental of automobiles and consumer goods, were transferred from the SIC services division to this NAICS sector. Real estate is defined nearly the same in NAICS as in the SIC.
Services	Professional, Scientific and Technical Services	This new NAICS sector comprises establishments in which human capital is the major input. It consists of the SIC major division of legal services, engineering, accounting, research and management services; parts of business services and various other SIC industries.
	Administrative and Support, and Waste Management and Remediation Services	Routine support functions provided to other companies, such as employee-leasing services and janitorial services, make up this new NAICS sector. It was formed from portions of many SIC major groups. The most significant were business services, repair services, transportation services and public utilities.
	Educational Services	This NAICS sector closely corresponds to the SIC educations services major group.
	Health Care and Social Assistance	Nearly all of the SIC health services and social services major groups combine to form this NAICS sector.
	Arts, Entertainment and Recreation	Most of this NAICS sector comes from the SIC major groups of amusement and recreation services, museums, art galleries and gardens.
	Accommodation and Food Services	The SIC major groups of eating and drinking places, and hotels and other lodging places form most of this NAICS sector.
	Other Services	This NAICS sector consists of the combination of most of several SIC major groups, including personal services, automotive services, miscellaneous repair services, membership organization and private households.
Public Administration	Public Administration	Few changes were made.
—	Management of Companies and Enterprises	This new, small NAICS sector includes part of the SIC holding companies major group (part of FIRE). The rest of this sector is made up of auxiliaries, which were spread throughout all SIC divisions. (Auxiliaries performed management and support services for other establishments of the same enterprise.)

Source: Center for Business Research, L. William Seidman Research Institute, College of Business, Arizona State University from U.S. Office of Management and Budget

# Finance & Accounting

**BY SUSAN MERCER HINRICHS**

Special to The Business Journal

Armed with a solid business plan and seed money to get started, entrepreneurs can begin building a successful business. But many business owners eventually will face the question of where to turn for continued funding to keep their businesses growing strong.

This is where a sound business plan comes into play. A business plan establishes the framework for a new business. Part of that plan should include projected balance sheets and income and cash-flow statements.

It's important that those early-stage projections take into account the likely need for further capital infusion for continued business growth. But where can funding be found?

At the earliest stage of a startup, entrepreneurs can use personal savings, investments and even revolving lines of credit, such as credit cards, to get their enterprise up and running. Another beginning step is to tap "friends, family and fools," said Terree Wasley, the vice president of entrepreneurial services at the Greater Phoenix Chamber of Commerce. Wasley said seed money for startups often is considered a risky form of business lending.

Subsequent financing steps can come in the form of small, unsecured personal loans if a person has an established relationship with a financial institution. However, interest rates on such loans can be quite high and costly for the borrower.

Additional steps can come from the federal Small Business Administration, Small Business Development Centers, community banks, community-based programs, venture capitalists or regional banks.

The Neighborhood Economic Development Corp. of Mesa represents one community-based avenue where small-business owners can seek seed money. NEDCO, a nonprofit organization, provided loans to-



taling about \$38,000 to four small businesses during its fiscal 2002-2003 year, which ended June 30, said Executive Director Karen LaFrance.

NEDCO funds are loaned at variable rates, depending on the degree of risk associated with a business and usually for terms of four to five years, she said.

Without naming loan terms for specific businesses, LaFrance said startups will borrow from NEDCO at rates above the prevailing prime. More established business owners may be able to negotiate loan terms for interest-only payments in the early part of the term that ramps up to include principal payments further along in the loan schedule.

"We can assess, in talking, whether the business is ready to borrow funds," LaFrance said.

The conversations also reveal whether, on a long-term basis, NEDCO will be working with "profitable businesses that are creating

jobs," she said.

Retired Bank of America banker Harvey Prezant worked with business loans in the course of his 31-year career. He said banks want to see solid financials before lending to small-business owners.

"A bank isn't a venture-capital organization; it rents money," Prezant said. "So they want their money back at an interest rate."

He, too, stresses the importance for small-business owners to formulate a sound business plan before approaching prospective lenders.

Prezant volunteers with the Service Corps of Retired Executives, or SCORE. Through SCORE, retired business professionals serve as counselors to help small-business owners develop a business plan and grow their businesses.

Small businesses also confront tax obligations.

From sales and use taxes to withholding, unemployment and business-specific licenses, small-business owners face a range of expenses that occur in the course of ongoing business. Corporate income taxes also can present a hurdle.

Jay Kaprosy, vice president of public affairs at the Greater Phoenix Chamber of Commerce, said Arizona has established a corporate-property tax rate at 25 percent of assessed valuation.

Kaprosy lobbies state lawmakers to encourage them to set a rate that would be "more equitable" with the 10 percent rate assessed to residential properties. He says the 25 percent commercial assessment rate is the "number one issue impeding growth of businesses that are here."

But entrepreneurs should take heart. Resources such as the Arizona Department of Commerce, SCORE, Small Business Development Centers, chambers of commerce and the like exist to help small-business owners navigate their way through the maze of finance and accounting rules.

Armed with solid information and a good accountant, the future is bright for startup ventures.

# Consider options in search for capital

One key to a successful business startup and expansion is your ability to secure appropriate financing.

Raising capital is one of the most basic of all business activities, but, as many new entrepreneurs quickly discover, it can be a complex and frustrating process.

However, if you are informed and have planned effectively, raising capital doesn't have to be a painful experience.

This information summary focuses on ways a business can raise money and explains how to prepare a loan proposal.

## Finding the money

There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

The primary source of capital for most new businesses comes from personal savings and other forms of personal resources. While credit cards often are used to finance business needs, there may be better options available, even for very small loans.

Many entrepreneurs look to private sources such as friends and family when starting out. Often, money is loaned interest free or at a low rate, which can be beneficial.

The most common source of funding, banks

and credit unions, will provide a loan if you can show a sound business proposal.

Venture-capital companies help expanding companies grow in exchange for equity or partial ownership. In Arizona, there are two Small Business Investment Companies licensed by the SBA: Magnet Capital, 602-222-4801 or [www.magnetcapital.com](http://www.magnetcapital.com); and Grayhawk Venture Partners, 602-956-8700 or [www.gvp.us](http://www.gvp.us). For a national listing of SBICs, visit [www.sba.gov/INV/opersbic.html](http://www.sba.gov/INV/opersbic.html).

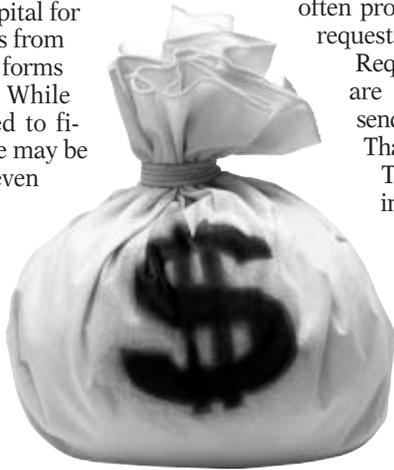
## Borrowing money

It often is said that small-business owners have a difficult time borrowing money. This is not necessarily true.

Banks make money by lending money. However, the inexperience of many small-business owners in financial matters often prompts banks to deny loan requests.

Requesting a loan when you are not properly prepared sends a signal to your lender. That message is: high risk.

To be successful in obtaining a loan, you must be prepared and organized. You must know exactly how much money you need, why you need it, and how you will pay it back. You must be able to convince your lender that you are a good credit risk.



## SBA loan maturities

Small Business Administration loan programs generally are intended to encourage longer-term small-business financing, but actual loan maturities are based on the ability to repay, the purpose of the loan proceeds and the useful life of the assets financed.

However, maximum loan maturities have been established: 25 years for real estate; up to 10 years for equipment; and generally up to seven years for working capital.

Short-term loans guaranteed by the SBA also are available to help small businesses meet their short-term and cyclical working-capital needs.

## Types of loans

Terms of loans may vary from lender to lender, but there are two basic types of loans: short-term and long-term.

Generally, short-term loans have a maturity of up to a year. These include working-capital loans, accounts-receivable loans and lines of credit.

Long-term loans have maturities greater than one year but usually fewer than seven years. Real estate and equipment loans may have maturities of up to 25 years.

Long-term loans are used for major business expenses such as purchasing real estate and facilities, construction, durable equipment, furniture, vehicles, etc.

For more information, call the Small Business Administration Answer Desk at 1-800-U-ASK-SBA (800-827-5722) or visit [www.sba.gov](http://www.sba.gov).

# There's an SBA loan to fit your business

Whether you are looking for a long-term loan for renovations or equipment, a working capital loan, a revolving line of credit, or a microloan, the U.S. Small Business Administration has a program to fit your needs. Contact the SBA's Arizona District Office at 602-745-7200 or [www.sba.gov/az](http://www.sba.gov/az) to find out how they can help.

Most small businesses are eligible for SBA programs, and nearly all banks participate with the SBA. The loan package can be approved as quickly as one to seven days.

First you must apply for a business loan at your local bank. If the bank turns you down or if reasonable terms for financing are unavailable from the lender, ask the bank to submit your loan application for reconsideration using the guarantee of the SBA. If

your lender is in partnership with the SBA and the loan is approved subject to an SBA guarantee, a copy of the application and a credit analysis are forwarded by the lender to the nearest SBA office.

After SBA approval, the lending institution can choose to close the loan and disburse the funds. For a list of SBA Arizona lenders, visit [www.sba.gov/az](http://www.sba.gov/az) and select "Financing."

According to Jim Hammersley, director of the Office of Loan Programs at the SBA office in Washington, D.C., "The single most important part of the loan application is the business plan, showing every detail about your business, its markets and all about the products or services it provides."

To be successful in obtaining an SBA loan, you must know exactly how much money you need, why you need it, and how you will

pay it back. You must be prepared, organized, informed and ready to convince your lender that you are a good credit risk.

Approval of your loan, in part, depends on how well you present yourself, your business and your financial needs to a lender.

When your loan request is reviewed, the lender primarily is concerned about your ability to repay and may require a copy of your business credit report from a reporting agency.

The lender will want to know how much you have invested in your business; if you are creditworthy; if you are experienced enough to operate a successful business; if you have prepared a loan proposal and business plan; and if your business has sufficient cash flow to make the payments.

For more information, see Page 30 of this magazine or visit [www.sba.gov/financing](http://www.sba.gov/financing).

# Help is available for small businesses

Small-business loans are difficult to obtain for startup ventures. Grants to start a business do not exist.

Entrepreneurs requiring funding for all new business ventures should begin by contacting their own bank or financial institution. As is the case for all loans, financing is granted according to the ability of the debtor to repay the debt.

Primary considerations are: cash or business assets (equity), collateral and credit history, and the management experience and business background of the applicant.

A new business applying for funding must have prepared a solid business plan based on documented comparisons with similar businesses.

## Businesses seeking financing will need:

- A completed loan application.
- Three years of fiscal year-end business financial statements, including income statements and balance sheets.
- Current, year-to-date business financial statements.
- Current personal financial statements from anyone owning 20 percent or more of the business.
- Two years of personal income verification.
- Management résumés.
- A business debt schedule.

For assistance in putting together a business plan, visit the Arizona Department of Commerce Small Business Services Web site at [www.azcommerce.com/smallbus/default.asp](http://www.azcommerce.com/smallbus/default.asp) for information about "Business Plan — The Road to Success" in English or Spanish. Or contact a Small Business Development Center, the Service Corps of Retired Executives (SCORE), or a Women's Business Center in your area. For locations, visit: [www.sba.gov/az](http://www.sba.gov/az) or call the SBA office in Arizona at 602-745-7200.

Books about writing a business plan can be found at bookstores and public libraries or visit: [www.sba.gov/starting\\_business/plan\\_ning/basic.html](http://www.sba.gov/starting_business/plan_ning/basic.html).

As a small-business owner seeking financing, you should be prepared to fully answer the following:

### 1. Size of loan

Be specific. Be prepared to clearly identify the total funds needed.

### 2. Owner equity

In most cases, the owner(s) will be expected to provide up to 50 percent of the funds required. This assures the lender that the business owners have a significant personal involvement in the project.



### 3. How funds are to be used

Again, be specific. You should be prepared to provide a detailed outline of the use of loan funds. Most loans are for one of the following: a) to purchase new equipment; b) to pay off existing debts; c) to expand the business.

### 4. Why your company is a good credit risk

Briefly explain why your company has been and will continue to be a good credit risk and how this loan will help your company.

### 5. Personal credit record

The personal credit record of each owner or officer of the small business will be reviewed by the lender. Be prepared to discuss financial records of your business and all owners or officers.

### 6. Payback plan

Clearly show how your company will be able to repay the loan. Information must include cash-flow projections. Your detailed business plan will provide valuable information for your lender.

### 7. Alternative payback plan

Collateral will be required to secure your loan. The alternative payback plan clearly shows the lenders how the loan will be paid if your business fails. While no one wishes to discuss a possible failure, the lender will insist on collateral or security to back up your business cash flow, which is your primary source of funds to repay the loan.

If the cash flow does not provide sufficient and timely funds to repay the loan, the lender will turn to an alternative source.

This collateral or secondary source of repayment must be established at the time the loan is negotiated.

Many lenders will expect business owners to have an excellent credit record and to personally guarantee the loan.

## Commercial Banks

In Arizona, many businesses seek credit financing through their commercial bank. Commercial banks provide the business community with a variety of financing options such as the U.S. Small Business Administration's guaranteed loans, commercial installment loans and letters of credit.

The interest rate is based on current market conditions, risk involved and term to maturity.

A loan officer from your bank will discuss which type of loan will best meet your needs and outline the application procedures.

A variety of loan arrangements, depending on the size of a business and its needs, also are available through finance companies, insurance companies and mortgage bankers.

## Business Financial Organizations

There are several commercial lenders that specialize in business loans. Many of these lenders are authorized to handle U.S. Small Business Administration guaranteed loans and other small-business financial programs. Check the *Yellow Pages* for listings or visit: [www.sba.gov/az/azclp.html](http://www.sba.gov/az/azclp.html).

Continued on Page 30B

## U.S. Small Business Administration

One of the major sources of financial assistance from the federal government is the U.S. Small Business Administration or "SBA." The SBA provides loan guarantees to banks and other lenders for small businesses.

SBA loans may be used for: 1) business construction, expansion or conversion; 2) purchase of machinery, equipment, facilities, supplies or materials; and 3) working capital.

For more: [www.sba.gov/financing](http://www.sba.gov/financing).

### • 7(a) SBA Loan Guarantee Program

The 7(a) Loan Program provides financing to businesses for working capital, debt refinancing and consolidation, and startup financing. A conventional lender or bank makes the loan, and the SBA guarantees 85 percent of the loans up to \$150,000. For loans over \$150,000, the SBA guarantees 75 percent.

The term of the loan may be from 12 months to 25 years, depending on uses of proceeds. The interest rate is negotiable with the lender. The maximum interest rate for loans of \$50,000 and more is 2.75 percent over the prime rate. To qualify for an SBA 7(a) loan, a small business must demonstrate sufficient cash flow to repay debt, provide adequate collateral to secure the loan, and have satisfactory management expertise. SBA's guaranteed portion is limited to \$1 million. SBA's 7(a) gross loan maximum is \$2 million.

To locate SBA lenders in Arizona, visit: [www.sba.gov/az](http://www.sba.gov/az) then select "Financing," or visit: [www.sba.gov/az/azclp.html](http://www.sba.gov/az/azclp.html).

### • Low Documentation

The SBA has a loan guarantee program called "LowDoc" or Low Documentation. This loan program encourages financial institutions to make loans from \$2,500 to \$150,000 to credit-worthy small businesses.

For more: [www.sba.gov/financing](http://www.sba.gov/financing).

### • 504 Loan Program

The 504 Loan Program provides long-term, fixed-rate financing to businesses for the purchase of land, buildings, machinery and equipment.

The 504 loans are made by a certified development corporation (CDC), which is guaranteed by the U.S. Small Business Administration. The CDC will provide 40 percent of the project financing, a conventional lender or bank provides 50 percent of the project financing, and the business is required to provide at least 10 percent.

The term of the loan is 10 or 20 years, depending on use of proceeds. The interest rate is approximately 1.5 percent over 10-year Treasury bonds.

To qualify for an SBA 504 loan, a small business must have been in operation for more

## Financial Resources

### Arizona MultiBank

602-643-0030; [www.multibank.org](http://www.multibank.org)

### Business Development Finance Corp.

Phoenix: 602-381-6292; 800-264-3377  
Tucson: 520-623-3377; 800-264-3377  
[www.bdfc.com](http://www.bdfc.com)

### Chicanos Por La Causa

Phoenix: 602-257-0700  
Tiempo (Sm. Bus. Loans)  
Phoenix: 602-252-0482  
Tucson: 520-882-0018  
[www.cplc.org](http://www.cplc.org)

### City of Phoenix Financing Programs Community and Economic Development Department

602-534-6000  
[www.phoenix.gov/econdev](http://www.phoenix.gov/econdev)

### Community Information Resource Center

[www.azstarnet.com](http://www.azstarnet.com)

### Export-Import Bank of the United States- Working Capital Guarantee Program

West Coast office: 562-980-4580  
[www.exim.gov](http://www.exim.gov) or [www.azexport.com](http://www.azexport.com)  
East Coast office:  
202-565-3940; 800-565-3946

### Microbusiness Advancement Center of Southern Arizona

Tucson: 520-620.1241  
[www.acec-az.org](http://www.acec-az.org)

### Neighborhood Economic Development Corp. (NEDCO)

City of Mesa  
480-833-9200, ext. 117  
[www.nedco-mesa.org](http://www.nedco-mesa.org)

### PPEP Microbusiness & Housing Development Corp.

520-622-3553  
[www.azsmallbusinessloans.com](http://www.azsmallbusinessloans.com)

### Self-Employment Loan Fund

602-340-8834; [www.selfloanfund.org](http://www.selfloanfund.org)

### South Tucson Economic Development Department

520-792-2424; [www.southtucson.org](http://www.southtucson.org)

### Southwest Business Service of AZ

602-252-8866; 800-326-6226  
[www.nacm.org](http://www.nacm.org)

### Southwestern Business Financing Corp.

602-495-6495; [www.swbfc.com](http://www.swbfc.com)

### Tucson Export Assistance Center

520-670-5540; [www.azexport.com](http://www.azexport.com)

### Tucson Urban League Business Development Center

520-791-9522, ext. 240  
[www.tucsonurbanleague.com](http://www.tucsonurbanleague.com)

### U.S. Small Business Administration

602-745-7200  
[www.sba.gov/az](http://www.sba.gov/az) or [www.sba.gov](http://www.sba.gov)

than two years. A business is considered small if it does not have a tangible net worth in excess of \$7 million and does not have an average net income in excess of \$2.5 million after taxes for the preceding two years.

Applicants must provide two years of financial statements, a current financial statement, and a projection plan of how the debt (loan) will be paid off.

The goal of the 504 program is to create one job for every \$35,000 of public dollars (504 funds) invested, or to finance projects with a significant community impact. The maximum SBA debenture for 40 percent of the financing project is \$1.3 million.

For more: [www.sba.gov/az](http://www.sba.gov/az) then select "Financing" to locate the CDC nearest to you.

## Venture Capital

Venture-capital firms provide equity financing to small businesses. This equity position usually ranges from 10 percent to 40 percent. The typical venture-capital com-

pany considers a great number of proposals each year, although very few actually receive financing.

Most venture capitalists indicate they are interested in proposals requiring an investment in the area of \$250,000 to \$1.5 million.

Venture-capital financing is not commonly available for startup businesses. Inquiries may be made directly to the venture-capital firms.

For a national list of licensed Small Business Investment Companies, visit: [www.sba.gov/inv/opersbic.html](http://www.sba.gov/inv/opersbic.html).

## Arizona Enterprise Zones

The primary goal of the Arizona Enterprise Program is to improve the economies of distressed areas in the state. The program does this by enhancing opportunities for private investment in certain areas called enterprise zones.

The state and local communities provide

See **HELP**, Page 31B

# Private firms should note Sarbanes-Oxley

BY RICK RAYSON

Special to The Business Journal

The Sarbanes-Oxley Act of 2002 has rewritten the rules for corporate governance, disclosure and reporting, and represents some of the most sweeping Securities & Exchange Commission changes in decades.

These changes will have a consequential fiscal impact on the business community.

To comply with the requirements, for example, public companies must plan and implement new programs, possibly hire new people, and incur higher professionals fees due to additional reports now required. There's no question, however, that these changes are necessary to help restore confidence in our financial system.

For public companies, compliance under Sarbanes-Oxley is non-negotiable. Private companies, although not legally obligated to comply, are looking at adopting some of the provisions, many of which contribute to good business practices.

Sarbanes' code of ethics provision is one that private companies may want to mirror.

A code of ethics can help define acceptable standards of behavior, and also promote high ethical standards, for all employees.

Speaking of ethics, Sarbanes-Oxley now requires that audit committees establish procedures to receive and respond confidentially to complaints regarding the company's accounting, auditing or internal control practices.

Private and public companies now are considering establishing ethics "hotlines" to solicit employee reporting of unethical behavior.

Private companies should consider examining the new audit committee requirements to



Rick Rayson

help strengthen their own boards of directors.

Audit committee members must now be independent; they must not receive consulting or other compensation from the company other than that paid to board of directors and committee members, and they must not be affiliated with the company or any subsidiary.

At least one audit committee member now must be a financial expert.

Another Sarbanes issue that private companies may want to explore surrounds internal controls. Chief executives and CFOs of public companies now must personally certify that they have reviewed their annual, quarterly, and other periodic reports, and that the information contained therein is true, factual and complete.

Private companies, especially those considering going public, may consider duplicating some of these certification actions in their own financial reports, to demonstrate a record of ongoing credibility for Wall Street, banks and investors.

In addition, the benefits of a strong internal control structure can extend beyond compliance with Sarbanes-Oxley. It can help any company make better business decisions, obtain more timely information, gain investor trust, prevent loss of resources; and gain competitive advantage through streamlined operations.

Many companies also may have heard much discussion around Sarbanes' scope of services provision, which prohibits auditors

from offering nine specific nonaudit services to audit clients.

This is not a significant issue because the majority of those services already were restricted by the SEC and the accounting profession for some time.

Virtually all types of consulting services required by today's companies still are allowed, ranging from assistance with operational and process improvements and financial restructuring to help with a variety of human resource issues, to name a few.

**Private companies, although not legally obligated to comply, are looking at adopting some of the provisions.**

The new requirements set forth by Sarbanes-Oxley serve to further strengthen internal checks and balances, and enhance accountability. Although not required to comply, private companies may want to become familiar with these mandates and adopt some of the best practices.

The intent may be to "act" like a public company now to pave the way for future plans, or simply to improve the organization. Whatever the goal, it's definitely worth a look.

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## HELP: *There are many ways to secure small-business financing*

Continued from Page 30B

incentives to foster investment in these areas and to reduce or remove unnecessary governmental regulatory barriers to economic development. Increased investments in zones tend to strengthen property values and promote the local economies.

Arizona statutes provide for an income-tax credit for a net increase in qualified employment positions at a site in an enterprise zone. A property tax incentive exists for qualified manufacturing businesses locating or expanding facilities in an enterprise zone.

In addition to tax savings, an enterprise zone location gives businesses preferential consideration for loan and job-training pro-

grams administered by the Arizona Department of Commerce.

For more information, call 602-771-1100 or visit [www.azcommerce.com/busattraction](http://www.azcommerce.com/busattraction).

### Securities Offerings

For smaller companies looking to grow, there are several alternatives to the typical initial public offering with the Securities and Exchange Commission.

One alternative is to register under Arizona's Uniform Limited Offering Registration (ULOR) program using a U-7 filing. Under ULOR, SEC (federal government) registration is not required.

If a company is doing an offering in several states that offer ULOR registration, the

company may work with one state that will coordinate the registration in all of those states. A company may raise up to \$1 million every 12 months under ULOR.

Mining companies, investment companies, "blind pools" (businesses without a specific business plan) and SEC reporting companies (companies with more than \$5 million in assets and more than 500 shareholders) are not eligible to register under ULOR.

A nonrefundable \$250 registration fee is required for each U-7 filing.

For more information, call the Arizona Corporation Commission-Securities Division at 602-542-4242 or visit the ACC's Web site at [www.cc.state.az.us](http://www.cc.state.az.us).

# Be aware of different tax laws

The state of Arizona maintains a tax environment favorable to business development and expansion. The Arizona Department of Revenue (DOR) is the state agency responsible for administering Arizona's laws relating to taxation.

The Department of Revenue coordinates with various local, state and federal agencies in related tax administration, collection and distribution issues.

