



## Business

# No shortcuts to success for entrepreneurs

The up-front work can be daunting, but plenty of help is available

By ERIC RUTH

When Delaware's General Motors plant closed, Ron Healy and his wife, Cindy, faced a time of frightening uncertainty. Along with new possibilities.

For the Healys, the layoffs brought a chance to finally pursue the electrical contracting business they've always wanted to start, putting them among the growing ranks of entrepreneurs newly excited about pursuing their old dreams.

At the same time, it's an endeavor that the Healys and many other would-be business owners are also finding hugely challenging, especially at a time of tight credit, falling incomes and cautious consumers. Negotiating the obstacle course of entrepreneurship is a complex journey in the best of times, especially for those who fail to seek plenty of guidance and support.

The Healys found it at SCORE -- which uses volunteer business veterans to counsel startups -- but it's far from the only resource available. Entrepreneurs can learn the many demands of getting a business off the ground -- financing, planning, marketing, budgeting -- through a range of local groups and online resources. There are also some helpful alternatives to the sometimes elusive business loan, and a range of new tax breaks that owners of fledgling businesses shouldn't ignore.

In time, success for these entrepreneurs may also translate into success for the state. "Small business has always been the thing that leads us out of a recession,"



Ron Healy recently started his own electrical contracting business with his wife, Cindy. Healy lost his job when Delaware's GM plant closed

noted Austin Edison, chairman of Delaware SCORE.

The key is to put in plenty of work before you're open for business, experts say -- these days, profits don't come easy without preparation.

**Educate yourself:** You won't get far -- or get financing -- without a solid business plan. There are plenty of people ready and willing to help you get started. The Small Business Development Center and the Small Business Administration are key resources, but don't forget to check in with the counselors at SCORE and the YWCA's Center for Women's Entrepreneurship.

Local chambers of commerce also can be a valuable resource for education and for developing the business-to-business contacts that will boost your chances. Some programs are offered only to members; others are available to all for a low fee or even for free.

The New Castle County Chamber even has something it calls "Chamber University," where entrepreneurs can

learn new skills. Some chambers -- New Castle County and the state chamber, for example -- also have programs to help provide affordable insurance solutions.

The Web site [www.2chambers.com](http://www.2chambers.com) is a convenient one-stop for finding local chambers.

### Find financing:

Banks are stricter than ever when it comes to making loans to businesses -- some aren't funding startups at all, and new entrepreneurs who have lost their income and seen their home's value drop may have trouble finding financing.

Luckily, the government feels your pain.

The greatest source of government-supported financing has been the Small Business Administration, which works with lenders to secure loans that the government then guarantees in part. SBA loans here typically range from \$2,500 to \$4 million, but borrowers have to have their act together -- the SBA and the lender will expect a solid business plan, a viable concept and collateral, just as with any loan.

There are also a range of extra resources for some groups, particularly veterans, women, minorities and the disabled -- [business.gov](http://business.gov) is a good one-stop source for this. Firms that are focused in technology also may qualify for special financing through the Small Business Development Center.

This summer, the SBA also began offering Recovery Act loans, deferred-payment loans of up to \$35,000 that are available to established, viable, for-profit small businesses that need short-term help to make their principal and interest payments. They're interest-free, 100 percent guaranteed by the SBA, and have no SBA fees associated with them.

The state of Delaware also works to get financing to deserving businesses through its First State Community Loan Fund, which focuses on helping businesses that may have been regarded as too risky by mainstream banks. "We have a little leeway in looking at the collateral, the credit, the cash flow," said Delores Lee, a business program specialist at the fund.

At the same time, borrowers must be seen as good bets to succeed, and be ready to show detailed predictions of profit and potential.

When it comes to winning that loan from a mainstream bank, it also may be a good time to start thinking small. Many businesses here are reporting more success with smaller community banks than the giant nationals.

**Leverage your layoff:** There's a little-known program out there that not only helps connect laid-off workers with start-up counseling, but also allows them to collect unemployment without having to prove they are actively seeking work, thus freeing their time to pursue their new business.

Called the Self-Employment Assistance Program, it's only available if the state determines you are likely to exhaust benefits, that is to say, you have little hope of finding another job in your previous profession -- Delaware autoworkers, for example.

"We have a lot of people that a year after their layoff date are still