All counties and most cities have their Transaction Privilege (Sales) Tax collected for them by the state's Department of Revenue. Exceptions are those cities that prefer to make their own collections. (See chart on Page 33).

## Arizona's Joint Tax Application Questionnaire

To help determine which taxes your business is liable for (exclusive of federal requirements), you must complete Arizona's Joint Tax Application Questionnaire published by the Department of Revenue.

This single-form application was developed by the Departments of Revenue and Economic Security and covers the following license and registration requirements:

## Transaction Privilege (Sales) Tax

A business engaged in selling goods at retail locations in Arizona must obtain an Arizona Transaction Privilege Tax License. Certain nonretail businesses, such as restaurants, construction contractors, and printers, also must meet special bonding requirements before they are issued Arizona Transaction Privilege Tax Licenses. Individual businesses with multiple locations should contact the Department of Revenue for compliance pro-

cedures.

DOR also issues City Transaction Privilege Tax Licenses for Arizona cities that have entered into a joint collection program with the state. The fees vary from city to city, and a listing of participating municipalities is provided in the application instructions.

Businesses locating in cities that do not participate in the joint collection program must contact appropriate municipal offices to obtain the license for that community.

## Use Tax

The Use Tax is a complementary tax to the Transaction Privilege Tax. A business that uses, stores, or consumes any tangible, personal property upon which Arizona Transaction Privilege Tax has not been collected by a retailer must pay Use Tax. If you plan to purchase goods from out of state for use in Arizona and those goods normally would be taxed in Arizona, you must obtain a Use Tax Registration Certificate and pay Use Tax on those items. There is no fee for the certificate.

Businesses are required to remit tax payments on a monthly basis or as transactions occur.

## Withholding and Unemployment Taxes

Employers paying wages or salaries to employees for services performed in the state must apply for a withholding number and an unemployment number.

## Wholesale Tobacco Dealer's License

If your business sells tobacco products (cigarettes, cigars, etc.) purchased from a business (in or out of state) not licensed by the Department of Revenue, then either you or the business where you purchased these tobacco products must obtain a Tobacco Distributor's License.

If the cigarettes you purchased have an Arizona stamp on the bottom of the pack, then the tax has been paid by a licensed DOR distributor.

Other tobacco products (cigars, etc.) have no stamps, so you need to ask when you purchase the product if they are licensed with DOR or not. The license fee is \$25 renewable annually.

## Liquor Wholesalers, Microbreweries, Farm Wineries and Cider Products

These businesses need to contact the Lux-

## Arizona Department of Revenue

### Main office

1600 W. Monroe St., 1st Floor,  
Phoenix, AZ 85007

**New businesses and licensing:**  
602-542-4576; 800-634-6494

**Problems and resolutions:**  
602-255-2060

### To order forms:

602-542-4260

[www.revenue.state.az.us](http://www.revenue.state.az.us)

### East Valley office

3191 N. Washington St.  
Chandler, AZ 85225  
480-545-3500

### North Valley office

2902 W. Agua Fria Freeway,  
Ste. 1020  
Phoenix, AZ 85027  
602-337-7500

### Tucson office

400 W. Congress St., Ste. 100  
Tucson, AZ 85701  
800-634-6494

ury Tax Section at 602-542-4643 to obtain the necessary tax forms to report and pay taxes on a monthly basis to the Arizona Department of Revenue.

## Corporate Income Tax

Arizona has adopted a flat corporate income tax rate structure. For the tax rates, contact the Arizona Department of Revenue at 602-255-3381 or 800-352-4090.

Corporations may make an irrevocable election to file a consolidated return with Arizona for the same affiliated group that files a federal consolidated return. If the corporation does not elect to file a consolidated return, it may file as part of a unitary group if operationally integrated with other corporations with a common ownership of 50 percent or more, or it may file as a separate corporation depending on the facts and circumstances.

Corporate income tax returns and final payments are due on the 15th day of April following the close of the calendar year.

If the company's return is filed on the



Continued on Page 33B

basis of its fiscal year, the return will be due on the 15th day of the fourth month following the close of the fiscal year. Corporations that expect to owe \$1,000 in Arizona income taxes are required to make estimated income tax payments at the same time they make their federal estimated tax payments.

### Property Taxes

In Arizona, both real and personal property are subject to taxation.

Taxes are classified as either primary or secondary. Primary taxes are used to meet most operating expenses of local jurisdictions. Secondary taxes are used to meet special obligations such as payments of bonds and special district levies, as well as voter-approved overrides.

Class 3 properties (commercial and industrial) are "locally assessed" and the full cash value of these properties is set by the County Assessor.

Total property tax liability is calculated by adding primary and secondary taxes for all jurisdictions in which the property is located.

Real and personal property tax payments are collected by the County Treasurer.

### Unemployment Insurance

The unemployment insurance program provides a measure of economic security to the individual worker and to the community when unemployment occurs beyond workers' control.

You, as an employer, have a key role in the success of this program. Unemployment benefits are paid through your state unemployment taxes, while the Federal Unemployment Tax Act (FUTA) funds the administrative costs of the program.

Your tax rate is based, in part, on your experience with unemployment insurance — a variable over which you can exercise some control. You may save tax dollars by familiarizing yourself with the program and being aware of your rights and responsibilities.

For example, you can reduce your federal unemployment taxes by paying your state taxes on time. You can ensure that unemployment benefits are properly paid by providing information about former employees.

Posters, pamphlets and additional information on Arizona's unemployment insurance program may be obtained from the Arizona Department of Economic Security, Unemployment Insurance Information Division, 2801 N. 33rd Ave., Phoenix, AZ 85009, 602-248-9396; or 400 W. Congress St., Ste. 450, Tucson, AZ 85701, 520-628-6820. The Web site is [www.de.state.az.us](http://www.de.state.az.us).

### Federal Tax Requirements

If your business has one or more employees, you will be required to withhold federal income tax from their wages.

Your business will be liable for Social Security and Medicare taxes under the Federal Insurance Contributions Act (FICA) and for Federal Unemployment Tax under the Federal Unemployment Tax Act (FUTA).

Every employer subject to employment taxes is required to have an Employer Identification Number (EIN), also known as a federal tax identification number. You may apply for an EIN in various ways, and now you may apply online. Use Form SS-4 to apply for an EIN either by mail or by telephone.

You also can get an EIN within minutes by calling the toll-free phone number at 800-829-4933. You can fax your completed Form SS-4 to Internal Revenue Service Center, Attn: EIN Operations, Philadelphia, PA 19255.

Include your own fax number and your daytime telephone number for a prompt response by the IRS.

Federal Employer Identification Numbers also are available from the Arizona Department of Revenue.

### Federal Income Tax Withholding

Generally, you must withhold potential income tax payments from wages you pay employees. The amount of withholding must be based on the marital status and withholding allowances claimed on the employee's W-4.

The amount to be withheld is figured separately for each payroll period. A payroll period is the period of time for which you usually make a payment of wages to an employee. You should not withhold tax from the wages of employees who claim exemption from withholding.

Federal withholding generally should be figured on gross wages before any deductions for Social Security tax, pension, union dues, insurance, etc.

## Exempt cities

Cities not included in the joint collection process (referred to as nonprogram cities) are:

Avondale	623-925-0018
Chandler	480-782-2280
Flagstaff	928-774-5281
Glendale	623-930-3190
Mesa	480-644-2316
Nogales	520-287-6571
Patagonia	520-394-2229
Peoria	623-773-7160
Phoenix	602-262-6785
Prescott	928-445-1268
Scottsdale	480-312-2400
Tempe	480-350-2955
Tucson	520-791-4080

For information regarding the tax rates for retail sales, use tax and contracting activities, call the numbers indicated.

You may figure the withholding by any of several methods, the most common of which are the percentage method of withholding and the wage bracket method. IRS Publication Circular E, Publication 15, Employer's Tax Guide contains the applicable tables and instructions for using both of these withholding methods.

Your accountant is an invaluable source of information for your specific situation.

### Social Security Taxes (FICA)

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability and hospital insurance. This system is financed through Social Security taxes, also known as FICA taxes. FICA taxes are levied on you and your employees.

You, as an employer, must collect and pay the employee's part of the tax. You also are liable for your own (employer's) share of FICA taxes.

### Federal Unemployment Tax

The Federal Unemployment Tax System, with the state system, provides for payments of unemployment compensation to workers who have lost their jobs.

Most employers pay both a state and federal unemployment tax. This is important because even if you are exempt from state tax, you may still be required to pay the federal tax. You should contact an IRS representative to determine whether you must pay Federal Unemployment Tax (FUTA).

Questions about federal tax rules should be directed to the IRS at 210 E. Earll Drive, Phoenix, AZ 85012, or call 800-829-1040.

## IRS Resources

The IRS makes the following publications available through the IRS Forms Distribution Center. For more information, call 800-829-3676 or visit [www.irs.ustreas.gov](http://www.irs.ustreas.gov).

- Publication #334 Tax Guide for Small Business
- Publication #15-A Employer's Tax Guide (Circular E)
- Publication #509 Tax Calendar & Check List

# Choose your accountant with care

BY BEA QUIRK

Special to The Business Journal

In today's complex business environment, companies increasingly are turning to accountants for a variety of services.

When choosing an accountant, the first thing to determine is what you want the accountant to do.

According to the Web site, Investor Words.com, accounting is "the systematic recording, reporting and analysis of the financial transactions of a business."

## ■ HOW TO

That includes, according to the National Society of Accountants, services of bookkeeping, budgeting, business development and review, cost studies, financial statement preparation, liaison with bankers and other lenders, management advisory services, tax planning and tax return preparation.

The best way to answer these questions is through personal interviews, held both at your office and at the accountant's place of business. "This helps make sure that the accountant understands your operations and that you understand the accountant's proce-

dures," Setters said.

To get a good sense of a firm's services, Setters recommends interviewing three potential accountants. The best way to find them is by asking for recommendations from your counterparts in the same industry or at similar-sized businesses, or by asking your attorney or banker.

In its brochure, "Choosing the Right Accountant," the NSA recommends using "the 4 Es" — education, experience, ethics and endorsement — to choose an accountant.

In considering education, you will want to decide whether to use a certified public accountant. Unless you are a publicly held company subject to Securities and Exchange Commission regulations, you are not required to have services provided by a CPA. The CPA designation means an accountant has a college degree, has served an internship, passed a comprehensive exam and takes continuing-education classes. If someone is not a CPA, be sure to get detailed information about their educational background and continuing-education efforts.

Experience entails more than years in business. You want an accountant who is experienced in your kind of business and who

## Tips

- Get referrals from those in comparable companies, as well as your attorney or banker.
- Evaluate accountants using the 4 Es — education, experience, ethics and endorsements.
- Interview potential accountants at your office and at theirs to see if your working styles are compatible.

is knowledgeable about the specific concerns of your firm.

You also must consider the pros and cons of using a small firm, sole practitioner or hiring a larger firm. Setters said that with a single accountant or small firm, one person will be involved in all aspects of the company's services. In a larger firm, duties tend to be delegated, so staff knowledge becomes an issue.

It's important to work with an accountant who is pledged to a code of ethics. Don't assume an accountant follows ethical practices; ask for details. Most professional organizations have ethical codes regarding integrity, objectivity and impartiality, and they take violations of the codes by their members seriously.

"It's more than being consistent and accurate in the work," Setters said. "Accountants shouldn't be involved in activities a business shouldn't do. They won't lower their standards just because a client wants them to."

Endorsements are another key to choosing an accountant. Ask a potential accountant for names of clients you can talk to. "Referrals are far and away the best way to find an accountant and to get a feel for their personality," Setters said.

Developing a rapport with your accountant is essential. Setters suggests asking these questions during the interview process: What expertise do you have in my area, and how long have you been working in it? What services or products will you provide me, and what do I have to supply you with to get them? What's the turnaround on getting reports? Can you give me advice on other matters, such as payroll and employee benefits?

"Your relationship with your accountant is extremely important," Setters said.

*Bea Quirk is a freelance writer based in Charlotte, N.C. She can be reached at [bea\\_writes@aol.com](mailto:bea_writes@aol.com).*



# Technology

BY SUSAN MERCER HINRICHS

Special to The Business Journal

Whether you're running a gourmet cookie shop, a manufacturing facility or any other type of small business, managing all of the information your company generates these days requires some investment in technology.

With names like Cisco, Hewlett Packard, Compaq, Dell, Apple, Intel and Microsoft floating around, it's no wonder it can be confusing for the tech-challenged to figure out what best meets their business needs.

How much hardware and software does a small business require? What about analog or digital phones versus the so-called call-tree? And what fax machine and printer will perform flawlessly?

Some shopping, studying and evaluation are key to determining those needs, and don't forget to budget for it.

Alan Castillo, president of Castillo Technologies, offers a range of ideas for startups and established companies. His company is a computer consulting firm that provides information technology services to private industry and federal and municipal governments.

According to Castillo, entrepreneurs first must decide what type of information they need to run their business. Then, owners will want to process and work with the data to generate a profit.

He said it is important for businesses to identify their position in the marketplace before deciding on the servers and computers, phone lines and faxes that will best suit their needs.

This will involve some digging to see if the technological tools needed already exist or if they must be customized to meet certain specifications.

For example, a local baker could spend a great deal of time shopping for a software program that would track the baking process from dough to marketable goods. Another option, albeit expensive, would entail having custom software developed to help streamline the process and, ultimately, bake a better product.

Castillo advises the entrepreneurs to "be moderate" when it comes to technology purchases.

"It's so important these days," he said, referring to the evolutionary nature of technology.

Mid-range technologies will last about two to three years in a business, and compo-

nents should be versatile enough to withstand system upgrades, he said.

Nancy Russell, director of the Small Business Development Center at Pima Community College in Tucson, suggests that entrepreneurs visit technology-product Web sites, network with people who have similar businesses and avail themselves of the resources a professional association provides.

"Do your homework," Russell said.

Russell recommends that business owners comparison shop while keeping a budget in mind. She agrees with Castillo that any tech-

Flagstaff. Corneal Science is dedicated to eye-care product research and development, with a focus on producing new medicines to treat eye conditions.

The company uses special hardware and software programs to help with data-management, enabling it to streamline operations, according to Chief Executive Alan Touch.

The company's technology infrastructure enables "instantaneous reporting and evaluation of information," he said.

Such quick-time access to data is crucial when dealing with product-quality controls



nology purchase should accommodate additions at a later time, and software and hardware vendors can provide input on compatible system upgrades for down the road.

"You want an expert in your corner," she said.

Russell adds that business owners should adopt a similar strategy when establishing a telephone and facsimile system. And, she said, leasing technological equipment can be a more affordable alternative to purchasing it.

Technology plays a key role in the day-to-day operations of Corneal Science Corp. in

mandated by the federal Food and Drug Administration and international ophthalmic regulations, he said.

Despite the important role technology plays in Corneal Science's research and development process, Touch said technology advances so rapidly that it's not always financially advantageous to continually upgrade systems.

Making the decision to incur the expense of technology upgrades should be carefully weighed against a company's operating and capital budgets.

# Find a Web firm that fits your vision

BY J. HOLLY DOLLOFF

Special to The Business Journal

Most businesses, regardless of their arena of operation, now rely at least partially on their Web sites to demonstrate their technological prowess and to keep them competitive in the Internet Age.

For cutting-edge companies that have boasted a corporate Web site for years, working with a Web media company may be old news. But those businesses starting from scratch are likely to find themselves in a quandary when it comes to selecting one.

## HOW TO

There are literally thousands of such companies in the marketplace — all with different strengths and specialties. Which one is right for your business?

The first step is to look within and determine why you want a Web site and what purpose you would like it to serve. A company wanting to simply disseminate information about itself will structure its site very differently than one intending to use a site as an aggressive sales and marketing tool.

Any company that goes into the design process without a solid strategic plan for what it intends the site to achieve will doubtless be disappointed in the result, regardless of the designer's skill.

Once you've developed your site strategy, surf other Web sites and make notes about what you like, so you can bring suggestions to your initial meetings with designers.

Do you want flashy graphics or a polished, professional feel? The tone set by the design should tie into your overall strategy for the site.

In her book, "Growing Your Business On-



line: Small Business Strategies for Working the World Wide Web," Phaedra Wise suggests noting the designers of the sites you particularly like. Often, she reports, there is a direct link to the designer's own site, so you can check out other sites they've crafted.

Do not forget there is a difference between site design and utility. Some Web companies' forte is design, the creation of an aesthetically attractive site, while others' strength may be crafting efficient and functional sites, with aesthetics a low priority. If both aspects are important, make preliminary calls to ensure prospective designers can meet your needs in both areas.

Once you develop your target list of designers to interview, create a list of issues to discuss with them all. While some issues, like aesthetics, are difficult to put in quantifiable terms, issues of budget and deadline will help you compare apples to apples.

For many startup sites, budget will be one of, if not the, most important factor. Development of a new site easily can run into five-figures, and while most companies need to remain cost-conscious, a site is no bargain if it does not achieve your aims.

Bear in mind the costs don't necessarily end when the site is up and running, and plan accordingly. If you will need to make frequent updates or changes to your site, you'll pay for it. If you're trying to keep your costs low, find out if your in-house technical

people can assist with design or maintenance.

Can the design team meet your deadlines? Wise says it is not unreasonable to expect your team to have the basic site ready to go within a month, but if you have specific deadlines — you need your site running by the date of a trade show, for example — share that information with the designers immediately. Everyone involved with the process needs to have the same set of expectations.

Get samples of each potential designer's work. Most teams will be eager to show off their expertise, but you're best served by viewing sample sites of businesses similar to your own. By checking out a similar type site, you'll be able to tell whether or not the designer really understands what you are trying to accomplish.

While you're getting the pitch, make sure you find out who actually will be doing the work for you. As Wise points out, larger design firms sometimes delegate projects to freelancers. That may be fine, but make sure you make the connection with that person to facilitate open lines of communication throughout the process.

Should you still feel like you need to do more research before approaching designers for proposals, don't overlook the most obvious source of information: the Internet. Free sites such as Tripod.com, Geocities.com and Earthlink.com provide a wealth of information about getting started with creation of a Web site — from lists of designers to helpful checklists of questions to review when hiring your design team.

Developing an exciting, informative Web site need not be stressful. Careful planning and thorough research before signing up a designer will ease the process for a successful, satisfying result.

*J. Holly Dolloff is a Nashville-area freelance writer.*

## Web by design

- Define your objectives before interviewing Web media companies.
- Set a budget and be prepared to discuss it with designers.
- Be up front about your deadlines for having the site online.
- Utilize free online sources to gather background information.



# Learn to manage technology

BY BRAD PATTEN

Special to The Business Journal

Count your lucky stars. There has never been a better time to start or run a small business in America, thanks to technology.

Technology is the great equalizer. It can transform the meekest of men into the Great Wizard of OZ. (Minimum system requirements: Pentium 2.0 GHz and Wizard Maker 5.0 or higher. Curtain is optional but recommended.)

Here's a little secret big business doesn't want you to know: Technology favors the little guy. It breaks down barriers, pushes profits and opens markets.

I see it every day. I see a couple competing with Qwest running a voice-mail service out of a spare room. I see a salesman who seals a \$50,000 deal after demonstrating his product with Internet conferencing software to a client 1,500 miles away.

The trick is to learn and manage technology. Unfortunately, they don't teach that in business school. Not to worry. You'll get plenty of training at the School of Hard Knocks. Here are some suggestions to help you start off on the right foot:

- **Buy good software.** Don't try to build it. Do a thorough analysis of the market leaders in your industry. Then become an expert in your selection. Good software is the backbone of any good business in today's marketplace.

- **Buy your Internet domain name.** Yourname@yourbusiness.com is much more professional than yourname@aol.com or yourname@msn.com. Plus, you can swap Internet providers without reprinting business cards. It costs \$250 per year to register and host a domain.

- **Outsource technology.** We outsource our e-mail, voice mail, fax lines, remote access service, Web hosting — anything we can. With outsourcing, you lower capital costs and have the flexibility to switch when a better service comes along.

- **Stay abreast.** Read technology magazines and technology sections in business periodicals. Browse tech Web sites. Attend trade conferences. You want to make sure you're not missing a new product that could revolutionize your industry.

- **Get high-speed Internet.** Whether you have one employee or 100, broadband is a business requirement that pays a dozen dividends daily.

- **Use Web services.** I order computers online, bank, buy office supplies, read e-mail, pay bills and track orders. You can access Web services anytime anywhere. Better than



Brad Patten

that, someone else is writing and supporting your software.

- **Centralize documents and data.** Duplicated data is a pet peeve of mine — and a tremendous cost to you. Make sure employees are accessing the same customer lists and documents. It's expensive — and often disastrous — when everyone in the office has a private information store.

- **Hire a network pro.** I can't tell you how often we're called in to clean up after amateur network engineers. Often, we find no security, no backup, or no virus protection. Cousin Jethro can help you maintain it, but have a pro design and set up your system.

- **Backup daily.** Backing up is the cheapest insurance policy you'll ever buy, and the one you're most likely to use. Get two backups — such as a tape drive and a portable hard drive — and check them daily.

- **Buy high-quality hardware.** Trust me, Conrad's clone computers are not as good as those built by Dell, HP or IBM. With falling prices, you can afford market leaders.

- **Protect your network.** The Internet is not safe. Scary people with malicious intent constantly try to penetrate or vandalize

your network. A good hardware firewall and up-to-date antivirus software on all computers will help keep bad actors at bay.

- **Put someone in charge of technology.** Technology is complex and ever-changing. You need to assign someone who's interested and capable of keeping up.

- **Standardize systems.** For the same reason that United Parcel Service only has brown trucks, you should standardize your computer system. Standardize models, memory, monitors, operating systems, printers, configurations and software. Supporting a hodge-podge of hardware and programs is painfully expensive.

- **Keep it simple.** Computers run more reliably if not overloaded with software and gadgets. Your goal should be to run simple and stock systems with three or four key applications that work well together. Don't let employees install junky Internet software.

In short, make technology a priority. The way technology is transforming the marketplace, a small business with some technological smarts can make a big business look overweight and out of shape. That's a fun thing to watch.

*Brad Patten owns BitWits LLC, a Phoenix computer consulting firm specializing in small business. He can be reached at 602-674-0840 or by e-mail at bpatten@bitwits.com.*

## Tips on how to leverage the Internet

- **Mind your business via the Web.** Bookmark sites of key suppliers and customers to stay on top of new products, pricing changes, management shifts. Also, stay ahead of your competitors by regularly visiting their sites.

- **Track industry trends online.** Take advantage of newspapers, industry publications and trade associations that offer Web sites with free alert services. For example, <http://bizjournals.com> gives free access to news from 41 different markets.

- **Give credit where credit is due.** Dun & Bradstreet Small Business Solutions ([www.open.americanexpress.com/dnb](http://www.open.americanexpress.com/dnb)) provides credit, marketing and collection services that help small businesses reduce credit risk, find profitable customers and manage vendors efficiently.

- **Store shopping lists online to keep track of purchases.** Use search engines and other tools to locate suppliers. Some online sites, including office supply stores, let you save lists of products you buy most often, and even can alert you via e-mail when it's time to reorder.

- **Use e-mail judiciously.** Communicating via e-mail can save small-business owners time and money. Be sure to balance the convenience of e-mail with the personal touch of a phone call or even a handwritten note.

- **Become a part of the Internet community.** Online forums are a convenient way to leverage the knowledge of other small-business owners. Use the experiences of others to learn about issues facing your business and even find new customers.

# Sales & Marketing

BY SUSAN MERCER HINRICHS

Special to The Business Journal

**P**rint advertisements, television commercials or radio spots? Public relations, direct mail, Web sites, networking or word of mouth?

There's no doubt entrepreneurs must pick from a lot of options when it comes to how to market their products and services.

Whatever the method, getting the word out to the right audience is key, and not everyone has the money to pay for an ad campaign to spread their message.

But there are other alternatives to get small businesses recognized.

Organizations such as the Arizona Small Business Association represent one professional source entrepreneurs can use to help grow their business.

An organization with about 3,000 members statewide, ASBA represents one place where business owners can find ongoing support and assistance in building their enterprise, ASBA Marketing Director Candice Lappe said.

Weekly business-education forums held at the ASBA Phoenix office, for example, provide "ideas to help people grow their organization," she said.

Members attending the weekly forums can exchange ideas, learn about trends in their area and find out what has worked for others as they market and sell their businesses.

Monthly ASBA business roundtables are dedicated to specific industries, such as technology or human resources. The roundtables provide an opportunity for professionals to network and learn from each other.

ASBA also maintains a Tucson office offering similar services.

The Arizona Business Alliance is another business-to-business-contact group where members meet weekly to network and exchange sales leads. The ABA limits its membership to one representative per industry. The group bills itself as the Valley of the Sun's oldest professional networking group.

ABA President Doug Bauguss, owner and president of Phoenix-based America On Hold, a firm that provides on-hold messaging systems for businesses, said some members have been with the group for 25 years.

Regardless of the professional organizations small-business owners associate with, certain marketing and sales concepts apply. Entrepreneurs can learn them by attending



a college class or reading sales and marketing books available at public libraries.

At the core of sales is the need for solid market research to determine what motivates buyer behavior.

An assessment of the local economy is part of this picture, too. It's important to take a realistic look at employment and unemployment figures, prevailing wage scales and the amount of disposable income potential customers enjoy.

Sometimes cultural sensitivities work their way into formulating marketing and sales strategies, too.

Gathering such demographics can help entrepreneurs hone their marketing message to their target market. This entails thoughtful product design, branding and pricing. Strategies concerning packaging, distribution, positioning and promoting must be carefully considered.

Trent O'Brien is the vice president of Associated Property Management of C.T.D. Inc., a homeowners' community association-management firm that's been in business in the Phoenix area for about 19 years.

The company places print advertisements in trade publications and submits articles for publication in trade journals. O'Brien also is a regular participant in trade shows and maintains active membership in professional property-management organizations.

He said word-of-mouth advertising has helped the company secure many property-management contracts. But "providing good, sound service" is the key to keeping a contract and further developing that customer relationship, he said.

Sheila Martin is president of Vista Productions, a multimedia marketing and communications firm. She takes advantage of city and state certification programs that give preferential bidding opportunities to women and minority-owned businesses.

Business owners must apply to be considered for the programs, which give them yet another way to market their products and services.

Martin said she's landed work with the Arizona Parks Department and Biosphere II, among other state projects, thanks to certifications her business has obtained.

Small-business owners seeking more guidance on how to get started marketing their company may want to turn to the Small Business Administration.

Jerry Dukauskas, the SBA assistant district director for marketing and outreach, said the organization makes available to libraries and chambers of commerce many publications about establishing and growing small businesses.

Entrepreneurs also can visit the SBA Web site, [www.sba.gov](http://www.sba.gov), for more information.

# State contracts boost business

The state of Arizona always is seeking new business partners for quality products and services.

The state, agencies, universities, cities, counties, schools and other political subdivisions purchase virtually every commercial product and service. Governments also are good customers with very little "red tape" and prompt and reliable payments.

Contracting with the state of Arizona is an easy process.

## 1. Register as a vendor with the State Procurement Office.

By completing a vendor registration form, you will be notified of all contracting opportunities of \$35,000 or more and will be eligible to sell goods and services to the state.

Be sure to check the box for your applicable business status. State agencies are required to offer contracts of \$25,000 or less to small businesses and to seek quotations from small, minority-owned and woman-owned businesses.

Vendor registration forms can be obtained from the Arizona State Procurement Office Web site at <http://sporas.ad.state.az.us> or by calling or visiting the office.

## 2. Learn the "system" and develop your sales leads.

State agencies are looking for solutions from their business partners. Although competitive bids and proposals are required for large contracts, many of the smaller contracts are awarded to the most advantageous source.

Every state agency is authorized to purchase products and services and most small purchases are based on competitive quotes. Availability, delivery, quality and service often are more important factors than price when selecting contractors for small products.

The rules for contracting with the state are relatively simple. You can obtain a copy of the Arizona State Procurement Laws and Rules or a simple "how to" pamphlet from the Arizona State Procurement Office Web site or by calling or visiting the office.

Here are a few of the rules for state contracting opportunities:

- The Arizona State Procurement Office and the larger agencies, including the Arizona Departments of Transportation, Economic Security and Public Safety award most large state contracts. The smaller agencies have smaller purchasing limits ranging from \$5,000 to \$250,000.

- Purchases of \$25,000 and less are reserved for small businesses. In addition, purchasing officials are required to obtain at least one quote from a minority-owned or woman-owned business.



- The State Procurement Office contracts for most products and services that are commonly used by agencies. State agencies are required to use these contracts and may not seek alternate sources. These statewide contracts include office products, vehicles, temporary services, computers and many other products and services.

- Agencies are free to purchase other products from any qualified and registered vendor, as long as the amount of the purchase does not exceed the agency allotment.

- Large state contracting opportunities are posted on the Arizona State Procurement Office Web site. Check this site at least once each week. Any registered vendor may compete for state contracts.

- State contractors must comply with all relevant laws. Architects, engineers and construction contractors must be registered or licensed. Contractors must provide equal opportunities for employees and suppliers. Bidders must avoid conflicts of interest. Most

rules that apply to government contracts are easy to understand and reasonable.

- Learn who the decision-makers are. Government purchasing professionals are looking for solutions. Study the agency, learn its mission, find out who to contact and offer solutions. You are welcome and encouraged to contact state agencies to seek contracting opportunities.

- Respond to requests for bids or proposals. Carefully read the invitation, follow the instructions, make your best offer and submit it on time.

- Check out the contract files. Government procurement files are public documents and you are welcome to review the files. Make an appointment, request a debriefing and learn how you can improve your bids and proposals.

## 3. Perform!

The state of Arizona is like any other commercial customer. It is seeking quality procurement solutions. If you consistently deliver quality products and services, on time, at the right place and at the quoted price, you soon will become the vendor of choice for many government agencies.

Be sure to submit your invoice to the agency accounting office. Government agencies are required to pay within 30 days after receiving and accepting products and services, but they can't pay without an invoice.

## Contact information

**Arizona Dept. of Administration**  
602-542-5511

**Arizona Dept. of Corrections**  
602-542-1163

**Arizona Dept. of Economic Security**  
602-364-0170

**Arizona Dept. of Education**  
602-542-4338

**Arizona Dept. of Emergency and Military Affairs**  
602-267-2765

**Arizona Dept. of Environmental Quality**  
602-771-4721

**Arizona Dept. of Health Services**  
602-542-1040

**Arizona Dept. of Juvenile Corrections**  
602-542-6677

**Arizona Dept. of Public Safety**  
602-223-2000

**Arizona Dept. of Transportation, Minority Certification Program Civil Rights Office**  
602-712-7761

**Arizona State Parks Dept.**  
602-542-4174

**Arizona Dept. of Transportation**  
602-712-7211

**Arizona Game and Fish Dept.**  
602-942-3000

**Arizona Health Care Cost Containment System**  
602-417-4762

For more information, visit the Arizona Department of Commerce Web site at [www.azcommerce.com](http://www.azcommerce.com).

# Choosing the right ad agency is key

BY JOANNE MCFADDEN

Special to The Business Journal

Advertising is one tool a business can use to grow and expand its profits, and choosing the right advertising agency to help do this is crucial.

John Wolfe, senior vice president and director of public affairs for the American Association of Advertising Agencies, warns that choosing an agency is an extremely long and involved process. If a company already has an advertising agency with which it is not completely satisfied, he advocates trying to fix the problems with that agency before looking for a new one, to avoid having to go through a whole new search process.

If a business is choosing an agency for the first time or has determined that it needs a new agency, the first phase of the process is

thorough and adequate preparation, which involves several steps.

## ■ HOW TO

The company needs to determine who is best qualified to conduct the search process. These usually are top executives, Wolfe said, those who are dedicated to the process and who know the needs and direction of the company.

"The most senior people on the client side should be involved in this," Wolfe said. "They need to be as senior as possible, because this is such an important decision."

The search committee should clearly define what it wants from an advertising agency, which will help it with the second phase of the process, which is to develop criteria for selecting an agency. The com-



mittee can choose what industry experience it thinks an agency should have in order to best represent the company, which will narrow the field of possible agencies. The committee also needs to set a schedule for the search process.

A company also must determine what size agency it wants to work with. If a small company retains a sizable agency, it may not get the agency's top talent. On the other hand, if a small company chooses a small advertising agency, it may have access to the agency's owner, rather than just those handling the account.

A large company may require a large agency that can provide a greater range of services than smaller agencies, which is why it is important to first determine exactly what a company wants from its advertising agency.

Once a company decides on the size agency it wants to work with and the expertise it requires, the company can put out a "request for proposal" based on its needs, asking agencies to present their credentials and portfolios for review, as well as rough figures on agency fees.

If choosing which agencies to approach seems daunting, a company can hire a search consultant who will narrow the field down to two or three agencies from which a company can choose.

After reviewing the requests for proposal, the search committee chooses two to four agencies to meet with. Wolfe emphasizes that up until this point, a company has not even met with any agencies.

"The pre-work is so essential to this process because it will save you so much time and headache in the long run," Wolfe said. By the time a search committee meets with agencies, it already knows a great deal about them from its research and the agencies' proposals.

The company would ask the finalists chosen from the initial meeting to return for another presentation during which each would discuss the specifics about plans for the company. This is a good time to learn which of the agency's employees would be working on the account and to meet with them. A company must make sure that those individuals possess the expertise that is relevant to its particular needs.

During the presentation, the committee should learn about the agency's other clients and be able to review its work product. The agency also should provide references for the committee.

To get a better feel for the agency, the search committee could request to visit and observe employees at work, see works in progress, and get a sense for the energy and creativity of the company.

"It's not like picking a vendor," Wolfe said. "It's a marketing partnership between client and agency."

*Joanne McFadden is a freelance writer for The Business Review in Albany. For any questions, contact Gatewood Kerr at [jkerr@bizjournals.com](mailto:jkerr@bizjournals.com) or call 518-640-6811.*

## Tips

- Do your homework by developing clear selection criteria and knowing what size agency you want to hire. Remember that this internal work can take up to 12 weeks to complete.
- For help in choosing the agencies from which you would like to request proposals, visit the American Association of Advertising Agencies' Web site at [www.aaaa.org](http://www.aaaa.org). Do not meet with any agencies until you have reviewed requests for proposal.
- Meet with the advertising agency employees who actually would be working on your account to ensure that they have the expertise and creativity that will result in increased profits for your business.

# Avoid these 6 marketing mistakes

BY SCOTT CLARK

Special to The Business Journal

No matter what the size of your business, marketing mistakes can doom your sales performance. Great looking ads, fancy logos or flashy Web sites are worthless if they don't generate new business.

Although some marketing mistakes are very subtle, a half-dozen of them contribute to a significant number of business failures each year. Make sure you avoid this sextet of manholes.

- **Lack of a unique selling position.** Do you want your business to be a market leader as opposed to a follower? Then you must be able to define what makes your company unique through your customers' eyes. Paint a clear picture identifying why they should want to do business with you rather than with well-established competitors.

- **Focusing on features rather than customer needs.** Consumers want to solve needs, not buy products. Think of your cus-

tomers as holding a sign that reads, "What will it do for me?" If you answer that question, you could close the sale.

- **Making it difficult to do business with you.** When potential customers contact your business, are they greeted in a prompt and friendly manner? Are members of your sales staff sufficiently knowledgeable to provide the answers customers want? Is it easy for customers to work with your business?

Put yourself in your customers' shoes to spot weak points within your business that may need shoring up. You, not your customers, should shoulder any effort or struggle required to close a sale.

- **Not eliminating customer risk.** Customers wanting something and willing to part with their hard-earned money are two different issues. You can make their buying decision easier if you can eliminate any perceived risk. If you are in the service business, offer them a free consultation. If you sell products, offer them a money-back guarantee.

- **Not maintaining and utilizing a current customer database.** Your customer list is pure gold. Keep cultivating it. Send them birthday cards or congratulatory notes whenever appropriate. Ask for referrals (and offer subsequent discounts if the referrals result in new orders).

- **Not using emphasis in print advertisements.** Ads filled with words are a waste of money. Most consumers glance at print advertisements for only a couple of seconds. If you don't grab them in that instant, their eyes will wander elsewhere. Use emphasis techniques for your key points (bold headlines, color, bullet lists, etc.) to capture their attention quickly and make them want to read on.

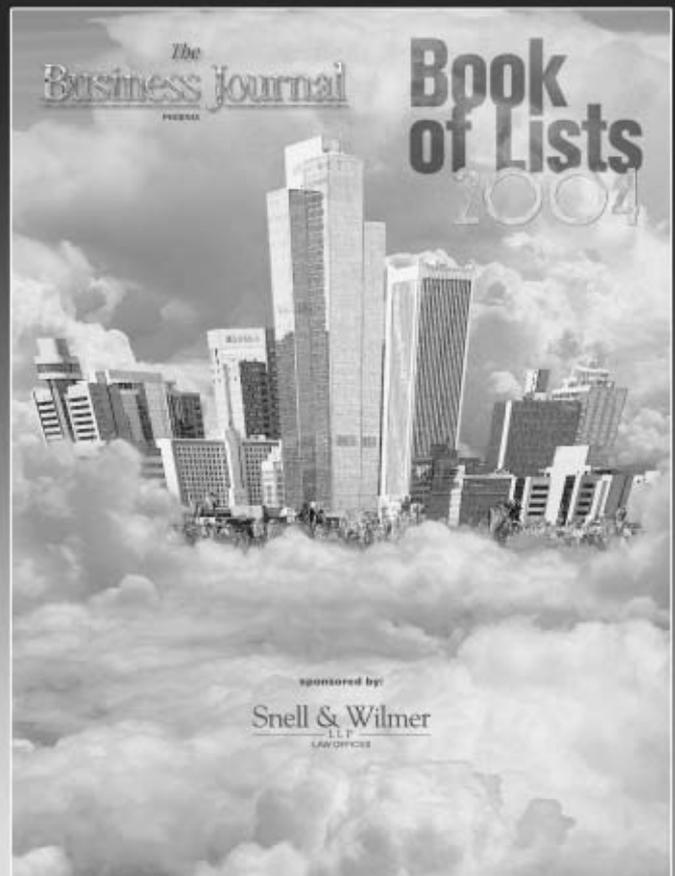
Steer clear of these manholes, and you will have started to develop a customer-focused foundation for your company.

*Scott Clark is a business consultant and columnist based in Cedar Rapids, Iowa. He can be reached at [www.saclark.com](http://www.saclark.com).*

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# Make marketing persuasive

BY RICHARD HAASNOOT

Special to The Business Journal

Before you and I will buy something, we must know how it meets our needs — how the product or service benefits us. Consider this example: If you were looking to buy an SUV, which one would you be most interested in buying?

- SUV A tells you “We have advanced stabilization control.”
- SUV B tells you “We reduce rollover risk by 40 percent.”

Most of us are more interested in SUV B because it is clear and specific about “what’s in it for me.” With SUV A we need to guess how advanced stabilization control helps us — more stable on wet, slippery roads? More nimble in turns? Reduces rollovers?

When customers are forced to guess how something helps them, most do not. Some do guess and some of those guesses are

**Three critical elements drive persuasiveness — overt benefit, real reason to believe and dramatic difference communication.**

right, but many guess incorrectly.

SUV A will lose many customers who either refuse to guess or make the wrong guess.

But, SUV B’s marketing communication is more likely to persuade customers to buy the vehicle because it is easy to understand the clear and specific answer to the question, “What’s in it for me?”

SUV B illustrates the persuasive power of overt benefit communication over feature communication. SUV B communicates a benefit — reduced rollover risk — and makes the benefit overt (specific and clear).

SUV A communicates a feature — ad-



Richard Haasnoot

vanced stabilization control — which probably is a combination of technology and mechanical operations. Features are about process and how a benefit is produced.

Overt benefit communication persuades many more customers to buy than feature communication. If you want to win more and lose less, communicate overt benefits — not features.

Let’s take a look at an Arizona example. I received a direct-mail ad from a group of doctors who run a plastic surgery practice. Their ad said, “We reduce redness, sun damage, freckling and irregular pigmentation. We also smooth skin, shrink pores and improve facial spider veins.” This may sound like benefit communication, but it’s certainly not overt benefit communication. It’s actually feature communication. The doctors perform certain procedures to change the skin’s appearance.

With the development of Merwyn Technology, a software and expert rating system, persuasion has become a science. A Merwyn success forecast accurately predicts chances for long-term success and rates the strength of key elements such as an overt benefit.

Merwyn rated this attempt at overt benefit communication in the 20th percentile, meaning it can be five times better. That’s lots of room for improvement, which will make customer communication more persuasive.

OK then, how do we change the features into overt benefits? You can ask a question like, “What’s in it for me if I change my skin’s appearance?”

For example, what if we said, “We help you look your best by completely removing the visible imperfections on your skin. When you look your best, you feel your best. You will look great in a swim suit, an evening dress or just hanging out with friends?”

Those are the benefits of doing things like smoothing your skin and shrinking its pores. You look and feel better. The communication is overt — “completely removing the visible imperfections.”

Small businesses now can use consumer technology that evaluates chances for long-term success primarily based on the persuasiveness of customer communication. Three critical elements drive persuasiveness — overt benefit, real reason to believe and dramatic difference communication.

This technology rated the revised overt benefit communication in the 60th percentile, which gives two pieces of good news.

First, we tripled the persuasiveness of the overt benefit communication. As a result, more people will be persuaded to buy than before.

Second, we still have the opportunity to make it even stronger. If we worked with the doctors we might discover more clear, powerful overt benefits, such as the lowest cost beauty enhancement in the area and pain free, fast beauty treatment, for example.

How can you put these principles to work for your business today?

- **Ask the key question about your product or service:** What’s in it for my customers? What specific need do you solve?

- **Develop specific and clear answers anyone can understand.** For example, do not say fast service; define fast. Is it 10 minutes or an hour? Don’t make your customers guess.

- **If you identify several benefits, select only one or two to communicate to customers.** Fewer are more persuasive. Common sense tells us if a company lists six benefits, we probably remember none, and we are confused. Have the discipline to focus; do one or two things with excellence.

*Richard Haasnoot is president of Infinite Growth Resources, author of “The New Wisdom of Business” and part of the school of management faculty at ASU West. He can be reached at 623-572-7797 or at richard@infinitegrowth.biz.*

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# Human Resources

BY SUSAN MERCER HINRICHS

Special to The Business Journal

**I**t's your business, and chances are it's about making money.

But it's also about people — the people who represent your company image.

They're your employees.

Carefully evaluating potential employees and making good hiring decisions are key elements to your business' success.

Richard P. Mike, a Navajo businessman who owns a handful of Burger King and motel franchises on the Navajo Reservation, knows how difficult the hiring process can be. But with an employee base of about 200 people, he said he's developed a sense of what works when screening applicants.

Mike said the lead manager at each of his operations conducts new-hire interviews, going through a series of questions that establish applicants' interests and skills for a position. Then, that manager will make a decision about whether or not to hire a particular candidate.

Mike said he looks for employees with a strong work ethic who will contribute to his business' strengths.

In many cases, entrepreneurs first may look to family or professional friends as employees. But as small businesses continue to grow, owners may have to turn to other sources for qualified workers.

There are a variety of temporary staffing agencies that quickly can supply clerical and administrative staff to companies in need. There also are outsourcing agencies that can provide more specific skills, such as accountants or bookkeepers, for short-term staffing requirements.

For longer-term employment needs, business owners can turn to employment contracts or outsourced work as a way to achieve professional results without having to devote too many internal resources to the hiring process.

Experts in employment consulting or employment law also can be consulted.

Some companies will handle the bulk of the hiring process for you. They'll field and screen résumés for specific criteria, conduct initial interviews and even evaluate candidates' personalities before reporting back to their clients with a list of potential employees.

Mark Staudohar, president of Accent Careers, a permanent and temporary-placement firm, said his company uses "extensive" meth-



ods to screen candidates prior to forwarding them to an employer for consideration.

Staudohar said more and more small businesses are outsourcing the initial hiring legwork. It can, in the long run, lower the employee turnover rate, he said. It also frees up small-business owners for what they set out to do — which is run their business.

Despite the services offered by firms such as Accent Careers, employers still are required to follow certain laws when hiring staff.

Arizona business owners must be particularly careful — because of the state's proximity to an international border — that any employees hired are legally able to work in the United States. A valid Social Security number is one way to confirm a potential employee's citizenship or right to work.

Area chambers of commerce and professional associations often hold seminars for employers that address legal hiring guidelines. Libraries also are a valuable resource when researching state and federal hiring

and employment laws.

Even when the hiring process goes smoothly and the perfect employees are hired, business owners still face many staff challenges. One of the biggest is how to retain quality people.

Diane Burrus, a senior human resources consultant with the Valley of the Sun-branch of W.F.D. Consulting, said hiring employees involves the keys of "retaining and motivating talent."

When looking to hire quality workers, Burrus said companies initially can attract people with "the basics" — things such as salary, benefits and the initial challenge of a new job. Retaining them, however, can be more difficult.

Policies that enable employees to openly voice grievances to management, flexible work hours, and recognition of life outside of the workplace can go a long way in keeping employees happy and from looking for work elsewhere, she said.

# Labor Regulations

## Employers have many legal responsibilities

The State Labor Department of the Arizona Industrial Commission is responsible for administering state laws that relate to labor.

These statutes include the payment of wages, employment practices, the employment of children and the licensing of private employment agencies.

For more information, call 602-542-4515 or visit the Industrial Commission's Web site at [www.ica.state.az.us](http://www.ica.state.az.us).

### Posting Requirements

Is your company complying with federal and Arizona posting requirements? Federal and Arizona laws require the following mandatory notices be posted in conspicuous places frequented by employees and/or applicants.

Copies of the listed posting notices can be obtained for a fee from the Arizona Employers' Council Inc. by calling 602-955-7558 or 800-437-9262. The council's Web site can be accessed at [www.azeci.com](http://www.azeci.com).

You also may obtain copies of individual forms from the various agencies listed below.

### Federal

**US Department of Labor:**  
[www.wagehour.dol.gov](http://www.wagehour.dol.gov)

- Federal Minimum Wage
- Family and Medical Leave Act of 1993
- Government Contractors
- Federally Financed Construction
- Migrant and Seasonal Agricultural Protection
- Polygraph Protection Act

### Occupational Safety and Health

**Administration (OSHA):** [www.osha.gov](http://www.osha.gov)

- OSHA (Federal)
- OSHA Summary (Form 200)
- Occupational Noise
- Equal Employment Opportunity Commission
- Equal Employment Opportunity

### Arizona

**Equal Employment Opportunity**

**Commission:** [www.eeoc.gov](http://www.eeoc.gov)

- Employment Discrimination Department of Economic Security
- Unemployment Insurance Industrial Commission of Arizona
- Workers' Compensation

**Arizona Division of Occupational Safety**

### and Health (ADOSH)

- ADOSH (State OSHA)
- Workplace Exposure to Bodily Fluids
- Hazmat (hazardous materials) Information and Emergency Data

### Local Cities

- Local Smoking Ordinances

### Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) is a federal law administered by the Wage and Hour Division of the U.S. Department of Labor.

This law establishes minimum wage, overtime pay and child labor standards for employers. The Arizona Labor Department has jurisdiction over all businesses in the state that are not covered by the FLSA.

The Arizona Labor Department also shares jurisdiction with the Wage and Hour Division when both federal and state laws are the same.

To determine if your business is subject to the FLSA, you should contact the Federal Wage and Hour Division of the U.S. Department of Labor at 3221 N. 16th St., Phoenix, AZ 85016, 602-640-2990; or 300 W. Congress St., Room 4-H, Tucson, AZ 85701, 520-670-4899. The Web site is [www.dol.gov/elaws](http://www.dol.gov/elaws).

### Wage Payment Laws

Wages in Arizona are determined by agreement between the employer and employee.

Every employer in the state must have at least two regular paydays not more than 16 days apart each month.

Arizona law permits five working days between the end of a pay period and the payment of wages earned during that pay period.

An employee who is discharged must receive all wages due within three working days. If an employee quits, that employee must be paid all wages due no later than the regular payday for the pay period in which the termination occurred.

### Minimum Wage and Overtime

Arizona does not have a minimum wage or overtime law. Employers who are covered by the Federal Fair Labor Standards Act must comply with the law's minimum wage and overtime provisions. If not covered by the federal statutes, employers are free to set wage and hour policies of their

choosing.

Arizona has established special laws relating to the employment of children. For questions regarding these rules, contact the State Labor Department of the Arizona Industrial Commission at 800 W. Washington St., Phoenix, AZ 85007. The telephone number is 602-542-4515.

### Employing Minors

The Fair Labor Standard Act (FLSA), enforced by the Department of Labor, allows children between the ages of 14 to 16 to work no more than 40 hours in any one week or more than eight hours per day when school is not in session. It limits their hours to 18 hours per week, and three hours per day when school is in session.

Additionally, the hours worked must be between 7 a.m. to 7 p.m., except during the summer when the evening hour is extended until 9 p.m. As an illustration, during a week that school is in session, a child who is enrolled in school may work as many as three hours on any school day and as many as eight hours on any Saturday, Sunday or other school holidays, so long as total work hours in a week do not exceed 18.

The FLSA states that 14- to 16-year-olds can work only in occupations that the Department of Labor considers nonhazardous.

They are specifically excluded from working in mining and manufacturing. Examples of permitted work include: office clerical work, cashiering, sales, bagging and carrying of customer orders, cleanup work, food preparation, and serving and gas dispensing.

Minors 16 to 18 may work in any nonhazardous occupation during any hours and for any number of hours per day.

While Arizona child labor laws generally mirror those of the federal government, there are a few minor differences that can be found in Arizona Revised Statutes 23-230 through 235.

Under Arizona law, the Industrial Commission may declare an occupation as hazardous and prohibit employment of children under the age of 18 in those jobs.

Arizona laws restricting the number of hours and times a minor may work during a week day do not apply to minors delivering newspapers.

Under both federal and Arizona state laws,

**Continued on Page 45B**

Continued from Page 44B

there are exemptions to child labor laws that allow parents to employ their children in occupations other than manufacturing, mining or any other job designated as hazardous.

While all the above restrictions, rules and regulations may seem laborious, they are meant to protect our children, not to discourage employers from hiring minors.

This information highlights some of the various laws governing the employment of minors. If you have specific questions on this topic or any other personnel-related issue, call the Industrial Commission — State Labor Department at 602-542-4515.

### Right-to-Work Legislation

Arizona is a right-to-work state. The Right-to-Work Law states that “No person shall be denied the opportunity to obtain or retain employment because of nonmembership in a labor organization.”

This section also prohibits any kind of agreement that excludes a person from employment because of nonmembership in a labor organization.

Reprints of Arizona’s labor laws and additional information may be obtained from the State Labor Department of the Industrial Commission at 800 W. Washington St., Phoenix, AZ 85007, 602-542-4515; or 2675 E. Broadway Blvd., Room 201, Tucson, AZ 85716, 520-628-5188; or on the Web at [www.ica.state.az.us](http://www.ica.state.az.us).

### Safety Regulations

The Industrial Commission of Arizona, under the Occupational Safety and Health Act of 1970, is the state agency charged with regulating industrial plants for fire, health and safety requirements.

The safety standards enforced in Arizona are the same standards used by the U.S. Department of Labor. Arizona provides a consultation program from which businesses can obtain information to determine whether their facilities are in compliance with safety standards.

For information on the Occupational Safety and Health Act of 1970, contact the Industrial Commission of Arizona, Safety Division, 800 W. Washington St., Phoenix, AZ 85007, 602-542-4515; or 2675 E. Broadway Blvd., Room 239, Tucson, AZ 85716, 520-628-5478.

### Discrimination in Employment

Title VII of the Civil Rights Act of 1964 is the federal law that prohibits employment discrimination based on race, color, religion, sex or national origin. The Age Discrimination in Employment Act, the Equal Pay Act, the Rehabilitation Act of 1973 and

the Americans with Disabilities Act of 1990, as amended, also protect employees from discrimination.

The Equal Employment Opportunity Commission is responsible for administering the Civil Rights Act of 1964, the Age Discrimination in Employment Act and the Equal Pay Act.

The Office of Federal Contract Compliance administers the Rehabilitation Act of 1973.

In Arizona, the U.S. Equal Employment Opportunity Commission is at 3300 N. Central Ave., Ste. 690, Phoenix, AZ 85012. The telephone number is 602-640-5000. On the Web: [www.eeoc.gov](http://www.eeoc.gov).

The Civil Rights Division of the Attorney General’s Office administers the Arizona Civil Rights Act. Under Arizona law, it is unlawful for an employer to discriminate in employment because of race, color, religion, sex, age, handicap or national origin.

Additional information on Arizona’s civil rights laws may be obtained from the Attor-

ney General’s Office, Civil Rights Division at 1275 W. Washington St., Phoenix, AZ 85007, 602-542-5263; or 400 W. Congress St., Ste. 215, Tucson, AZ 85701-1367, 520-628-6500; or on the Web at [www.ag.state.az.us](http://www.ag.state.az.us).

ne General’s Office, Civil Rights Division at 1275 W. Washington St., Phoenix, AZ 85007, 602-542-5263; or 400 W. Congress St., Ste. 215, Tucson, AZ 85701-1367, 520-628-6500; or on the Web at [www.ag.state.az.us](http://www.ag.state.az.us).

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### Arizona’s Workers’ Compensation Insurance

The Industrial Commission administers the Workers’ Compensation Law. The purpose of workers’ compensation insurance is



to provide medical benefits and compensation to covered employees injured by accidents arising out of and in the course of their employment.

The law requires public and private employers with regularly employed workers to carry workers’ compensation insurance. “Regularly employed” includes all employment, whether continuous throughout the year or for only a portion of the year.

Employers are required to bear the entire cost of workers’ compensation insurance. Companies may choose to insure their employees in any one of three ways: 1) By insuring with the State Compensation

### Immigration and Nationality Act

The Immigration and Nationality Act (INA), a part of the Immigration Reform and Control Act of 1986, prohibits employers from knowingly hiring undocumented workers. It also requires employers to verify their employees’ identity and work eligibility as specified on the I-9 form.

INA’s anti-discrimination provisions in-

Continued on Page 46B

# Labor Regulations

Continued from Page 45

Fund, 2) By insuring with another authorized insurance carrier; or 3) By qualifying as a self-insurer under the rules and regulations of the Industrial Commission.

Premium rates are based on the National Council on Compensation Insurance schedules compiled from the experience factors of all of Arizona's workers' compensation carriers. Working partners and sole proprietors also may elect coverage under the law.

For information, contact the Arizona Industrial Commission, 800 W. Washington St., Phoenix, AZ 85007, 602-542-4515; or the State Compensation Fund at 3031 N. Second St., Phoenix, AZ 85012-2855, 602-631-2000.

## Defining Employee/ Independent Contractor Status

An employer is responsible for withholding and remitting state and federal income taxes, Social Security and Medicare taxes; paying unemployment and workers' compensation insurance and the employer's matching Social Security and Medicare tax.

Additional considerations for employers may include payment of the employee's vacation, illness time, health insurance and retirement.

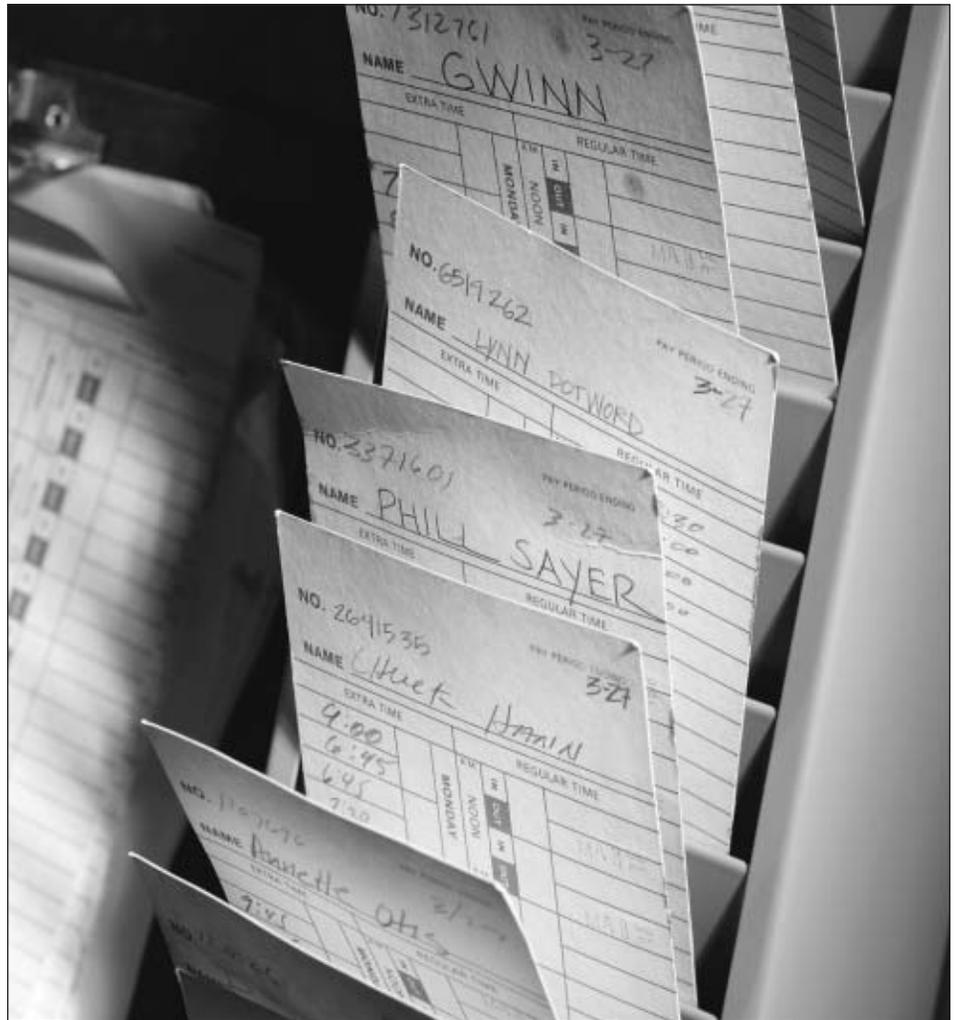
In the case of independent contractors, a company does not withhold or pay the above items from payments for work performed. According to the IRS, "The general rule is that an individual is an independent contractor if you, the employer, have the right to control or direct only the result of the work and not the means and methods of accomplishing the result."

The existence of a written contract or agreement does not necessarily establish independent contractor status. IRS Publication 15-A lists factors used to help determine the classification of independent contractors versus regular payroll employees. These 20 factors are:

**1. Instructions:** An employee must comply with instructions about when, where and how to work. Even if no instructions are given, the control factor is present if the employer controls how the work results are achieved.

**2. Training:** An employee may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods and receive no training from the buyers of their services.

**3. Integration:** An employee's services



usually are integrated into the business operations because the services are important to the success of the business. This shows that the employee is subject to direction and control.

**4. Services rendered personally:** An employer renders services personally. This shows that the employer is interested in the methods as well as the results.

**5. Hiring assistants:** An employee works for an employer who hires, supervises and pays workers. An independent contractor can hire, supervise and pay assistants under a contract that requires him or her to provide materials and labor and be responsible only for the result.

**6. Continuing relationship:** An employee generally has a continuing relationship with an employer. A continuing relationship may exist even if work is performed at recurring, although irregular, intervals.

**7. Set hours of work:** An employee usually has set hours of work established by an employer. An independent contractor generally can set his or her own work hours.

**8. Full-time required:** An employee may be required to work or be available full time. This indicates control by the employer. An independent contractor can work

when and for whom he or she chooses.

**9. Work done on premises:** An employee usually works on the premises of an employer or works on a route or at a location designated by an employer.

**10. Order or sequence set:** An employee may be required to perform services in the order or sequence set by an employer. This shows that the employee is subject to direction and control.

**11. Reports:** An employee may be required to submit reports to an employer. This shows that the employer maintains a degree of control.

**12. Payments:** An employee is paid by the hour, week or month. An independent contractor is usually paid by the job or on a straight commission.

**13. Expenses:** An employee's business expenses generally are paid by an employer, showing the employee is subject to regulation and control.

**14. Tools and materials:** An employee is normally furnished significant tools, materials and other equipment by an employer.

**15. Investment:** An independent contractor has a significant investment in the facil-

Continued on Page 47B

ities he or she uses in performing services for someone else.

**16. Profit or loss:** An independent contractor can make a profit or suffer a loss.

**17. Works for more than one person or firm:** An independent contractor generally is free to provide his or her services to two or more unrelated persons or firms at the same time.

**18. Offers services to general public:** An independent contractor makes his or her services available to the general public.

**19. Right to fire:** An employee can be fired by an employer. An independent contractor cannot be fired so long as he or she produces a result that meets the specifications of the contract.

**20. Right to quit:** An employee can quit his or her job at any time without incurring liability. An independent contractor usually agrees to complete a specific job and is responsible for its satisfactory completion or is legally obligated to make good for failure to complete it.

Form SS-8, "Determination of Employee Work Status," is available from the IRS to request a clarification of status.

The IRS, the Arizona Department of Economic Security, and workers' compensation insurance providers audit businesses and payroll records to determine proper classification of employees and independent contractors.

Each of these organizations uses a different method to determine a worker's status. Penalties, back taxes and other fees are involved when it is determined that a payroll employee is improperly classified as an independent contractor.

If there is any doubt about the status of your employees or independent contractors, contact the IRS, Arizona Department of Economic Security, your workers' compensation insurance provider, an attorney or accountant for professional assistance.

## Employment Services

Alternatives to employees and independent contractors are "temporary employee services" and "leased employees." In these situations, a service company may provide professional or other workers to its subscribers. Contracts outline the functions and responsibilities of the service (labor) provider and subscriber.

The service provider hires the workers, pays their wages, handles payroll actions, remits taxes and is responsible for worker's compensation and unemployment insurance, benefits, etc.

The service provider is responsible for employee control, discipline, discharging or reassignment of the worker. Employees work for the service provider — not the sub-

scriber.

The subscriber pays the service provider all of the costs and fees involved.

The subscriber does not have obligations for any employment commitments to the employees and, in accordance with the contract, may terminate all relationships.

Sources for temporary or leased employees are found in the *Yellow Pages* under the classified heading "Employment Contractors — Temporary Help" or "Employment Services — Employee Leasing."

Additional information is available from the IRS at 800-829-1040 or on the Web at [www.irs.gov](http://www.irs.gov).

## Employees Who Work in More than One State

If you have employees working in Arizona and one or more other states, the following guidelines will help you correctly report their wages and pay employment taxes:

1. If an employee works only in Arizona, report the wages and pay taxes to Arizona, whether or not you are located in Arizona.

2. If an employee works only in another state, report the wages and pay taxes to that other state, even if you are located in Arizona.

3. If an employee works primarily in Arizona and only occasionally in another state, report the wages and pay taxes to Arizona whether or not you are located in Arizona.

4. If an employee works in two or more states, report the wages and pay taxes to the state that contains the employee's base of operations, or the state from which the services are directed and controlled (usually the state in which you are located).

If you have questions about properly reporting wages and paying unemployment taxes, call the Employer Status Unit at 602-248-9396.

## What is Exempt Employment?

Employees are included under the unemployment insurance law, unless their services are specifically excluded. If a service is excluded, it is not counted in determining your liability for taxes, and payments for those services should not be included on your quarterly wage reports.

You should not report payments for the following:

1. Insurance, real estate, cemetery and securities salespersons paid solely commission.

2. A sole proprietor's spouse, parents or children under 21 years of age. (In a partnership, the relationship must extend to both/all partners. For example, parents of brothers in a partnership consists only of those brothers; parents of a partner in other partnerships are not exempt.)

3. Students in an academic work experience program performing services as part of the school's academic program.

4. Income tax preparers paid solely by commission.

5. District sellers of consumer goods, paid solely by commission, who solicit orders or make in-person sales in customers' homes.

6. Students in regular attendance at the educational institution that employs them, or spouses of students, if the spouses are employed as part of a financial assistance program for the students.

7. Individuals under 18 years of age who deliver or distribute newspapers or shopping news to customers.

8. Patients of a hospital performing services for the hospital.

9. Student nurses performing services for a hospital or a nurses' training school; or interns in the employ of a hospital.

10. Individuals hired for a one-time, short-term job, generally for less than 13 days in a calendar quarter, when there is no intent for a continuing employment relationship.

11. A service performed for a nonprofit organization if payment for the service is less than \$50 in a calendar quarter.

12. Other services described in Arizona Revised Statute §23-613.01 and 23-617.

## Constructive Discharge

An employee is encouraged to communicate to the employer whenever the employee believes working conditions may become intolerable to the employee and may cause the employee to resign.

Under Arizona Revised Statute 23-1502, Arizona Revised Statutes, an employee may be required to notify an appropriate representative of the employer in writing that a working condition exists that the employee believes is intolerable, that will compel the employee to resign or that constitutes a constructive discharge, if the employee wants to preserve the right to bring a claim against the employer alleging that the working condition forced the employee to resign.

Under the law, an employee may be required to wait for 15 calendar days after providing the written notice before the employee may resign if the employee desires to preserve the right to bring a constructive discharge claim against the employer.

An employee may be entitled to paid or unpaid leave of absence up to 15 days while waiting for the employer to respond to the employee's written communication about the employee's working conditions.

## Get Connected

**Arizona Employers' Council Inc.**  
2701 E. Osborn Road, Ste. 100  
Phoenix, AZ 85016  
602-955-7558; 800-437-9262

# Research health insurance providers

BY JOHN SNOW

Special to The Business Journal

Choosing a health insurance provider can be a daunting task for business owners. Faced with a swirl of acronyms — PPO, HMO and MSA — is enough to try a novice.

Yet offering such benefits can be key to keeping a company competitive in its industry, experts say.

Helping business owners make wise, cost-effective decisions is one goal of Washington-based Health Insurance Association of America (HIAA).

## HOW TO

The decision-making process begins with a choice between traditional indemnity insurance and managed care, HIAA spokesman Larry Akey said.

“Today, nine out of 10 choose managed care,” he said. Cost and care issues drive the move from indemnity insurance. “Preventive care and disease management are generally more available under managed care.”

Managed care, typically in the form of Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs), arose after spikes in the cost of indemnity insurance during the late 1980s and early 1990s.

While much less costly at inception, changes in business-owner preferences and the medical industry are raising managed-care plan costs, he said.

“Employers are asking for more choice and control,” he said. “Doctors are rebelling against tightly managed care. The cost gap is starting to close a little bit, but managed care is still a little less expensive.”

With that decision made, employers should determine what additional services, if any, they should offer. Some services are

## Tips

Five steps to evaluating a health insurance provider:

- 1. Accessibility:** Does the plan have the doctors and hospitals you and your employees want?
- 2. Cost:** Is the program cost-effective and does it have efficient administration?
- 3. Program management:** Does the provider have a low error rate and responsive client account team?
- 4. Health management:** Does the provider support effective preventive health care such as immunizations and health care screenings?
- 5. Care management:** How is case management on catastrophic claims or chronic diseases like diabetes and hypertension?

Source: Mercer Human Resource Consulting

required by certain states. For instance, 44 states require employers to offer substance abuse-counseling coverage and 36 require mental health coverage.

Beyond those, commonly added services include dental plans and eye care.

Each added service increases premiums by several percentage points, Akey said. Some will appear to increase productivity, such as mental health coverage, but that's not necessarily the case. “There's never been any solid research that proves it,” he said.

In trying to strike a balance between what employees want and what the company can

afford, consider cost sharing — the portion employees, not insurance companies, pay for services. “There's often a co-pay of \$10, \$15 or \$20 for a doctor's visit,” Akey said.

The higher the co-pay, the lower the premium. “Every \$5 can save employers a lot,” he said. “There is some evidence that the existence of more-than-nominal co-pays will make employees more cognizant of the real cost of medical care.”

This decision should be based on staying competitive in your industry, Akey said.

Medical Savings Accounts, in which employers set aside a fixed dollar amount for employees to spend as they wish on medical care, are becoming popular among employees and employers. With an MSA, a type of more traditional coverage usually kicks in after the account is exhausted, Akey said. But MSAs are highly regulated by the federal government and have not been as successful as anticipated.

In choosing an insurer, consider its financial background and longevity. Look for those with established track records that are financially solvent.

“Too often, employers and employees are left holding the bag when their insurance company goes out of business,” Akey said. “It's worth calling the state insurance department to check on the company's record of complaints and its solvency. It's also worth going to the library and checking its financial rating.”

Despite the overwhelming amount of insurers and options, don't take short cuts or give providers less scrutiny.

“If a policy sounds too good to be true, it probably is,” Akey said. “If a product sounds like it covers everything without a big premium, there's got to be a catch.”

Also consider a company's service, said David Foster, a principal with Mercer Human Resource Consulting, a global human resources firm based in New York City. Probe the management skills.

“Do you have a provider whose error rate is very low?” Foster said. “Do they have a client account team that is responsive to the needs of the business owner?”

Mercer offers a five-step process for employers to use in evaluating a provider. It places emphasis on the provider's business skills and reporting abilities.

“You can't manage what you can't measure,” Foster said. “They should have a good reporting service so you know what is driving your costs.”

*John Snow writes for American City Business Journals, The Business Journal's parent company.*



# Create commitment workplaces

BY KEVIN HERRING

Special to The Business Journal

How often have you heard yourself say, "If they would only think about what they're doing," "Why can't they see the big picture?" or, "We need to hold them more accountable!"

It doesn't matter how hard we try, we just can't seem to convince people to be more responsible for what they do.

In a marketplace that offers little room for mediocrity, we know it would truly make a difference in our ability to compete if employees acted like they care. So how do we get employees to break out of compliance-level performance and create a workplace of commitment and passion for success?

In the typical workplace, commitment decreases and compliance increases as we move down through the organization hierarchy.

Why?

Because almost everything we do for senior management supports intrinsic motivation while the things we do at the line-worker level are designed to extrinsically motivate.

For example, if you are an executive, you can pretty well come and go as you please. You are trusted to do the work, have power to decide how to do things and have access to considerable information about the state of the business and your impact on it.

If you're a manager, you have the same kind of latitude to lesser degrees according to your level in the organization.

In contrast, line workers are trusted to perform narrowly defined tasks and expected to follow orders from supervisors. Supervisors make decisions regarding exceptions to work practices and customer service. The only information available to line workers is from supervisors telling them when they've performed poorly.

Employees are expected to function with little or no understanding of the organization and environment in which they operate. Pay is designed to reward compliance



Kevin Herring

with rules that have been created to maintain control, and supervisors are taught to use those as tools to extract greater compliance from workers.

Unlike managers who have varying degrees of information and power to choose accountability for the business, line workers are held accountable whenever they fail to comply

with company rules or something goes wrong. They may reluctantly comply with requirements under fear of losing their jobs if they fail. For them, accountability is something that pressures them into compliance, not something they willingly choose.

Under these circumstances, it should come as no surprise when employees show a high level of compliance to job requirements for which they are held accountable and a low level of commitment to the business.

Essentially, we create different environments — different motivations — by the ways in which we operate.

In order to create a workplace where employees are committed to the success of the business and see themselves as accountable for achieving results, we must give up our reliance on extrinsic motivators for compliance and embrace intrinsic motivators for commitment.

That means we provide opportunities for employees to learn the business so they can find purpose in what they do at work.

Employees must be empowered to act by their own initiative to improve the business and serve the customer, and policies and practices must invite employees to accept accountability to make the business succeed.

We need not look hard for examples of commitment workplaces. Not surprisingly, they exist at the top of most industries: Southwest Airlines in the airline industry,

Marquette Cos. in property management, and Dell Computers in technology.

While the competition complains about the economy, these companies are expanding. The two things these successful companies have in common are an environment of intrinsic motivators and employee commitment.

For most business leaders, the change from compliance to commitment does not come easily. After all, for more than 100 years we've been taught that information and decision making are best left in the hands of those we call management.

For those willing to take the leap, however, the result is a workplace of employees who are intrinsically motivated and self-

**Employees must be empowered to act by their own initiative to improve the business and serve the customer.**

empowered to choose commitment and accountability for the business. Such a workplace unleashes creativity, innovation, drive for results and a business with greater capacity to compete in a tough marketplace.

Creating a commitment workplace may not be as easy or conventional as holding people accountable for compliance, but the possibilities are limitless.

*Kevin Herring is president of Ascent Management Consulting. Ascent specializes in creating business solutions through effective management, workplace cultures and organization systems. He can be reached at 520-742-7300, kevinh@ascentmgt.com or www.ascentmanagementconsulting.com.*

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# Expanding Your Business

BY SUSAN MERCER HINRICHS

Special to The Business Journal

**B**ruce Treichler went to England and Holland because he wanted to increase his business abroad.

Gary Mandalfino went abroad to see if he could start doing business internationally.

Eduardo Castillo already has been doing business outside the country for several years.

As leaders of their companies, these men have looked beyond Arizona's boundaries to seek — and even gain — a presence in a foreign nation with the intent of increasing sales and revenues for their companies.

Castillo owns Entrada Doors, an international wood-products company.

Mandalfino is the sales manager at Silver-

Castillo travels to Bolivia about four times a year to oversee production of wood doors at a factory in which he is part owner. Bolivian by birth, Castillo is a naturalized American who speaks fluent Spanish. He's also a well-known Valley businessman, having worked in real estate ventures for decades. After selling those businesses, Castillo said he started working in earnest on an idea he'd been formulating for about 10 years.

He bought a factory that could be used to manufacture wooden doors for export to the United States. The wood for the doors would come from Bolivia's vast timber reserves.

Further, labor costs are affordable there, the economic environment in Bolivia promotes entrepreneurship and importing a

ment Division director, is a force in helping develop international trade opportunities for local businesses. She and colleagues put together several international trade missions a year and encourage Arizona entrepreneurs to participate.

Mandalfino and Treichler both say the quality of the contacts they have made on such missions "exceeded" their expectations.

But Spray said companies with an urge to go international should do their homework before jumping into an unknown business environment.

She said a company must go into international ventures with a long-term financial commitment, as well as a sense of how it's spreading its risk-reward factors.

For example, a culturally sensitive business plan provides for an international road map, and entrepreneurs establishing foreign ventures must familiarize themselves with prevailing local laws, industry-specific regulations and export and import licenses.

Securing state and federal licenses also are important elements for international trade. International currency contracts also must be negotiated to allow for payment at market rates for goods and services provided, Spray said. Shipping and insurance costs also will figure into this equation.

While the Internet initially can provide assistance in making contact with prospective foreign markets, Spray said it's no substitute for the face-to-face contact that should be considered a requirement before conducting any business operations abroad.

Treichler of Zircon Precision Products, said he already had two international clients prior to the September trade mission he attended. Now, he's "95 percent certain" he'll land additional business from the contacts he made. He said he also expects those deals to occur within the next six months.

Mandalfino said Silverado Cable, in business for nearly 10 years, already works with Boeing, Northrop Grumman and Lockheed Martin, and he said Rolls Royce expressed an interest in the company's custom assemblies.

Treichler and Mandalfino voiced great praise for the quality of the business contacts they have established overseas. Both said they recommend attending a Commerce trade mission as an important step in establishing international business ties.

For more information about the Commerce trade missions, call 602-771-1100.



ado Cable, a firm that does internal wiring and cabling assemblies for aircraft and also some medical equipment component wiring.

Treichler works as president and general manager of Zircon Precision Products Inc., a machining firm that makes parts for commercial and defense-industry airliners.

They all share a passion for their businesses and see markets beyond those in Arizona as ideal opportunities to grow their companies' bottom lines.

Treichler and Mandalfino traveled to England at the end of September with other entrepreneurs on an Arizona Department of Commerce trade mission.

wooden door into the United States poses few problems, he said.

A visit to Entrada's Tempe door showroom reveals the fine detail and quality of the wooden products. Entrada markets its doors to higher-end residential homes and sells them through Home Depot.

With his Bolivian relationship established, Entrada represents a sound foundation that serves as a springboard for possible future business ventures with China, Castillo said. That nation maintains Bolivian wood-product interests, too.

Sally Spray, the Arizona Department of Commerce's International Trade and Invest-

# Program helps finance overseas trade

BY KENT CROCOMBE

Special to The Business Journal

With a slower domestic economy and increasingly weakened dollar, U.S. manufacturers are looking abroad for new sales opportunities. However, exporters face the enormous challenge of striking a balance between their desire to make sales and their need to get paid.

Sales forces argue that credit departments prevent them from making sales, and credit managers are all too aware of the drain on cash flow created by the time and expense of manufacturing or obtaining goods for export.

The reason exporting is such an obstacle is because future export sales are considered a "foreign receivable" and commercial banks exclude it from a company's borrowing base, thereby reducing the funds available through a line of credit. For smaller companies, this hurdle often is too much to overcome. They simply cannot afford to export through standard borrowing methods.

## OVERCOMING BARRIERS

Recently, though, an increasing number of small businesses have overcome exporting barriers thanks to a relatively unknown resource: The Export-Import Bank of the United States (Ex-Im) Working Capital Guarantee Program. (See Page 30 for a list of financial resources.)

By providing access to pre-export financing, the program offers many smaller companies their only legitimate opportunity to sell beyond borders — without imposing the drain on cash flow created by manufacturing or obtaining goods destined for export.

Ex-Im Bank does not issue loans. Rather, it supplements commercial bank financing in an effort to create employment and meet foreign competition.

It also helps companies absorb nonpayment risk through its Export Credit Insurance Program.

Ex-Im Bank's working capital program guarantees 90 percent of principal and interest on pre-export financing and foreign receivables through approved lenders. Financing through the program supports both export-related inventory and export-related accounts receivable.

## USING THE WCGP

A few commercial lenders hold delegated authority on WCGP transactions of up to \$10 million per borrower. Such banks can

issue the credit directly to exporters without additional approval from Ex-Im Bank, allowing businesses to receive their financing faster, with less paperwork and from a bank they already know and trust.

Because financing is received faster, exporters can pay their suppliers sooner and maintain a healthy cash flow to support additional sales (and in some cases receive supplier discounts.)

One beneficiary of the program, a Seattle-based producer of pink salmon fillets, sells its product primarily in Europe to large companies that, in turn, sell it to grocery stores and food distributors or are themselves a food distributor.

In 2001, the company obtained an Ex-Im Bank WCGP line of credit of \$2 million and, subsequently, an increased facility of \$4.5 million in 2002. The small business used the Ex-Im Bank line of credit to nearly double its sales from \$10.6 million in 2000 to approximately \$19 million in 2002.

## WHO WILL BENEFIT?

Recently, smaller businesses have been taking advantage of the WCGP. Established in 1999, International Fleet Sales Inc. is an authorized export distributor for General Motors North American that produced vehicles in San Francisco. It sells worldwide, primarily to foreign government agencies.

In 2000, the company was extended a \$750,000 Ex-Im Bank WCGP facility. At renewal in 2001, the line of credit was increased to \$1.5 million and in 2002 to \$2.5 million.

Over that period of time, sales increased from \$1.8 million to \$14.4 million. In late 2002, the company became the Hummer distributor for Europe and anticipates that

2003 sales will exceed \$20 million.

The program is ideal for U.S.-based companies that export goods or services from the United States who also:

- Have been in business for at least one year.
- Use standby letters of credit to support export sales requiring bid or performance bonds or issue warranty letters of credit.

**This program has proved an invaluable resource for U.S. small businesses because it frees them from the restraints of limited working capital.**

• Would like to finance their foreign sales from the point of purchase to receipt of payment.

This program has proved an invaluable resource for U.S. small businesses because it frees them from the restraints of limited working capital.

For fiscal year 2002, Ex-Im Bank authorized financing to support nearly \$13 billion of U.S. exports worldwide. More than 85 percent of its transactions last year involved small business.

*Kent Crocombe is senior vice president at Bank of America.*

## Top Arizona export destinations for 2002

Country	2000	2001	2002
1. Mexico	\$4.7B	\$3.6B	\$3B
2. Malaysia	\$924M	\$915M	\$1.2B
3. Canada	\$1.5B	\$1.3B	\$1.2B
4. UK	\$925M	\$984M	\$928M
5. Germany	\$445M	\$594M	\$525M
6. France	\$557M	\$632M	\$443M
7. China	\$152M	\$60M	\$380M
8. Philippines	\$269M	\$105M	\$377M
9. Taiwan	\$622M	\$332M	\$374M
10. Singapore	\$437M	\$381M	\$344M

Source: Arizona Department of Commerce

# Grow your business internationally

BY DOUGLAS COHEN

Special to The Business Journal

For many companies, the past few years have been about one thing: surviving.

Yet despite the economic slowdown, there are many companies for which the past few years have been about something completely different. For them, it has been about expanding.

The key to expanding in a downturn is similar to what it takes to beat the competition during good times: uncovering new markets, having a clear strategy and sticking to it. Growth strategies vary widely, but most fit into two broad categories: being cheaper or being better than the competition.

Due to cost advantages from producing overseas, revenue opportunities from foreign sales and the potential to exploit a new technology, tapping international markets may hold the greatest potential for growth.

Firms that enter foreign markets also reduce their exposure to swings in the domestic and local economy. With customers in the United States and several other countries simultaneously, companies are able to maintain more consistent business projections from year to year.

Exporting also postpones the end of the product life cycle. By the time a U.S. market for a product is saturated, the product can be introduced in new countries.

Phoenix has many small businesses that are well-positioned to take advantage of the global market.

If you are a small-business owner or manager, you may think you lack the resources to penetrate global markets effectively. However, in 2002, small businesses represented 97 percent of all U.S. exports. In 2002, Arizona companies traded \$12 billion with overseas partners.

With the increasingly globalized marketplace, moving beyond the domestic market is a step few companies can choose to ignore.



Douglas Cohen

The optimal approach for entering or expanding into foreign markets depends on the characteristics and objectives of the particular firm. Here are a few proven strategies:

- **Exporting products or services.** Existing products or services can be marketed to new customers outside the United States. Potential exporters

should begin by analyzing their competitive advantages abroad. Selecting the best country market raises a number of issues, including the potential demand for your product, the price your product could command, the degree of competition and tariffs and logistics.

While it is possible to sell directly to end users, this usually is not a cost-effective strategy for small businesses since it requires understanding the foreign market, culture and local regulations.

Instead, most small companies use intermediaries that are familiar with overseas markets, such as agents, distributors or resellers.

Finally, exporters must choose from a range of payment options, from cash in advance, letters of credit or open-account payments.

- **Licensing your technology.** Licensing obligates a firm to permit the use of its technology to another company in exchange for royalty fees. Licensing allows you to immediately profit from your technology in foreign markets without major investment or risk.

One of my clients was able to use licensing to yield a large return on a product that did not fit its strategic priority and was no longer in demand in the United States.

A disadvantage of licensing is that it is difficult to ensure quality control in the foreign production process.

- **Joint ventures.** As your company makes

foreign contacts, a joint venture is a useful strategy to share costs/risk and to gain valuable expertise or other resources.

A joint-venture company is a form of shared ownership between one or more companies for a limited objective, for example, to market and sell software in Asia.

A joint-venture company located in the foreign market can best handle local politics, marketing, advertising and logistics. However, firms that are not comfortable with shared ownership may find a joint venture does not offer the required degree of control.

- **Acquiring a company.** For companies that desire exclusive control over operations and profits, a good strategy is to acquire an existing company in your target country.

A local client chose this strategy because it quickly provided a large percentage of mar-

## International trade, from exporting products to establishing an overseas facility, requires patience and commitment.

ket share in the target country. Of course, an acquisition of existing companies normally is riskier because of the large investment required.

- **Establishing an overseas subsidiary for manufacturing or sales/support.** Once companies have a sizable customer base in a foreign market, lower labor and transport costs often make it cheaper to manufacture the product there.

A local software client found the added expense of a subsidiary offset by the added revenue that resulted from: 1) Being in closer touch with end-user needs; 2) Having more control over distribution channels; and 3) Being perceived by customers as more committed to the market.

International trade, from exporting products to establishing an overseas facility, requires patience and commitment. It should not be viewed as a fall-back strategy when domestic sales slump, but rather an integral part of your business plan.

*Douglas Cohen is a partner at Worldwide Trade and Legal Associates in Scottsdale. He can be reached at 480-614-0511 or douglas-cohen@worldwidetradelaw.com.*

## Top five product sectors

### Arizona's top export sectors for 2002:

Product sector	Amount	% change from 2001
Electrical machinery	\$5.4B	+4%
Machinery	\$1.6B	-25%
Aircraft, spacecraft	\$1.4B	+8%
Optics, medical instruments	\$784M	+6%
Plastic	\$450M	-14%

Source: Arizona Department of Commerce

# Take advantage of ADOC research reports

The Office of Economic Information and Research serves as the state's clearinghouse for economic information.

This includes managing strategic research related to Arizona's economy and providing information and analysis of trends, opportunities, best practices, market issues and department/program impacts — all of which are pertinent to entrepreneurs as they plan to open, relocate or expand their businesses in any part of our state.

In particular, the following reports will be made available through the office:

- The Pollack Report
- High-tech Analysis
- Economy.com Report

Several other examples of studies and/or research projects are highlighted below. Additional research and data on Arizona's economy and industries can be found by regularly visiting the Arizona Department of Commerce Web site at [www.azcommerce.com/economic/default.asp](http://www.azcommerce.com/economic/default.asp).

## Arizona's Economic Future

Arizona's first comprehensive economic base analysis done in more than a decade shows that the driving industries of the past — cotton, copper, cattle, citrus and climate may not sustain long-term economic health. This analysis includes economic trends, the state's current industrial structure, advantages and challenges over the coming decade.

For more: [www.azcommerce.com/prop/ses/SESreportsPart2.htm](http://www.azcommerce.com/prop/ses/SESreportsPart2.htm).

## Arizona Economic Base Study

An economic base study describes an economy's structure and composition and identifies an area's leading economic activities — export activities that are significantly larger in the county, region or state than in the nation. This 2002 report, developed by top economists at the three state universi-

ties, discusses the leading economic sectors for the state and each of its 15 counties.

For more: [www.azcommerce.com/prop/ses/SESreportsPart1.htm](http://www.azcommerce.com/prop/ses/SESreportsPart1.htm).

## Positioning Arizona and its Research Universities: Science and Technology Core Competencies Assessment

This report identifies the research and development strengths of Arizona public universities from a national and economic perspective. Additional study is planned to help link the university research engine with industry and government to develop technologies and put them to work — resulting in new companies and jobs, increased wages and a better quality of life for Arizona residents.

For more: [www.azcommerce.com/prop/ses/SESreportsPart2.htm](http://www.azcommerce.com/prop/ses/SESreportsPart2.htm).

## Number of Businesses in Arizona

Arizona has no statewide business license, making it difficult to know how many businesses actually exist in the state. This report uses various techniques to estimate this figure for Arizona and each of its 15 counties.

For more: [www.azcommerce.com/pdf/smallbus/Number%20of%20Businesses%20in%20Arizona%20050602%20FINAL.pdf](http://www.azcommerce.com/pdf/smallbus/Number%20of%20Businesses%20in%20Arizona%20050602%20FINAL.pdf).

## Economic Impact Analysis of Arizona's State Parks

Thirteen of Arizona's 15 counties have at least one state park. Businesses tied strongly to tourism can benefit from understanding the value of these parks.

For more: [www.azcommerce.com/pdf/prop/stateparksEIA.pdf](http://www.azcommerce.com/pdf/prop/stateparksEIA.pdf).

## Preliminary Examination of Arizona's Governmental Revenue System

How does Arizona's tax structure compare to other competing states? This report reviews a variety of measures, ranking Arizona against California, Colorado, Florida, Georgia, Nevada, New Mexico, Oregon, Texas, Utah and Washington.

For more: [www.azcommerce.com/doelib/PROP/ExamAZRevenue.pdf](http://www.azcommerce.com/doelib/PROP/ExamAZRevenue.pdf).

## Arizona-Mexico Commission

Interested in doing business with neighboring Mexico? Get connected to the Arizona-Mexico Commission.

This organization's mission is to provide leadership for Arizona that improves the region and delivers opportunities, services and initiatives for business and personal growth.

The Arizona-Mexico Commission's vision is to promote a strong, cooperative relationship with Mexico; facilitate the movement of goods, services, people and information through Mexico and Latin America; and encourage security and sustainable development within our border communities.

For more: call 602-542-1345.

## AZBusinessLINC

The AZBusinessLINC Initiative is a multi-organization response to help foster the growth and development of the business economy in Arizona.

AZBusinessLINC is a complementary Web site to encourage Arizona businesses to seek out and do business with each other. The objective is to carefully profile Arizona companies, identify local and national procurement opportunities, match those with the local pool of suppliers and increase statewide supply chain development.

Sellers describe their products, services and capabilities online. BusinessLINC then provides an easy-to-use Web portal for businesses to connect with other in-state companies to describe their full capabilities.

Buyers search for companies offering products, services and capabilities that suit their needs. The Web site helps them identify companies that meet their criteria.

AZBusinessLINC is free; there is no charge to participate.

- It has more than 1,634 registered businesses.

- It is intended to help the economy in our state by making businesses visible and easy to access.

For more: 866-882-5462 (toll-free) or visit [www.azbusinesslinc.com](http://www.azbusinesslinc.com).



# Resource Information

The following 10 pages include lists of contact information for various state, city and community agencies and organizations. Here is a quick reference key to help you locate specific information:

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## STATE LICENSING AGENCIES

The following is a list of state agencies that may require licensing, certification or permits for business activities conducted in Arizona. Agencies are listed in alphabetical order. If you are not sure which agency is the correct one for your profession or business activity, visit the Department of Revenue Web site at [www.revenue.state.az.us/609/licensingguide.htm](http://www.revenue.state.az.us/609/licensingguide.htm).

**Acupuncture, Board of Examiners**  
602-542-3095; [www.az.gov](http://www.az.gov)

**Accountancy, Board of**  
602-255-3648; [www.accountancy.state.az.us](http://www.accountancy.state.az.us)

**Agriculture, Department of**  
602-542-0998; [www.agriculture.state.az.us](http://www.agriculture.state.az.us)

**Appraisal, Board of**  
602-542-1539; [www.appraisal.state.az.us](http://www.appraisal.state.az.us)

**Banking Department**  
602-255-4421; [www.azbanking.com](http://www.azbanking.com)

**Barbers, Board of**  
602-542-4498; [www.az.gov](http://www.az.gov)

**Behavioral Health Examiners, Board of**  
602-542-1882; [www.az.gov](http://www.az.gov)

**Boxing Commission**  
602-542-1417; [www.az.gov](http://www.az.gov)

**Building and Fire Safety, Department of**  
602-255-4072; [www.dbfs.state.az.us](http://www.dbfs.state.az.us)

**Building and Fire Safety, Department of**  
602-255-4072; [www.dbfs.state.az.us](http://www.dbfs.state.az.us)

**Chiropractic Examiners, Board of**  
602-864-5088; [www.azchiroboard.com](http://www.azchiroboard.com)

### Registrar of Contractors

Valleywide: 602-542-1525  
Statewide: 888-271-9286  
[www.rc.state.az.us](http://www.rc.state.az.us)

### Corporation Commission Phoenix Office

602-255-4845  
Tucson office: 520-628-6560  
800-535-0148; [www.cc.state.az.us](http://www.cc.state.az.us)

### Cosmetology, Board of

480-784-4539; [www.cosmetology.state.az.us](http://www.cosmetology.state.az.us)

### Dental Examiners, Board of

602-242-1492; [www.azdentalboard.org](http://www.azdentalboard.org)

### Economic Security, Department of

602-542-2287; [www.de.state.az.us](http://www.de.state.az.us)

### Education, State Board of

602-542-4367; [www.ade.az.gov/certification](http://www.ade.az.gov/certification)

### Environmental Quality, Department of

602-771-2300  
[www.adeq.state.az.us](http://www.adeq.state.az.us)

### Funeral Directors and Embalmers, Board of

602-542-3095; [www.funeralbd.state.az.us](http://www.funeralbd.state.az.us)

### Game and Fish Department

602-942-3000; [www.gf.state.az.us](http://www.gf.state.az.us)

### Health Services, Department of

602-542-1001  
[www.hs.state.az.us](http://www.hs.state.az.us)

### Homeopathic Medical Examiners, Board of

602-542-3095  
[www.state.az.us](http://www.state.az.us)

### Industrial Commission of Arizona

[www.ica.state.az.us/](http://www.ica.state.az.us/)

### Industries for the Blind, Arizona

602-269-5131; 602-269-9462

### Insurance, Department of

602-912-8400  
[www.state.az.us/id/](http://www.state.az.us/id/)

### Licensure Services, Division of

Medical Services: 800-221-9968  
Child Day Care: 800-615-8555  
[www.hs.state.az.us/als/index.htm](http://www.hs.state.az.us/als/index.htm)

### Liquor Licenses and Control, Department of

602-542-5141; [www.azll.com](http://www.azll.com)

### Lottery

480-921-4400, ext. 4439  
[www.arizonalottery.com](http://www.arizonalottery.com)

### Medical Board, Arizona

480-551-2700; [www.bomex.org](http://www.bomex.org)

### Medical Radiological Technology Board of Examiners

602-255-4845

### Mine Inspector

602-542-5971; [www.asmi.state.az.us](http://www.asmi.state.az.us)

### Naturopathic Physicians Board of Medical Examiners

602-542-8242; [www.npbomex.az.gov](http://www.npbomex.az.gov)

### Nursing, Arizona State Board of

602-331-8111; [www.nursing.state.az.us](http://www.nursing.state.az.us)

### Nursing Care Institution Administrators and Assisted Living Facility Managers, Board of Examiners of

602-542-3095

### Opticians, Board of Dispensing

602-542-3095; [www.az.gov](http://www.az.gov)

### Optometry, Board of Arizona State Board of Optometry

602-542-3095; [www.asbo.state.az.us](http://www.asbo.state.az.us)

### Osteopathic Examiners in Medicine and Surgery, Board of

480-657-7703; [www.azosteoboard.org](http://www.azosteoboard.org)

### Pharmacy, Board of

623-463-2727; [www.pharmacy.state.az.us](http://www.pharmacy.state.az.us)

### Physical Therapy, Board of

602-542-3095; [www.ptboard.state.az.us](http://www.ptboard.state.az.us)

### Physician Assistants, Joint Board on the Regulation of

602-255-3751

### Podiatry Examiners, Board of

602-542-3095; [www.az.gov](http://www.az.gov)

### Private Postsecondary Education, Board of

602-542-5709; <http://azppse.state.az.us/>

### Psychologist Examiners, Board of

602-542-8162; [www.psychboard.az.gov](http://www.psychboard.az.gov)

### Public Safety, Department of

[www.dps.state.az.us](http://www.dps.state.az.us)

### Racing, Arizona Department of

602-277-1704; [www.racing.state.az.us](http://www.racing.state.az.us)

### Radiation Regulatory Agency

602-255-4845; [www.arra.state.az.us](http://www.arra.state.az.us)

### Real Estate, Department of

Phoenix Office: 602-468-1414, ext. 100  
Tucson Office: 520-628-6940  
[www.re.state.az.us](http://www.re.state.az.us)

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**Respiratory Care Examiners, Board of**  
602-542-5995; [www.rb.state.az.us](http://www.rb.state.az.us)

**Revenue, Department of**  
602-542-4576; [www.revenue.state.az.us](http://www.revenue.state.az.us)

**Secretary of State**  
602-542-4285; [www.sos.state.az.us](http://www.sos.state.az.us)

**State Parks Board**  
602-542-4174; [www.pr.state.az.us](http://www.pr.state.az.us)

**Structural Pest Control Commission**  
602-255-3664; [www.sb.state.az.us](http://www.sb.state.az.us)

**Supreme Court, Arizona**  
602-542-9300  
[www.supreme.state.az.us/azsupreme](http://www.supreme.state.az.us/azsupreme)

**Technical Registration, Board of**  
602-255-4053; [www.btr.state.az.us](http://www.btr.state.az.us)

**Transportation, Department of**  
[www.dot.state.az.us](http://www.dot.state.az.us)

**Veterinary Medical Examining Board**  
602-364-1738; [www.vetbd.state.az.us](http://www.vetbd.state.az.us)

**Water Resources, Department of**  
602-417-2450; [www.water.az.gov](http://www.water.az.gov)

**Weights and Measures, Department of**  
602-255-5211; [www.weights.az.gov](http://www.weights.az.gov)

## CITY & TOWN LICENSING AGENCIES

*The following city and town licensing offices provide business licenses, privilege-tax licenses and other special permits.*

**City of Apache Junction**  
480-982-8002; [www.ajcity.net](http://www.ajcity.net)

**City of Avondale**  
623-478-3000; [www.avondale.org](http://www.avondale.org)

**City of Benson**  
520-586-2245; [www.cityofbenison.com](http://www.cityofbenison.com)

**City of Bisbee**  
520-432-6000; [www.cityofbisbee.com](http://www.cityofbisbee.com)

**Town of Buckeye**  
623-386-4691; [www.buckeyeaz.org](http://www.buckeyeaz.org)

**City of Bullhead City**  
928-763-9400; [www.bullheadcity.com](http://www.bullheadcity.com)

**Town of Camp Verde**  
928-567-6631; [www.cvaz.org](http://www.cvaz.org)

**Town of Carefree**  
480-488-1471; [www.carefree.org](http://www.carefree.org)

**City of Casa Grande**  
520-421-8600; [www.ci.casa-grande.az.us](http://www.ci.casa-grande.az.us)

**Town of Cave Creek**  
480-488-1400; [www.cavecreek.org](http://www.cavecreek.org)

**City of Chandler**  
480-782-2280; [www.chandleraz.org](http://www.chandleraz.org)

**Town of Chino Valley**  
928-636-2646; [www.ci.chino-valley.az.us](http://www.ci.chino-valley.az.us)

**Town of Clarkdale**  
928-634-9591; [www.clarkdale.az.us](http://www.clarkdale.az.us)

**Town of Clifton**  
928-865-4146; [www.townofclifton.com](http://www.townofclifton.com)

**Town of Colorado City**  
928-875-2646

**City of Coolidge**  
520-723-5361; [www.coolidgeaz.com](http://www.coolidgeaz.com)

**City of Cottonwood**  
928-634-5526; [www.ci.cottonwood.az.us](http://www.ci.cottonwood.az.us)

**City of Douglas**  
520-364-7501; [www.discoverdouglas.com](http://www.discoverdouglas.com)

**Town of Duncan**  
928-359-2791; [www.townofduncan.com](http://www.townofduncan.com)

**Town of Eagar**  
928-333-4128; [www.eagar.com](http://www.eagar.com)

**City of El Mirage**  
623-972-8116; [www.cityofelmirage.org](http://www.cityofelmirage.org)

**City of Eloy**  
520-466-9201; [www.ci.elay.az.us](http://www.ci.elay.az.us)

**City of Flagstaff**  
928-774-5281; [www.flagstaff.az.us](http://www.flagstaff.az.us)

**Town of Florence**  
520-868-7500; [www.town.florence.az.us](http://www.town.florence.az.us)

**Town of Fountain Hills**  
480-837-2003; [www.fh.az.gov](http://www.fh.az.gov)

**Town of Fredonia**  
928-643-7241

**Town of Gila Bend**  
928-683-2255

**Town of Gilbert**  
480-503-6871; [www.ci.gilbert.az.us](http://www.ci.gilbert.az.us)

**City of Glendale**  
623-930-3190; [www.ci.glendale.az.us](http://www.ci.glendale.az.us)

**City of Globe**  
928-425-7146

**City of Goodyear**  
623-932-3910; [www.goodyearaz.gov](http://www.goodyearaz.gov)

**Town of Guadalupe**  
480-505-5367; [www.guadalupeaz.org](http://www.guadalupeaz.org)

**Town of Hayden**  
520-356-7801

**City of Holbrook**  
928-524-6225; [www.ci.holbrook.az.us](http://www.ci.holbrook.az.us)

**Town of Huachuca City**  
520-456-1354; [www.huachucacity.org](http://www.huachucacity.org)

**Town of Jerome**  
928-634-7943; [www.vvredc.org/jerome](http://www.vvredc.org/jerome)

**Town of Kearny**  
520-363-5547; [www.townofkearny.com](http://www.townofkearny.com)

**City of Kingman**  
928-753-5561; [www.ci.kingman.az.us](http://www.ci.kingman.az.us)

**City of Lake Havasu City**  
928-453-4153; [www.ci.lake-havasu-city.az.us](http://www.ci.lake-havasu-city.az.us)

**City of Litchfield Park**  
623-935-5033; [www.litchfield-park.org](http://www.litchfield-park.org)

**Town of Mammoth**  
520-487-2331

**Town of Marana**  
520-682-3401; [www.marana.com](http://www.marana.com)

**City of Mesa**  
480-644-2316; [www.ci.mesa.az.us](http://www.ci.mesa.az.us)

**Town of Miami**  
928-473-4403; [www.miamiaz.org](http://www.miamiaz.org)

**City of Nogales**  
520-287-6571, ext. 272; [www.cityofnogales.net](http://www.cityofnogales.net)

**Town of Oro Valley**  
520-229-4700; [www.ci.oro-valley.az.us](http://www.ci.oro-valley.az.us)

**City of Page**  
928-645-8861; [www.cityofpage.org](http://www.cityofpage.org)

**Town of Paradise Valley**  
480-948-7411; [www.ci.paradise-valley.az.us](http://www.ci.paradise-valley.az.us)

**Town of Parker**  
928-669-9265; [www.ci.parker.az.us](http://www.ci.parker.az.us)

**Town of Patagonia**  
520-394-2229

**Town of Payson**  
928-474-5242; [www.ci.payson.az.us](http://www.ci.payson.az.us)

**City of Peoria**  
623-773-7160; [www.ci.peoria.az.us](http://www.ci.peoria.az.us)

**City of Phoenix**  
602-262-7166; [www.phoenix.gov/PLT](http://www.phoenix.gov/PLT)

**Town of Pima**  
928-485-2611

**Town of Pinetop-Lakeside**  
928-368-8883; <http://ci.pinetoplakeside.az.us>

**City of Prescott**  
928-777-1100; [www.cityofprescott.net](http://www.cityofprescott.net)

**Town of Prescott Valley**  
928-772-9207; [www.pvaz.net](http://www.pvaz.net)

**Town of Quartzsite**  
928-927-4333; [www.ci.quartzsite.az.us](http://www.ci.quartzsite.az.us)

**Town of Queen Creek**  
480-987-9887; [www.queenecreek.org](http://www.queenecreek.org)

**City of Safford**  
520-348-3100; [www.safford.govoffice.com](http://www.safford.govoffice.com)

**Town of Sahuarita**  
520-648-1972; [www.ci.sahuarita.az.us](http://www.ci.sahuarita.az.us)

**City of St. Johns**  
928-337-4517; [www.stjohnsaz.com](http://www.stjohnsaz.com)

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**City of San Luis**  
928-627-2027

**City of Scottsdale**  
480-312-6500; [www.ci.scottsdale.az.us](http://www.ci.scottsdale.az.us)

**City of Sedona**  
928-282-3113; [www.city.sedona.net](http://www.city.sedona.net)

**City of Show Low**  
928-532-4061; [www.ci.show-low.az.us](http://www.ci.show-low.az.us)

**City of Sierra Vista**  
520-458-3315; [www.ci.sierra-vista.az.us](http://www.ci.sierra-vista.az.us)

**Town of Snowflake**  
928-536-7103, ext. 254; [www.ci.snowflake.az.us](http://www.ci.snowflake.az.us)

**City of Somerton**  
928-627-8866

**City of South Tucson**  
520-792-2424; [www.southtucson.org](http://www.southtucson.org)

**Town of Springerville**  
928-333-2656; [www.springerville.com](http://www.springerville.com)

**Town of Superior**  
520-689-5752; [www.superior-arizona.com](http://www.superior-arizona.com)

**City of Surprise**  
623-875-4259; [www.surpriseaz.com](http://www.surpriseaz.com)

**Town of Taylor**  
928-536-7366

**City of Tempe**  
480-350-8350; [www.tempe.gov](http://www.tempe.gov)

**Town of Thatcher**  
928-428-2290; [www.thatcheraz.com](http://www.thatcheraz.com)

**City of Tolleson**  
623-936-7111; [www.tollesonaz.org](http://www.tollesonaz.org)

**City of Tombstone**  
520-457-3562; [www.cityoftombstone.com](http://www.cityoftombstone.com)

**City of Tucson**  
520-791-4566; [www.ci.tucson.az.us](http://www.ci.tucson.az.us)

**Town of Wellton**  
928-785-3348; [www.town.wellton.az.us](http://www.town.wellton.az.us)

**Town of Wickenburg**  
928-684-5451; [www.ci.wickenburg.az.us](http://www.ci.wickenburg.az.us)

**City of Willcox**  
520-384-4271; [www.willcoxcity.org](http://www.willcoxcity.org)

**City of Williams**  
928-635-4451; [www.ci.williams.az.us](http://www.ci.williams.az.us)

**Town of Winkelman**  
520-356-7854

**City of Winslow**  
928-289-2422  
[www.winslowarizona.com](http://www.winslowarizona.com)

**Town of Youngtown**  
623-933-8286; [www.youngtownaz.org](http://www.youngtownaz.org)

**City of Yuma**  
928-373-5000; [www.ci.yuma.az.us](http://www.ci.yuma.az.us)

## STATE ECONOMIC DEVELOPMENT ORGANIZATIONS

*The following chambers of commerce and economic development organizations provide business information, economic analysis and projections, demographics and site location assistance that can help the business community prosper.*

**Arizona Association for Economic Development**  
480-921-9131; [www.aaed.com](http://www.aaed.com)

**Arizona Chamber of Commerce**  
602-248-9172; [www.azchamber.com](http://www.azchamber.com)

**APS Community Development**  
602-250-2380; [www.aps.com](http://www.aps.com)

**AZ Electric Power Cooperative Inc.**  
520-586-6020

**Australian, New Zealand, American Chamber of Commerce (Arizona) Inc.**  
602-955-7875; [www.anzaccaz.org](http://www.anzaccaz.org)

**Salt River Project Economic Development**  
602-236-5088; [www.srpnet.com](http://www.srpnet.com)

**U.S. Small Business Administration**  
602-745-7200; [www.sba.gov](http://www.sba.gov)

**University of Arizona Office of Economic Development**  
520-621-4088; <http://oed.arizona.edu>

**Westmarc — Western Maricopa County**  
623-435-0431; [www.westmarc.org](http://www.westmarc.org)

## TRIBAL OFFICES & ORGANIZATIONS

**Arizona American Indian Tourism Association and the Center for American Indian Economic Development**  
928-523-7320; [www.cba.nau.edu/business/CAIED](http://www.cba.nau.edu/business/CAIED)

**AZ Native American Economic Coalition**  
928-523-7320  
[www.cba.nau.edu/business/CAIED](http://www.cba.nau.edu/business/CAIED)

**National Center for Indian Enterprise Development Services**  
480-545-1298; [www.ncaied.org](http://www.ncaied.org)

**AK-CHIN INDIAN COMMUNITY**  
520-568-2227

**CAMP VERDE YAVAPAI-APACHE INDIAN COMMUNITY Yavapai-Apache Nation**  
928-567-3649; [www.wildapache.net](http://www.wildapache.net)

**COCOPAH TRIBE Cocopah Indian Reservation**  
928-627-2012; [www.cocopah.com](http://www.cocopah.com)

**COLORADO RIVER INDIAN TRIBES**  
928-669-9211; [www.critlibrary.com](http://www.critlibrary.com)

**FORT MCDOWELL MOHAVE-APACHE INDIAN COMMUNITY**  
480-837-5121; [www.ftmcdowell.org](http://www.ftmcdowell.org)

**FORT MOHAVE Mohave Valley Chamber of Commerce**  
928-768-2777; [www.mohavevalleychamber.com](http://www.mohavevalleychamber.com)

**Fort Mojave Indian Tribe Economic Development Board**  
760-629-4591

**FORT YUMA INDIAN RESERVATION-QUECHAN INDIAN TRIBE**  
760-572-0213

**FORT MCDOWELL-YAVAPAI NATION**  
480-837-5121; [www.ftmcdowell.org](http://www.ftmcdowell.org)

**GILA RIVER INDIAN COMMUNITY Blackwater Industrial Development Corp.**  
520-562-6120; [www.gilariverdevelopment.com](http://www.gilariverdevelopment.com)

**Department of Economic Development**  
520-562-6120

**HAVASUPAI TRIBE**  
928-448-2731; [www.havasupaitribe.com](http://www.havasupaitribe.com)

**HOPI TRIBE**  
928-734-2441; [hopitribe@hopi.nsn.us](mailto:hopitribe@hopi.nsn.us)

**HUALAPAI TRIBE**  
928-769-2216

**KAIBAB PAIUTE TRIBE**  
928-643-7245

**NAVAJO TRIBE Navajo Nation Division of Economic Development**  
928-871-6352; [www.navajoland.com](http://www.navajoland.com)

**PASCUA YAQUI TRIBE Planning Department**  
520-883-5000; [www.pascuayaqui.com](http://www.pascuayaqui.com)

**SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY Economic Development Department**  
480-850-9000; [www.saltriver.pima-maricopa.nsn.us](http://www.saltriver.pima-maricopa.nsn.us)

**SAN CARLOS APACHE TRIBE Planning Department**  
928-475-2331

**SAN JUAN SOUTHERN PAIUTE TRIBE**  
928-283-4587

**TOHONO O'ODHAM NATION Planning and Research**  
520-383-2221

**TONTO APACHE TRIBE Planning and Economic Development Department**  
928-474-5000  
[www.itcaonline.com/tribes\\_tonto.html](http://www.itcaonline.com/tribes_tonto.html)

**WHITE MOUNTAIN APACHE TRIBE White Mountain Apache Tribe Planning and Development**  
928-338-4346, ext. 213  
[www.wmat.nsn.us/](http://www.wmat.nsn.us/)

**YAVAPAI APACHE**  
928-567-3649  
[www.yavapai-apache-nation.com](http://www.yavapai-apache-nation.com)

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**YAVAPAI-PRESCOTT INDIAN TRIBE**  
Tribal Business Manager  
928-445-8790; www.ypit.com

## MINORITY ORGANIZATIONS

**Arizona Hispanic Chamber of Commerce**  
602-279-1800; www.azhcc.com

**AZ Korean Association**  
602-230-2019

**AZ/Taiwan Trade and Investment Council**  
602-230-9372

**Asian Chamber of Commerce**  
602-222-2009; www.asianchamber.org

**Chinese Chamber of Commerce of Arizona**  
602-955-6665

**Grand Canyon Minority Supplier Development Council**  
602-495-9950; www.gcmsdc.org

**Greater Phoenix Black Chamber of Commerce**  
602-307-5200; www.phoenixblackchamber.com

**Korean Chamber of Commerce**  
480-813-4255

**Philippine-American Chamber of Commerce of Arizona**  
602-564-7037; www.pacc-az.org

**Tucson Black Chamber of Commerce**  
520-623-0099; www.tucsonblackchamber.com

**Tucson Hispanic Chamber of Commerce**  
520-620-0005; www.hispanicchambertucson.org

## CITY & TOWN ECONOMIC DEVELOPMENT ORGANIZATIONS

**APACHE COUNTY**  
Economic Development for Apache County  
928-337-2644; www.apachecounty.com

**ASH FORK**  
Ash Fork Development Association Inc.  
928-637-2774

**BENSON**  
Benson Economic Development Committee Inc.  
520-586-2245; www.cityofbenson.com

**BISBEE**  
Bisbee Focus Future Committee-City of Bisbee  
520-432-6000; www.cityofbisbee.com

**BUCKEYE**  
Buckeye Valley Development Co. Inc.  
623-327-1812; www.buckeyedevelopment.com

**BULLHEAD CITY**  
Bullhead City Economic Development Authority  
928-763-0134, ext. 285; www.bullheadcity.com

**CAMP VERDE**  
Camp Verde Economic Development Committee  
928-567-8513; www.cvaz.org

**CASA GRANDE**  
Greater Casa Grande Valley Economic Development Foundation  
520-836-6868  
www.casagrandevalleyedf.com

**CHANDLER**  
Planning and Development Department  
480-782-3030; www.chandleraz.org

**CHINO VALLEY**  
Chino Valley Area Chamber  
928-636-2493; www.chinovalley.org

**COTTONWOOD**  
Cottonwood Foundation for Economic Development  
928-634-7593  
http://chamber.verdevalley.com/fed.html

**DOUGLAS**  
City of Douglas Economic Development  
520-805-4047  
www.discoverdouglas.com

**Microbusiness Advancement Center**  
520-620-1241; www.mac-sa.org

**EAGAR**  
Economic Development for Apache County  
928-337-2644; www.apachecounty.com

**Eagar Planning & Development**  
928-333-4128; www.eagar.com

**ELOY**  
Greater Casa Grande Valley Economic Development Foundation  
520-836-6868; www.casagrandevalleyedf.com

**FLAGSTAFF**  
Greater Flagstaff Economic Council Inc.  
928-779-7658; www.gfec.org

**Northern Arizona Technology & Business Incubator**  
928-213-9234; www.natbi.org

**FOUNTAIN HILLS**  
Mayor's Council for Economic Development  
480-837-2003; www.fh.az.gov

**GILA COUNTY**  
Gila County Community Development Department  
928-425-3231, ext. 8513; www.gilacounty.org

**Gila River Indian Community Economic Development**  
520-562-6120; www.gilariverdevelopment.com

**Lone Butte Industrial Development Corp.**  
520-796-1033; www.lonebutteindustrialpark.com

**GILBERT**  
Town of Gilbert Economic Development Department  
480-503-6865; www.ci.gilbert.az.us

**GLENDALE**  
Glendale Department of Economic Development  
623-930-2983; www.ci.glendale.az.us

**GLOBE/MIAMI**  
Regional Chamber of Commerce and Economic Development Corp.  
928-425-4495; www.globemiamichamber.com

**GOODYEAR**  
Goodyear Department of Economic Development  
623-932-3025; 800-872-1749; www.gybiz.com

**GRAHAM COUNTY**  
Graham County Economic Development  
928-428-2511; www.graham-chamber.com

**HOLBROOK**  
Holbrook Chamber Economic Development Department  
928-524-6558; www.ci.holbrook.az.us

**KINGMAN**  
Kingman Airport Authority  
928-757-2134

**Kingman Economic & Tourism Development Commission**  
928-753-8130; www.ci.kingman.az.us

**LAKE HAVASU CITY**  
Partnership for Economic Development  
928-505-7333; 888-lhavas  
www.lakehavasucity.org

**MESA**  
City of Mesa Economic Development Department  
480-644-2398; www.cityofmesa.org

**Neighborhood Economic Development Corp.**  
NEDCO  
480-833-9200; www.nedco-mesa.org

**MOHAVE COUNTY**  
Mohave County Economic Development Authority Inc.  
928-692-6970; www.mcedaarizona.com

**NOGALES**  
Nogales/Santa Cruz County Economic Development Foundation Inc.  
520-377-2055; www.nogales.com

**PAGE**  
Page Economic Development  
928-645-8861; www.cityofpage.org

**PARKER**  
Parker Area Economic Development Committee  
928-669-2174

**PAYSON**  
Town of Payson Regional Economic Development Corp.  
928-468-6659; 800-672-9766  
www.paysonecon.org

**PEORIA**  
Peoria Economic Development Group Inc.  
623-486-2011; www.peoriaed.com

**PHOENIX**  
City of Phoenix Community and Economic Development Department  
602-262-5040; www.phoenix.gov/econdev

**City of Phoenix Minority, Woman, Small Business Enterprise Certification Programs**  
602-534-6000; www.phoenix.gov/mwsbe

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**Greater Phoenix Economic Council**  
602-256-7700; www.gpec.org

**PINAL COUNTY**  
Pinal County Development  
Board and Visitor Center  
520-868-4331; www.co.pinal.az.us/visitorcenter

**PIMA**  
Graham County Economic Development  
928-428-2511; www.graham-economy.com

**PINETOP/LAKESIDE**  
Pinetop/Lakeside Economic  
Development Committee  
928-368-8883; http://ci.pinetop-lakeside.az.us

**White Mountain Regional Development Corp.**  
928-537-3777; www.wmrdc.org

**PRESCOTT**  
City of Prescott Economic Development  
928-777-1205; www.cityofprescott.net

**PRESCOTT VALLEY**  
Prescott Valley Chamber  
and Economic Development  
928-772-8857; www.pvchamber.org

**Prescott Valley Technology Incubator**  
928-775-0409; www.pvchamber.org

**Prescott Valley Economic  
Development Foundation**  
928-775-0032; 888-240-4256  
www.pvedf.com

**QUARTZSITE**  
Quartzsite Economic Development Committee  
928-927-5600; www.quartzsitechamber.com

**SAFFORD**  
Graham County Economic Development  
520-428-2511; www.graham-chamber.com

**ST. JOHNS**  
Economic Development for Apache County  
928-337-2644; www.apachecounty.com

**SALOME**  
Arizona Outback Coalition  
for Economic Development  
928-927-5600; www.azoutback.com/coalition.htm

**SAN LUIS**  
Greater Yuma Economic Development Corp.  
928-783-0193; 800-408-9332  
www.gyedc.org

**San Luis Economic Development Commission**  
928-627-2027

**SANTA CRUZ COUNTY**  
Nogales/Santa Cruz County  
Economic Development Foundation Inc.  
520-377-2055; www.nogales.com

**SCOTTSDALE**  
Scottsdale Economic Vitality Department  
480-312-7989; www.ci.scottsdale.az.us

**SHOW LOW**  
White Mountain Regional Development Corp.  
928-537-3777; 800-818-2520  
www.wmrdc.org

**SIERRA VISTA**  
Sierra Vista Economic Development Foundation  
520-458-6948; www.svedf.org

**SNOWFLAKE**  
White Mountain Regional Development Corp.  
928-537-3777; www.wmrdc.org

**Snowflake/Taylor Chamber of Commerce**  
928-536-4331; www.snowflaketaylorchamber.com

**SOMERTON**  
Somerton Economic Development Commission  
928-627-8866

**SPRINGERVILLE**  
Apache County Economic Security Corp.  
928-333-5469; 928-337-2644  
www.apachecounty.com

**SUPERIOR**  
Economic Development Advisory Board  
520-689-5752; www.superior-arizona.com

**TAYLOR**  
White Mountain Regional Development Corp.  
928-537-3777; www.wmrdc.org

**TEMPE**  
City of Tempe Economic Development  
480-350-8233; www.tempe.gov

**THATCHER**  
Graham County Economic Development  
928-428-2511; 888-837-1841  
www.graham-chamber.com

**TOLLESON**  
Tolleson Economic Development  
623-936-7111; www.tollesonaz.org

**TUCSON**  
Office of Economic Development  
520-791-5093; www.ci.tucson.az.us

**Microbusiness Advancement Center**  
520-620-1241; www.mac-sa.org

**Greater Tucson Economic Council**  
520-882-6079; 800-374-4769  
www.futurewest.com

**VERDE VALLEY**  
Cottonwood Chamber of Commerce  
928-634-7593  
http://cottonwood.verdevalley.com

**WELLTON**  
Greater Yuma Economic Development Corp.  
928-783-0193; 800-408-9332  
www.gyedc.org

**WHITE MOUNTAINS**  
White Mountain Regional Development Corp.  
928-537-3777; 800-818-2520  
www.wmrdc.org

**WICKENBURG**  
Wickenburg Economic  
Development Advisory Commission  
928-684-5451, ext. 211  
602-506-1622  
www.ci.wickenburg.az.us

**WILLIAMS**  
City of Williams Planning Department  
928-638-4451; www.ci.williams.az.us

**YUMA**  
Department of Economic Development  
928-373-5000; www.ci.yuma.az.us

**Greater Yuma Economic Development Corp.**  
928-783-0193; 800-408-9332  
www.gyedc.org

## CHAMBERS OF COMMERCE

**AHWATUKEE**  
Ahwatukee Foothills Chamber of Commerce  
480-753-7676; www.ahwatukeechamber.com

**AJO**  
Ajo Chamber of Commerce  
520-387-7742; www.ajoinaz.com

**ALPINE**  
Alpine Chamber of Commerce  
928-339-4330; www.alpinechamber.com

**APACHE JUNCTION**  
Apache Junction Chamber of Commerce  
480-982-3141; www.apachejunctioncoc.com

**ARIZONA CITY**  
Arizona City Chamber of Commerce  
520-466-5141; www.arizonacitychamber.org

**AVONDALE**  
Southwest Valley Chamber of Commerce  
623-932-2260; www.southwestvalleychamber.org

**BENSON**  
Benson-San Pedro Valley Chamber of Commerce  
520-586-2842; www.bensonchamberaz.com

**BISBEE**  
Bisbee Chamber of Commerce  
520-432-5421; www.bisbearizona.com

**BLACK CANYON CITY**  
Black Canyon City Chamber of Commerce  
623-374-9797; www.blackcanyoncity.org

**BOUSE**  
Bouse Chamber of Commerce  
928-851-2498; www.azoutback.com/bouse.htm

**BUCKEYE**  
Buckeye Main Street Coalition  
623-386-0526

**Buckeye Valley Chamber of Commerce**  
623-386-2727; www.buckeyevalleychamber.org

**BULLHEAD CITY**  
Bullhead Area Chamber of Commerce  
520-754-4121; www.bullheadchamber.com

**CAMP VERDE**  
Camp Verde Chamber of Commerce  
928-567-9294; www.campverde.org

**CAREFREE/CAVE CREEK**  
Carefree/Cave Creek Chamber of Commerce  
480-488-3363; www.carefree-cavecreek.com

**CASA GRANDE**  
Casa Grande Main St.  
520-836-8744; www.cgmainstreet.com

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**Greater Casa Grande Chamber of Commerce**  
520-836-2125; 800-916-1515  
www.casagrandechamber.org

**CHANDLER**  
**Chandler Chamber of Commerce**  
480-963-4571; 800-963-4571  
www.chandlerchamber.com

**CHINO VALLEY**  
**Chino Valley Area Chamber of Commerce**  
928-636-2493; www.chinovalley.org

**CHLORIDE**  
**Chloride Chamber of Commerce**  
928-565-2204; www.chloridearizona.com/

**CLARKDALE**  
**Clarkdale Chamber of Commerce**  
928-634-8700; www.clarkdalechamber.com

**COOLIDGE**  
**Coolidge Chamber of Commerce**  
520-723-3009; www.coolidgeaz.org

**COTTONWOOD**  
**Cottonwood Chamber of Commerce**  
928-634-7593;  
http://cottonwood.verdevalley.com

**The Old Town Association/Main Street Program**  
928-634-9468; www.oldtown.org

**DOLAN SPRINGS**  
**Dolan Springs Chamber of Commerce**  
928-767-4473; www.dolanspringschamber.com

**DOUGLAS**  
520-364-2477

**EAGAR-SPRINGERVILLE**  
**Regional Chamber of Commerce**  
928-333-2123; www.az-tourist.com

**EL MIRAGE**  
**Northwest Valley Chamber of Commerce**  
623-583-0692; www.northwestvalley.com

**ELFRIDA**  
**Sulphur Springs Chamber of Commerce**  
520-642-1345

**ELGIN**  
**Sonoita-Elgin Chamber of Commerce**  
520-455-5498  
www.nogaleschamber.com/travel/sonoita.html

**ELOY**  
**Eloy Chamber of Commerce**  
520-466-3411; www.eloychamber.com

**FLAGSTAFF**  
**Flagstaff Chamber of Commerce**  
520-774-4505; www.flagstaffchamber.com

**FLORENCE**  
**Florence Chamber of Commerce**  
520-868-9433; 800-437-9433  
www.florenceaz.org

**FOUNTAIN HILLS**  
**Fountain Hills Chamber of Commerce**  
480-837-1654  
www.fountainhillschamber.com

**FREDONIA**  
**Fredonia Chamber of Commerce**  
928-643-7684

**GILA BEND**  
**Gila Bend Chamber of Commerce**  
928-683-2002

**GILBERT**  
**Gilbert Chamber of Commerce**  
480-892-0056; www.gilbertaz.com

**GLENDALE**  
**Glendale Chamber of Commerce**  
623-937-4754; 800-437-8669  
www.glendaleazchamber.com

**GLOBE**  
**Greater Globe/Miami Chamber of Commerce**  
928-425-4495; 800-804-5623  
www.globemiamichamber.com

**GOLDEN VALLEY**  
**Golden Valley Chamber of Commerce**  
928-565-3311; www.goldenvalleychamber.com

**GOLDROAD**  
**Oatman-Goldroad Chamber of Commerce**  
928-768-6222; www.oatmangoldroad.com

**GOODYEAR**  
**Southwest Valley Chamber of Commerce**  
623-932-2260; www.southwestvalleychamber.org

**GRAHAM COUNTY**  
**Graham County Chamber of Commerce**  
520-428-2511; 888-837-1841  
www.graham-chamber.com

**GRAND CANYON**  
**Grand Canyon Chamber of Commerce**  
928-527-0359; www.grandcanyonchamber.com

**GREEN VALLEY**  
**Green Valley Chamber of Commerce**  
520-625-7575; 800-858-5872  
www.greenvalleyazchamber.com

**GREENLEE COUNTY**  
**Greenlee County Chamber of Commerce**  
928-865-3313

**GREER**  
**Pinetop/Lakeside Chamber of Commerce**  
928-367-4290; 800-573-4031  
www.pinetoplakesidechamber.com

**HEBER**  
**Heber/Overgaard Chamber of Commerce**  
928-535-5777

**HOLBROOK**  
**Holbrook Chamber of Commerce**  
928-524-6558; 800-524-2459  
www.ci.holbrook.az.us/chamber.htm

**JEROME**  
**Jerome Chamber of Commerce**  
928-634-2900; www.jeromechamber.com

**JOSEPH CITY**  
**Joseph City Chamber of Commerce**  
928-288-9056

**KEARNY**  
**Copper Basin Chamber of Commerce**  
520-363-7607; www.copperbasinaz.com

**KINGMAN**  
**Kingman Area Chamber of Commerce**  
928-753-6253; www.kingmanchamber.com

**LAKE HAVASU CITY**  
**Lake Havasu Area Chamber of Commerce**  
520-855-4115; www.havasuchamber.com

**LITCHFIELD PARK**  
**Southwest Valley Chamber of Commerce**  
623-932-2260; www.southwestvalleychamber.org

**MAMMOTH**  
**SMOR Tri-Community Chamber of Commerce**  
520-385-4593

**MARAÑA**  
**Maraña Chamber of Commerce**  
520-682-4314; www.maranachamber.com

**MARICOPA**  
**Maricopa Community Chamber of Commerce**  
520-568-2844

**MAYER**  
**Mayer Area Chamber of Commerce**  
928-632-4355; www.mayerareachamber.org

**MESA**  
**Mesa Chamber of Commerce**  
480-969-1307; www.mesachamber.org

**MIAMI**  
**Greater Globe/Miami Chamber of Commerce**  
928-425-4495; 800-804-5623  
www.globemiamichamber.com

**NOGALES**  
**Nogales/Santa Cruz County Chamber of Commerce**  
520-287-3685; www.nogaleschamber.com

**OATMAN**  
**Oatman/Goldroad Chamber of Commerce**  
928-768-6222; www.oatmangoldroad.com

**ORACLE**  
**SMOR Tri-Community Chamber of Commerce**  
520-896-9322

**ORO VALLEY**  
**Town of Oro Valley Economic Development**  
520-229-4700; www.ci.oro-valley.az.us

**OVERGAARD**  
**Heber/Overgaard Chamber of Commerce**  
928-535-5777

**PAGE**  
**Page/Lake Powell Chamber of Commerce Visitor and Convention Bureau**  
928-645-2741; www.pagelakepowellchamber.org

**PARKER**  
**Parker Area Chamber of Commerce**  
928-669-2174; www.coloradoriverinfo.com/parker

**PAYSON**  
**Rim Country Regional Chamber of Commerce**  
928-474-4515; 800-672-9766  
www.rimcountrychamber.com

**PEARCE**  
**Pearce/Sunites Chamber of Commerce**  
520-826-3535; www.vtc.net/~seariz

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**PEORIA**

**Peoria Chamber of Commerce**  
623-979-3601; www.peoriachamber.com

**PHOENIX**

**Greater Phoenix Chamber of Commerce**  
602-254-5521; www.phoenixchamber.com

**North Phoenix Chamber of Commerce**  
602-482-3344; www.northphoenixchamber.com

**South Mountain Laveen Chamber of Commerce**  
602-305-9033  
www.southmountainlaveenchamber.com

**Arizona Hispanic Chamber of Commerce**  
602-279-1800  
www.azhcc.com

**AZ Korean Association**  
602-230-2019

**Asian Chamber of Commerce**  
480-951-5775

**Chinese Chamber of Commerce of Arizona**  
602-955-6665

**Greater Phoenix Black Chamber of Commerce**  
602-307-5200  
www.phoenixblackchamber.com

**Philippine-American Chamber of Commerce of Arizona**  
602-564-7037; www.pacc-az.org

**PIMA**  
**Pima Chamber of Commerce**  
928-485-3034

**Graham County Chamber of Commerce**  
520-428-2511; 888-837-1841  
www.grahamchamber.com/main.htm

**PINE**  
**Rim Country Regional Chamber of Commerce**  
928-474-4515; 800-672-9766  
www.rimcountrychamber.com

**PINETOP/LAKESIDE**  
**Pinetop/Lakeside Chamber of Commerce**  
928-367-4290  
www.pinetoplakesidechamber.com

**PRESCOTT**  
**Prescott Chamber of Commerce**  
928-445-2000; 800-266-7534  
www.prescott.org

**QUARTZSITE**  
**Quartzsite Chamber of Commerce**  
928-927-5600  
www.quartzsitechamber.com

**SAFFORD**  
**Graham County Chamber of Commerce**  
520-428-2511; www.graham-chamber.com

**ST. JOHNS**  
**St. Johns Regional Chamber of Commerce**  
928-337-2000; www.apachecounty.com

**SALOME**  
**McMullen Valley Chamber of Commerce**  
520-859-3846  
www.azoutback.com/mcmullen.htm

**SAN MANUEL**  
**SMOR Tri-Community Chamber of Commerce**  
520-896-9322

**SANTA CRUZ COUNTY**  
**Nogales/Santa Cruz County Chamber of Commerce**  
520-287-3685  
www.nogaleschamber.com

**SCOTTSDALE**  
**Scottsdale Chamber of Commerce**  
480-945-8481; 800-877-1117  
www.scottsdalechamber.com;  
www.scottsdalecvcb.com

**SEDONA-OAK CREEK CANYON**  
**Sedona-Oak Creek Canyon Chamber of Commerce**  
928-282-7722; 800-288-7336  
www.sedonachamber.com

**SELIGMAN**  
**Seligman Chamber of Commerce**  
928-422-3939

**SHOW LOW**  
**Show Low Regional Chamber of Commerce**  
928-537-2326  
www.showlow.com

**SIERRA VISTA**  
**Sierra Vista Chamber of Commerce Tourist and Visitor Center**  
520-458-6940; 800-288-3861  
www.sierravistachamber.org

**SNOWFLAKE**  
**Snowflake/Taylor Chamber of Commerce**  
928-536-4331  
www.snowflaketaylorchamber.com

**SPRINGVILLE/EAGER**  
**Regional Chamber of Commerce**  
928-333-2123; www.az-tourist.com

**STANFIELD**  
**Maricopa Community Chamber of Commerce**  
520-568-2844

**STRAWBERRY**  
**Rim Country Regional Chamber of Commerce**  
928-474-4515; 800-672-9766  
www.rimcountrychamber.com

**SUN CITY/SUN CITY WEST**  
**Northwest Valley Chamber of Commerce**  
623-583-0692; www.northwestvalley.com

**SUNSIDES**  
**Pearce/Sunsites Chamber of Commerce**  
520-826-3535

**SUPERIOR**  
**Superior Chamber of Commerce**  
520-689-0200  
www.superior-arizona.com

**SURPRISE**  
**Northwest Valley Chamber of Commerce**  
623-583-0692; www.northwestvalley.com

**TAYLOR**  
**Snowflake/Taylor Chamber of Commerce**  
928-536-4331  
www.snowflaketaylorchamber.com

**TEMPE**  
**Tempe Chamber of Commerce**  
480-967-7891; www.tempechamber.org

**THATCHER**  
**Graham County Chamber of Commerce**  
520-428-2511  
www.graham-chamber.com

**TOLLESON**  
**Southwest Valley Chamber of Commerce**  
623-932-2260  
www.southwestvalleychamber.org

**TOMBSTONE**  
**Tombstone Chamber of Commerce**  
520-457-9317; 888-457-3429  
www.tombstone.org

**TUBAC**  
**Tubac Chamber of Commerce**  
520-398-2704; www.tubacaz.com

**TUCSON**  
**Tucson Metropolitan Chamber of Commerce**  
520-792-1212  
www.tucsonchamber.org  
**Tucson Black Chamber of Commerce**  
520-623-0099  
www.tucsonblackchamber.com  
**Tucson Hispanic Chamber of Commerce**  
520-620-0005  
www.hispanicchamber.tucson.org  
**Northern Pima County Chamber of Commerce**  
520-297-2191  
www.the-chamber.com

**VALLE**  
**Valle Grand Canyon Chamber of Commerce**  
928-635-1000

**VERDE VALLEY**  
**Cottonwood Chamber of Commerce**  
928-634-7593; chamber.verdevalley.com

**WICKENBURG**  
**Wickenburg Chamber of Commerce**  
928-684-5479; 800-942-5242  
www.wickenburgchamber.com

**WILLCOX**  
**Willcox Chamber of Commerce & Agriculture**  
520-384-2272; 800-200-2272  
www.willcoxchamber.com

**WILLIAMS/GRAND CANYON**  
**Williams Chamber of Commerce**  
928-635-1418  
www.williamschamber.com

**WINSLOW**  
**Winslow Chamber of Commerce**  
928-289-2434; www.winslowarizona.org

**YOUNGTOWN**  
**Northwest Valley Chamber of Commerce**  
623-583-0692  
www.northwestvalley.com

**YUMA**  
**Yuma County Chamber of Commerce**  
928-782-2567; www.yumachamber.org

# Business Checklist

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Follow the steps outlined to get your company off to the right start:

- \_\_\_\_\_ Research on your industry, target market and competition. **(Pages 10B-12B and 20B)**
  
- \_\_\_\_\_ Decide which business structure will work best for your business. **(Pages 13B-15B)**
  
- \_\_\_\_\_ Choose a name, research the availability and register. **(Pages 16B-17B)**
  
- \_\_\_\_\_ Prepare a written business plan complete with financial statements. **(Pages 18B-19B)**
  
- \_\_\_\_\_ Acquire necessary licenses and/or permits for both city and/or state. **(Pages 54B-56B)**
  
- \_\_\_\_\_ Educate yourself about the different tax laws and how they affect your business. **(Pages 32B-33B)**
  
- \_\_\_\_\_ Obtain a Federal Employer Identification Number, if needed. **(Page 13B)**
  
- \_\_\_\_\_ Select a suitable location. **(Page 23B)**
  
- \_\_\_\_\_ Establish a source of adequate and reliable financing. **(Pages 28B-31B)**
  
- \_\_\_\_\_ Find and retain an accountant who knows your area of business. **(Page 34B)**
  
- \_\_\_\_\_ Review all labor regulations if hiring employees. **(Pages 44B-47B)**
  
- \_\_\_\_\_ Learn how to use technology to streamline your business operations. **(Page 37B)**
  
- \_\_\_\_\_ See insurance agent for full range of coverage. **(Page 24B)**
  
- \_\_\_\_\_ Obtain licensing and bonding, if necessary. **(Page 24B)**



# Business Affiliations

For more information, visit your public library resource center or look in the Yellow Pages under "Associations." The "Encyclopedia of Associations" is available at the Phoenix Public Library or online at <http://pac.lib.ci.phoenix.az.us>. Organizations listed below represent only a few of the groups providing business assistance.

**American Society of Interior Designers**  
602-569-8916; [www.asidaznorth.org](http://www.asidaznorth.org)

**American Society of Home Inspectors**  
800-743-2744; [www.ashi.org](http://www.ashi.org)

**Arizona Association of Bed & Breakfasts Inns**  
800-284-2589  
[www.arizona-bed-breakfast.com](http://www.arizona-bed-breakfast.com)

**Arizona Association of Chiropractic**  
602-246-0664

**Arizona Association of Homes and Housing for the Aging**  
602-230-0026; [www.azaha.org](http://www.azaha.org)

**Arizona Association of Industries**  
602-252-9415; [www.azind.org](http://www.azind.org)

**Arizona Auto Dealers Association — New Cars**  
602-468-0888; [www.aada.com](http://www.aada.com)

**Arizona Builders Alliance**  
602-274-8222; [www.azbuilders.org](http://www.azbuilders.org)

**Arizona Child Care Association**  
602-291-9451

**Arizona Consulting Engineers Association**  
602-995-2187; [www.acecaz.org](http://www.acecaz.org)

**Arizona Contractors Association**  
602-246-8627; 800-467-8627  
[www.azca.com](http://www.azca.com)

**Arizona Department of Transportation Minority Certification Program, Civil Rights Office**  
602-712-7761

**Arizona State Florists Association**  
520-742-1409; [www.azstateflorists.org](http://www.azstateflorists.org)

**Arizona Guide Association**  
480-425-9001

**Arizona Hotel & Lodging Association**  
602-604-0729; [www.azhla.com](http://www.azhla.com)

**Arizona Independent Auto Dealers Association**  
602-246-1498; 800-352-4232  
[www.aiada.net](http://www.aiada.net)

**Arizona Landscape Contractors Association**  
602-258-0126; [www.azlca.com](http://www.azlca.com)

**Arizona Medical Association**  
602-246-8901; 800-482-3480  
[www.azmedassn.org](http://www.azmedassn.org)

**Arizona Newspapers Association**  
602-261-7655; [www.ananews.com](http://www.ananews.com)

**Arizona Nursery Association**  
480-966-1610; [www.azna.org](http://www.azna.org)

**Arizona Paralegal Association**  
602-258-0121; [www.azparalegal.org](http://www.azparalegal.org)

**Arizona Restaurant & Hospitality Association**  
602-307-9134; [www.azrestaurant.org](http://www.azrestaurant.org)

**Arizona Retailers' Association**  
480-833-0009

**Arizona Small Business Association**  
Phoenix: 602-265-4563  
Tucson: 520-327-0222  
[www.asba.com](http://www.asba.com)

**Arizona Society of Association Executives**  
602-266-0133

**Arizona Society of Certified Public Accountants**  
602-252-4144; 888-237-0700  
[www.ascpa.com](http://www.ascpa.com)

**Arizona Society of Practicing Accountants**  
480-782-8872

**Arizona Tax Research Association**  
602-253-9121; [www.arizonatax.org](http://www.arizonatax.org)

**Arizona Technology Council**  
480-941-8100  
[www.aztechcouncil.org](http://www.aztechcouncil.org)

**Arizona Tooling & Machining Association**  
602-242-8826; [www.ntma.org](http://www.ntma.org)

**Arizona Women's Education & Employment Inc.**  
602-223-4333; [www.awee.org](http://www.awee.org)

**Associated General Contractors-Arizona Chapter**  
602-252-3926; [www.azagc.org](http://www.azagc.org)

**Associated Locksmiths of America-Grand Canyon Chapter**  
800-532-2562; [www.aloa.org](http://www.aloa.org)

**Associated Minority Contractors of America**  
Phoenix: 602-495-0026  
Tucson: 520-294-1131

**Association for Supportive Child Care**  
480-829-0500

**Automotive Service Professionals Association of Arizona**  
602-867-6792

**Better Business Bureau of Phoenix**  
602-264-1721; [www.arizonabb.org](http://www.arizonabb.org)

**Better Business Bureau of Southern Arizona**  
520-888-5353; [www.tucson.bbb.org](http://www.tucson.bbb.org)

**City of Phoenix Equal Opportunity Department Community and Business Relations**  
602-262-6790; [www.phoenix.gov](http://www.phoenix.gov)

**City of Tucson Office of City Manager Equal Opportunity Office**  
520-791-4593; [www.ci.tucson.az.us](http://www.ci.tucson.az.us)

**DES – Mesa Job Service**  
480-962-7678

**Grand Canyon Minority Supplier Development Council**  
602-495-9950; 888-495-9950  
[www.gcmsdc.org](http://www.gcmsdc.org)

**Home Builders Association of Central Arizona**  
602-274-6545; [www.hbaca.org](http://www.hbaca.org)

**Impact for Enterprising Women**  
602-817-8277

**Independent Computer Consultants Association**  
602-866-9495; [www.icca.org](http://www.icca.org)

**Institute of Management Consultants – Arizona Chapter**  
480-423-0263

Continued on Page 65B

# Center for the Advancement of Small Business at ASU

BY MARY LOU BESSETTE

Special to The Business Journal

The Center for the Advancement of Small Business fosters and accelerates entrepreneurship among Arizona State University students, faculty and the business community.

It is part of the W.P. Carey School of Business at ASU. The business school is ranked among the nation's best for both undergraduate and MBA programs. The center itself has received national Small Business Administration Vision 2000 awards for excellence in entrepreneurial education and leadership.

The center offers guidance to entrepreneurial students throughout the university. It also collaborates with faculty to bring business owners' perspectives to classrooms and with student organizations that put hands-on business education into practice by doing research projects for Arizona businesses.

The center, in partnership with Business Honors, is home to Honors Consulting. These are the best and brightest among the undergraduate honors students in the W.P.



Mary Lou Bessette

Carey School of Business. Student teams use their understanding of business theory to analyze and create solutions for real-life Arizona business problems.

It is these students who designed and customized a Business Wellness Check Up that will benefit companies along the Valley light-rail route.

Among the center's other offerings are:

- The Family Business Forum helps to strengthen families and help their businesses prosper from generation to generation. It does this through education, programs and research.
- The center focuses on needs of emerging markets and co-hosts the honorary scholar in Hispanic business.
- The Spirit of Enterprise Awards program is a major community celebration of entrepreneurial excellence and ethics.
- The annual "Ca\$hing In" seminar series

brings together students, local businesses and other entrepreneurs to learn from each other. Topics have included technology, marketing and the importance of personal vision to business success.

• The center provides one-on-one advice to more than 1,000 students and businesses a year. We work in partnership with more than 50 Valley chambers of commerce, as well as other local, regional and national organizations.

• The center is proud to be a partner with the Greater Phoenix Chamber of Commerce in launching the Athena PowerLink program. PowerLink matches high-potential women-owned businesses with voluntary advisory panels that coach the company for one year.

For more information about the Center for the Advancement of Small Business, visit [www.wpcarey.asu.edu/seid](http://www.wpcarey.asu.edu/seid).

*Mary Lou Bessette directs the Center for the Advancement of Small Business at ASU's W.P. Carey School of Business. She can be reached at 480-965-3962 or via e-mail at [smallbiz@asu.edu](mailto:smallbiz@asu.edu).*

## Business Affiliations

Continued from Page 64B

**Institute for Supply Management**  
480-752-6276; 800-888-6276  
[www.ism.ws](http://www.ism.ws)

**International Society of Meeting Planners**  
320-763-4919; [www.iami.org/ismfp.cfm](http://www.iami.org/ismfp.cfm)

**Inventors' Association of Arizona**  
888-299-6787; [www.azinventors.org](http://www.azinventors.org)

**Manufactured Housing Communities of Arizona Inc.**  
480-345-4202; 800-351-3350  
[www.mhcaz.org](http://www.mhcaz.org)

**Maricopa County Bar Association**  
602-257-4200  
[www.maricopabar.org](http://www.maricopabar.org)

**Maricopa County Medical Society**  
602-252-2015; [www.medical-society.com](http://www.medical-society.com)

**Maricopa County Small Business Environmental Assistance Program**  
602-506-5149; [www.maricopa.gov/sbeap](http://www.maricopa.gov/sbeap)

**Meeting Professionals International**  
602-277-1494; [www.azmpi.org](http://www.azmpi.org)

**National Association of Women Business Owners**  
480-496-5755; [www.nawbophx.org](http://www.nawbophx.org)

**National Association of Women in Construction — Phoenix Chapter**  
602-841-7900  
[www.constructiondictionary.com](http://www.constructiondictionary.com)

**National Federation of Independent Business**  
602-263-7690; [www.nfib.com](http://www.nfib.com)

**National Speakers Association**  
480-968-2552; [www.nsaspeaker.org](http://www.nsaspeaker.org)

**Phoenix Advertising Club**  
480-990-0440; [www.phoenixadclub.org](http://www.phoenixadclub.org)

**Phoenix Women's Apparel Association**  
602-494-7203; [www.pwaaonline.com](http://www.pwaaonline.com)

**Pima County Bar Association**  
520-623-8258; [www.pimacountybar.org](http://www.pimacountybar.org)

**Pima County Medical Society**  
520-795-7985  
[www.pimamedicalsociety.org](http://www.pimamedicalsociety.org)

**Printing Industries Association Inc. of Arizona**  
602-265-7742; [www.piaz.org](http://www.piaz.org)

**Southwest Automotive Trades Alliance**  
602-544-2600; [www.swauto.org](http://www.swauto.org)

**State Bar of Arizona**  
602-252-4804; [www.azbar.org](http://www.azbar.org)

**Tucson Advertising Federation**  
520-326-1060; [www.tucsonadfed.org](http://www.tucsonadfed.org)

**Western States Dry Cleaners & Laundry Association**  
602-253-9186

# Small Business Development Centers

The Small Business Development Center network is recognized as one of the finest business outreach programs of its kind in the nation. Most SBDCs are located on college campuses.

The Small Business Administration provides up to 50 percent of the operating funds for each state SBDC. General business education, such as management development, technical information and marketing assistance form the bulk of SBDC services.

These business-education services are offered via one-on-one counseling and regularly scheduled training seminars.

The SBDC program is designed to provide management assistance to current and prospective small-business owners.

SBDCs offer one-stop assistance to small businesses by providing a variety of information and guidance in central and easily accessible branch locations.

SBDC assistance is tailored to the local community and the needs of individual clients. Each center develops services in cooperation with local SBA district offices to ensure statewide coordination with other available resources.

Each center has a director, staff members, volunteers and part-time personnel. Qualified individuals recruited from professional and trade associations, the legal and banking community, academia, chambers of commerce and the Service Corp of Retired Executives, known as SCORE, are among those who donate their services.

SBDCs also use paid consultants, consulting engineers and testing laboratories from the private sector to help clients who need specialized expertise.

The program delivers up-to-date counseling, training and technical assistance in all aspects of small-business management. Services include assisting small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies.

Special SBDC programs and economic development activities include international trade assistance, technical assistance, procurement help, venture-capital formation and rural development.

SBDCs also make special efforts to reach minority members of socially and economically disadvantaged groups, veterans, women and the disabled.

Assistance is provided to both current or potential small-business owners. They also provide assistance to small businesses applying for Small Business Innovation and Research grants from federal agencies.

## Arizona's Entrepreneurial Spirit

According to the National Federation of Independent Business:

- **Small business** is the biggest employer and job generator in Arizona.
- **Nearly two-thirds**, or 64 percent, are operated by sole-proprietors, working without any paid employees.

- **Nineteen out of 20**, or 95 percent, have fewer than 100 employees.
- **Three of every four**, or 76 percent, have fewer than 10 employees.
- **Arizona's small-business owners** provide more than half of all wage-and-salary jobs in the state's private sector.

**Arizona Small Business Development Centers** are located throughout the state. Through a team of professional consultants, the centers offer confidential, personalized counseling in all areas of small-business management at no charge. The centers also provide low-cost seminars on business operations. The state office is at 2411 W. 14th St., Room 132, Tempe, AZ 85281. For more information, call 480-731-8720 or visit [www.dist.maricopa.edu/sbdc](http://www.dist.maricopa.edu/sbdc).

**Arizona Western College**  
Century Plaza  
281 W. 24th St., Ste. 134  
Yuma, AZ 85364  
928-341-1650; [www.yumasbdc.com](http://www.yumasbdc.com)

**Central Arizona College**  
1015 E. Florence Blvd.  
Casa Grande, AZ 85222  
520-426-4341; [www.cac.cc.az.us/biz](http://www.cac.cc.az.us/biz)

**Cochise College**  
901 N. Colombo, Room 308  
Sierra Vista, AZ 85635  
520-515-5478; 800-966-7943, ext. 478  
[www.cochise.cc.az.us/sbdc](http://www.cochise.cc.az.us/sbdc)

**Coconino County Community College**  
3000 N. Fourth St.  
Flagstaff, AZ 86004  
928-526-7653; 800-350-7122  
[www.coconino.edu/sbdc](http://www.coconino.edu/sbdc)

**Eastern Arizona College**  
615 N. Stadium Ave.  
Thatcher, AZ 85552  
928-428-8590; 888-322-5780  
[www.eac.cc.az.us/community.htm](http://www.eac.cc.az.us/community.htm)

**Gila County Community College**  
201 Mud Springs Road

P.O. Box 359  
Payson, AZ 85547-0359  
928-468-8039

**Maricopa Community College**  
2400 N. Central Ave., Ste. 104  
Phoenix, AZ 85004  
480-784-0590; [www.maricopasbdc.com](http://www.maricopasbdc.com)

**Mohave Community College**  
1971 Jagerson Ave.  
Kingman, AZ 86401  
928-757-0895

**Northland Pioneer College**  
P.O. Box 610  
Holbrook, AZ 86025  
928-532-6170; [www.npcsbdc.com](http://www.npcsbdc.com)

**Pima Community College**  
401 N. Bonita Ave.  
Tucson, AZ 85709-5900  
520-206-6404; [www.pima.edu/sbdc](http://www.pima.edu/sbdc)

**Satellite offices:**  
**Nogales**  
124B N. Terrace Ave.  
Nogales, AZ 85628  
520-761-1693; 800-916-1800

**Payson**  
201 Mud Springs Road  
P.O. Box 359  
Payson, AZ 85547  
520-206-6531

**Yavapai College**  
115 S. McCormick St., Ste. 4  
Prescott, AZ 86303  
928-541-1405; 800-922-6787  
[www.yavapai.cc.az.us/sbdc.nsf](http://www.yavapai.cc.az.us/sbdc.nsf)

**Satellite office:**  
**Verde Valley Yavapai College  
Cottonwood Financial Center**  
830 S. Main St., Ste. 2A  
Cottonwood, AZ 86326  
928-634-3974

# Small Business Services Office

**W**e've all heard the stats and the quotes: "Small businesses are the backbone of our economy. Small business is the largest employer. Over 97 percent of all Arizona businesses are small businesses." We could go on and on.

OK, that's great, and we all agree. So what are we going to do with — and more importantly *for* — our small businesses, here in the great state of Arizona?

With the economy, the war and myriad other factors having taken their toll on so many regions, so many industries and so many budgets, it can seem an overwhelming and mind-boggling task to identify what we *can* do to help stimulate growth and prosperity throughout our small-business community here in Arizona.

The state needs to continue to attract new businesses, help local businesses expand and help entrepreneurs get started. Here at the Department of Commerce, we pursue all three goals, and we're excited to play such a crucial role in Arizona's future.

The Small Business Services division provides information and assistance to business owners — startup or existing — as well as business organizations, such as cham-

## Get Connected

### Arizona Department of Commerce — Small Business Services

**Address:** 1700 W. Washington St.,  
Ste. 220, Phoenix, AZ 85007

**Phone:** 602-771-1196 or  
800-542-5684

**Fax:** 602-771-1209

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

bers, councils and associations. This is accomplished via phone, fax, e-mail, Web site, walk-ins and off-site visits. Regardless of the individual or organization, there are three consistent requests to state government:

- **Support**, which includes help with startup assistance; connection with state, federal and local resources; and state permits and regulations.
- **Opportunities**, such as providing access to state procurement.
- **Advocacy**, the belief that state government understands small-business needs.

We recognize that no two businesses are

exactly alike, nor is any region or community exactly like another. Therefore, we strive to provide tailored resources and information accordingly. To do this, we rely heavily on our relationships with all the service providers in each community. The chambers of commerce, Small Business Development Centers, the Service Corps of Retired Executives, and Arizona Small Business Association, county and local economic development departments, governor's councils, and industry experts are just a few of the invaluable alliance partners we work with to serve the small-business community in Arizona.

The Arizona Department of Commerce is your statewide resource for every stage of small-business development: startup, expansion, or relocation. As a "one-stop initial shop," we can help guide you through the different state agencies' requirements export/import assistance, site selection, procurement processes, as well as introduce you to a host of organizations available to assist you throughout the life of your business.

Come see what the Arizona Department of Commerce Small Business Services team can do for YOU!

## SCORE helps entrepreneurs succeed

**T**he Service Corps of Retired Executives, or SCORE, is a volunteer organization whose members provide counseling services to small-business owners in need of guidance and advice.

SCORE is sponsored by the Small Business Administration.

Most SCORE volunteers are retired business owners or managers, though some still are actively employed. SCORE counselors offer their communities the benefit of a successful business experience by providing free one-on-one counseling services and free or low-cost seminars on the basics of operating a business.

SCORE has experts in virtually every area of business management.

Through in-depth counseling and training, SCORE volunteers help prospective and established small-business owners and managers identify problems, determine the causes and find solutions.

Such invaluable mentoring can help you grow your small business into the successful venture for which you're striving.

The following is contact information for various SCORE chapter offices and satellite branches throughout Arizona.

### Arizona District SCORE

480-474-0318; [www.scorearizona.org](http://www.scorearizona.org)

### Phoenix Chapter #105

602-745-7250; [www.score-phoenix.org](http://www.score-phoenix.org)

### Peoria Branch

623-979-7438; [www.score-phoenix.org](http://www.score-phoenix.org)

### North Phoenix Branch

602-482-3344; [www.scorearizona.org](http://www.scorearizona.org)

### Southwest Valley Branch

623-932-2260; [www.scorearizona.org](http://www.scorearizona.org)

### Tucson Chapter #118

520-670-5008  
[www.scorearizona.org/tucson](http://www.scorearizona.org/tucson)

### Sierra Vista Branch

520-559-1505; [www.scorearizona.org](http://www.scorearizona.org)

### Mesa/East Valley Chapter #402

480-833-9020  
[www.scorearizona.org/mesa](http://www.scorearizona.org/mesa)

### Gilbert Branch

480-892-0056; [www.scorearizona.org](http://www.scorearizona.org)

### Chandler Branch

480-963-4571; [www.scorearizona.org](http://www.scorearizona.org)

### Northern Arizona Chapter #532

928-778-7438  
[www.scorearizona.org/northern\\_az](http://www.scorearizona.org/northern_az)

### Lake Havasu City Chapter #560

928-453-5951  
[www.scorearizona.org/lake\\_havasu](http://www.scorearizona.org/lake_havasu)

### Kingman Branch

928-692-3017  
[www.scorearizona.org](http://www.scorearizona.org)

### Bullhead City Branch

928-754-4201  
[www.scorearizona.org](http://www.scorearizona.org)

# Technology Resources

## **AeA Arizona Council**

AeA is a high-tech trade association. Sectors range from software and semiconductors to computers and telecommunications. For more: [www.aea.net](http://www.aea.net).

## **Arizona Angels**

The Arizona Angels Investor Network is a group of accredited investors who invest primarily in Arizona-based, early-stage and developing-growth companies. For more: [www.arizonaangels.com](http://www.arizonaangels.com).

## **Arizona Bioindustry Cluster**

The Arizona Bioindustry Cluster promotes innovations and business development of the life sciences, and positions Arizona as a center of bioindustry excellence. For more: [www.azbioindustry.org](http://www.azbioindustry.org).

## **Arizona Internet Professionals Association (AZIPA)**

AZIPA works to bring the Arizona Internet community closer together to create a critical mass of technology resources and enterprises. For more: [www.azipa.org](http://www.azipa.org).

## **Arizona Learning Technology Partnership (ALTP)**

ALTP is a coalition organization dedicated to revitalizing learning in Arizona with advanced education technologies and radical improvements in skills of both teachers and students. For more: [www.altp.org](http://www.altp.org).

## **Arizona Optics Industry Association (AOIA)**

Southern Arizona's optics industry is world-renowned. *BusinessWeek* dubbed Tucson "Optics Valley" because of its concentration of prominent optics-related companies. For more: [www.aoia.org/aoia](http://www.aoia.org/aoia).

## **Arizona Technology Council**

The Arizona Technology Council is an association for Arizona executives and entrepreneurs dedicated to promoting a world-class technology industry in Arizona. The council offers its members a variety of programs, seminars and services. For more: [www.aztechcouncil.org](http://www.aztechcouncil.org).

## **Arizona Telecommunications & Information Council (ATIC)**

ATIC supports the development of statewide policies that encourage investment in advanced telecommunications services to enable continued educational advancement, enhanced quality of life and economic prosperity for Arizona. For more: [www.researchedge.com/atic/](http://www.researchedge.com/atic/).

## **Arizona Venture Capital Conference**

The Arizona Venture Capital Conference (AVCC) provides a forum for bringing leading investors, bankers and venture capitalists, together with emerging high-growth businesses seeking funding. For more: [www.azventurecapitalconf.com](http://www.azventurecapitalconf.com).

## **City of Phoenix Technology Office**

Support for existing technology companies and those that want to locate in Phoenix. A promotional CD-ROM, employment center profiles and industry-related materials are available. For more: [www.phoenix.gov/econdev](http://www.phoenix.gov/econdev).

## **City of Tucson Telecommunications Policy and Advisory Committee (TelePAC)**

TelePAC assists the city of Tucson in developing and maintaining a comprehensive telecommunications infrastructure and policies consistent with public interest. For more: [www.ci.tucson.az.us/it/itelepac.html](http://www.ci.tucson.az.us/it/itelepac.html).

## **Community Information & Telecommunications Alliance (CITA)**

CITA promotes community collaboration to ensure the availability of information and telecommunications services and resources in the Tucson region and hosts the monthly Tucson Link Technology Forum and Showcase. For more: [www.tucsonlink.org](http://www.tucsonlink.org).

## **Enterprise Network**

Enterprise Network is a nonprofit corporation established to help promote and support entrepreneurship in Arizona. It presents meetings that spotlight Arizona's entrepreneurial success stories and Business Strategy Forums that provide contacts and information to help entrepreneurs prosper. For more: [www.en.org](http://www.en.org).

## **Environmental Technology Industry Cluster (ETIC)**

The Environmental Technology Industry Cluster represents the full breadth of the environmental technology industry, including resource recovery, pollution control, distributed power generation and more. For more: [www.azetic.com](http://www.azetic.com).

## **Globalized E-Learning (GAZEL)**

GAZEL seeks to accelerate the development of the growing e-learning industry by providing leadership and building alliances among enterprises through the creation of a global e-learning value chain. For more: [www.gazel.org](http://www.gazel.org).

## **Governor's Council on Innovation & Technology (GCIT)**

The 31-member council is charged with developing economic development strategies to improve Arizona's knowledge-based economy. As the governor's principal technology advisory group, the council will deliver a technology blueprint that can be implemented by private and public sectors on a statewide basis. For more: [www.gcit.az.gov](http://www.gcit.az.gov).

## **High Technology Industry Cluster (HTIC)**

The High Technology Industry Cluster aims to improve Arizona's ability to nurture its own high-tech companies through an ongoing program that addresses a variety of concerns that confront such businesses. Its efforts also are directed at assisting Arizona's high-tech companies become globally competitive. For more: <http://azhitechcluster.org>.

## **Information Technology Association of Southern Arizona (ITASA)**

ITASA is a nonprofit professional organization whose mission is to promote the growth of the information technology industry in Tucson and southern Arizona. For more: [www.itasa.com](http://www.itasa.com).

## **Northern Arizona Technology & Business Incubator (NATBI) — Flagstaff**

NATBI is a nonprofit small-business assistance program that provides startups with discounted business services, personalized business consulting and an entrepreneurial network to help transform them into successful business ventures. For more: [www.natbi.org](http://www.natbi.org).

## **Southern Arizona Technology Council (SATC)**

SATC's mission is to promote high-tech industry development and growth in southern Arizona. For more: [www.satc-az.com](http://www.satc-az.com).

## **Tech Oasis**

Tech Oasis is an alliance between industry and government to help encourage the geographic clustering of the technology industry in Arizona, to help establish the state as a world-class tech center. For more: [www.techoasis.org](http://www.techoasis.org).

## **Women in Technology International (WITI)**

WITI provides women in technology inspiration, education, conferences, online services, publications and a worldwide network of resources. For more: [www.witi.com](http://www.witi.com).

# On the Web: Online help available

## **AllBusiness.com**

[www.allbusiness.com](http://www.allbusiness.com)

## **American Association of Franchisees and Dealers**

[www.aafd.org](http://www.aafd.org)

## **ABCs of Small Business and Entrepreneur Success**

[www.liraz.com](http://www.liraz.com)

Tips on new and useful ways to run a small business.

## **American City Business Journals**

<http://bizjournals.com>

The parent company of *The Phoenix Business Journal* operates 41 weekly business newspapers across the country, with local business news from each market accessible at this site.

## **American Express — Merchant Services**

[www.americanexpress.com/restaurant](http://www.americanexpress.com/restaurant)

Learn strategies to help improve your day-to-day operations, including best-practice case studies; view timely reports and statistical data on industry trends and initiatives; and get the latest information on upcoming industry events and educational opportunities.

## **AnyWho**

[www.anywho.com](http://www.anywho.com)

AT&T directory service of people, businesses and Web sites; includes reverse look-up feature.

## **Arizona Business Connection**

[www.azcommerce.com](http://www.azcommerce.com)

Click on "Small Business Services."

A step-by-step online service that walks you through what you need to know to start or expand your business in Arizona. Accessible 24/7.

## **Arizona Department of Commerce**

[www.azcommerce.com](http://www.azcommerce.com)

## **Arizona Department of Revenue**

[www.revenue.state.az.us/609/licensing/guide.htm](http://www.revenue.state.az.us/609/licensing/guide.htm)

Review state regulatory agencies and activities they regulate.

## **Arizona Legislative Information Services**

[www.azleg.state.az.us](http://www.azleg.state.az.us)

## **Arizona State University**

[www.cob.asu.edu/seid/data.cfm](http://www.cob.asu.edu/seid/data.cfm)

Includes information about the Metropoli-

tan Phoenix Consumer Price Index and Phoenix population estimates.

## **AZBusinessLINC.com**

[www.azbusiness.linc.com](http://www.azbusiness.linc.com)

Arizona's supplier network provides buyer assistance in searching for companies that provide a specific type of product or service on bid opportunities to sellers.

## **Bank rate monitor**

[www.bankrate.com](http://www.bankrate.com)

Tracks interest rates and trends.

## **BellSouth Small Business Services**

[www.smlbiz.bellsouth.com](http://www.smlbiz.bellsouth.com)

## **Better Business Bureau**

[www.arizonabbb.org](http://www.arizonabbb.org)

## **Bigstep.com**

[www.bigstep.com](http://www.bigstep.com)

Use to create and manage Web sites, market a business online, promote events, display a portfolio, send e-mail newsletters and more.

## **Bizoffice.com**

[www.bizoffice.com](http://www.bizoffice.com)

A set of links to a number of resources of interest to business owners (including home-based businesses).

## **BizPlus — Small Business Center**

[www.bizplus.com](http://www.bizplus.com)

## **Biztalk**

[www.biztalk.com](http://www.biztalk.com)

Information on finance, business law, travel, markets and an online chat room.

## **BizStarters.com**

[www.bizstarters.com](http://www.bizstarters.com)

An online training system guides you from the entrepreneurial urge to successfully running your own business. Includes an online learning center and a place to chat with other entrepreneurs.

## **Bloomberg.com: Let's Talk Business**

[www.bloomberg.com/business/index.html](http://www.bloomberg.com/business/index.html)

## **Bureau of Labor Statistics**

[www.bls.gov](http://www.bls.gov)

## **Business Energy Checkup**

[www.ase.org/checkup/business/](http://www.ase.org/checkup/business/)

Offers a guide to saving money and preventing pollution through energy efficiency steps you can take in your business.

## **Business Know-How.com**

[www.businessknowhow.com](http://www.businessknowhow.com)

Offers business tips and hints for starting a business, building a home-based business, marketing, handling finances.

## **BusinessWeek**

[www.businessweek.com/smallbiz/index.html](http://www.businessweek.com/smallbiz/index.html)

Small-business articles, advice, columns.

## **Business Wire**

[www.businesswire.com](http://www.businesswire.com)

## **The Capital Connection**

[www.capital-connection.com](http://www.capital-connection.com)

Lists and links to services and consultants for finding capital. Includes descriptions of how the services work and how much they cost, a free business plan format and a "crash course on capital."

## **Center for Women's Business Research**

[www.nfwbo.org](http://www.nfwbo.org)

Key facts, research, events, links.

## **City of Phoenix**

[www.phoenix.gov/econdev](http://www.phoenix.gov/econdev)

Support for local and international business development, business expansion, technology resources, and general information such as an economic overview and vital statistics of the city.

## **Directory of Minority and Women-owned Businesses**

[www.azcommerce.com](http://www.azcommerce.com)

From the Arizona Department of Commerce, this directory offers free online listings of minority and women-owned businesses in the state.

## **EntreWorld**

[www.entreworld.org](http://www.entreworld.org)

Resources for entrepreneurs. Tips for starting and growing a business, discussions, bookstore, calendar, links.

## **Entrepreneurs Help Page**

[www.tannedfeet.com](http://www.tannedfeet.com)

Provides "primer courses" for entrepreneurs on various business aspects.

## **Export Hotline Online**

[www.exporthotline.com](http://www.exporthotline.com)

## **Fambiz.com**

[www.fambiz.com](http://www.fambiz.com)

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**Federal Deposit Insurance Corp.**

www.fdic.gov  
Features banking news and information for customers of FDIC-insured institutions.

**Federation of International Trade Associations**

www.fita.org  
Trade leads, events database and industry links from FITA, which comprises 300 associations in the United States, Canada and Mexico.

**Financehub**

www.financehub.com/vc/vctab.html  
For those seeking venture capital and investors in their enterprise.

**Help Center for Small-Business Owners**

www.helpbizowners.com

**Home Office Association of America**

www.hoaa.com

**Hoover's IPO Central**

www.ipocentral.com  
Filings for initial public offerings, expected pricings, news and analysis.

**The House Small Business Committee**

www.house.gov/smbiz

**IPO Site**

www.iposite.com  
Information center for public offerings.

**Inc.com**

www.inc.com

**International Franchise Association**

www.franchise.org

**Internal Revenue Service**

www.irs.ustreas.gov  
Click on Tax Info for Business for answers to frequently asked questions and information about tax forms and employee taxes; Help for Small Business lists a variety of free programs and services.

**Maricopa Community Colleges Small Business Development Center**

www.dist.maricopa.edu/sbdc  
Links to chambers of commerce in the state and to the Arizona Small Business Association, the Inventor's Association of Arizona Inc. and the Arizona Business Assistance Center.

**Morebusiness.com**

www.morebusiness.com  
Includes resources related to marketing, management and financing, and hints for creating your own Web site.

**MSN MoneyCentral**

www.investor.msn.com

**National Association for Female Executives**

www.nafe.com  
The group bills itself as the largest business women's association in the country. Its Web site includes an association directory and a calendar of upcoming events.

**National Credit Union Administration**

www.ncua.gov/indexdata.html

**National Federation of Independent Business**

www.nfibonline.com

**Online Women's Business Center**

www.onlinewbc.gov  
Business principles and practices, management techniques, interactive mentoring.

**OnVia.com**

www.onvia.com  
A small-business exchange that lets you buy, sell and auction off business tools, such as computers, office products, furniture, phone systems and services. Also has critiques, news articles and expert advice on running a business.

**The Phoenix Business Journal**

http://phoenix.bizjournals.com  
*The Phoenix Business Journal* is a weekly business publication serving the Valley. Its comprehensive Web site features daily breaking news updates, stories from its weekly editions and a variety of resources to help small-business owners grow their business.

**Research-It!**

www.itools.com  
One-stop reference desk. Dictionary, thesaurus, word translator, maps, facts.

**Retirement plans**

www.selectretirementplan.org  
The U.S. Chamber of Commerce, U.S. Department of Labor, Small Business Administration and Merrill Lynch created the site to help business owners choose a retirement plan for employees.

**Small Business Corner**

www.irs.ustreas.gov  
Provides links to items on the Internal Revenue Service's "Digital Daily" links which are helpful to small businesses.

**Small Business Institute of the U.S. Chamber of Commerce**

www.uschamber.com  
Maintains a resource catalog of books, audiotapes, videotapes and software for small-business owners.

**SmallBizPlanet.com**

www.smallbizplanet.com  
Builds research engines for entrepreneurs; provides access to articles from major business publications, small-business specific publications and government resources you need to run your business.

**Small Business Resource, Arizona Chapter**

www.azresource.com  
A guide for small-business owners looking for information to help run their business. Covers several topics and each is a link that leads to a list of helpful Web sites and their descriptions.

**Small Business Taxes & Management**

www.smbiz.com  
Provides tax and management guidance to small and medium-sized businesses.

**Startup**

www.startup.wsj.com  
Includes features such as: a listing of business ventures and businesses for sale; franchise opportunities; a database of venture-capital firms; a business plan outline; and startup questions and answers. Also provides advice, financing guidelines and Internet resources.

**Stat-USA**

www.stat-usa.gov  
Features statistics from the federal government, such as economic indicators, retail sales data and interest-rate statistics.

**Venture Capital Resource Library**

www.vfinance.com  
Angel Search feature helps entrepreneurs find the wealthiest investors. Also offers advice on raising capital, drafting a business plan, finding data and venture-capital statistics.

**Wilson Internet**

www.wilsonweb.com  
Provides information on doing business on the Internet. The site includes articles and links to resources on e-commerce and Web marketing.

**Women's Work**

www.wwork.com  
Provides resources that help people move from corporations to smaller firms or to set up their own business.

**Working Mother Media**

www.workingmother.com  
Offers information on time management, work/life balance, networking, family issues, workplace strategies, goal setting and more.

Please mail Registration to:  
Jan Brewer  
Secretary of State  
Trade Name Division  
14 N. 18th Ave.  
Phoenix, Arizona 85007  
602/542-6187  
Filing Fee: \$10.00



### APPLICATION FOR REGISTRATION OF TRADE NAME

The Registration of Trade Names and Trademarks is not legally required in Arizona, but is an accepted business practice. This is a registration for an Arizona Trade Name only in accordance with A.R.S. §44-1460. This certificate does not in any way constitute the registration of an Internet Domain Name. Please note we do not register corporation names (e.g., ABC Inc.). **Please clearly print or type your application to avoid registration errors.**

Name, title or designation to be registered: \_\_\_\_\_

Name of Applicant(s): \_\_\_\_\_

Your certificate and renewal notices are dependent on accurate address information including suite numbers. Remember to update your registration if you move.

Business Address: \_\_\_\_\_  
Street or Box Number      City      State      Zip

Phone (Optional): \_\_\_\_\_

**Applicant must check one. Do not select "Corporation" or "LLC" if you are not currently incorporated, or your application will be returned to you.**

- Person       Firm       Arizona Corporation       LLC  
 Foreign Corporation licensed to do business in Arizona       Partnership  
 Association       Society       Organization

The date in which the name, title or designation was first used by the applicant within this state. This date must be today's date or prior to today's date: \_\_\_\_\_  
Month      Day      Year

General nature of business conducted:

\_\_\_\_\_  
Applicant's **Printed** Name

\_\_\_\_\_  
Applicant's Signature

State of \_\_\_\_\_

County of \_\_\_\_\_

Acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Notary Public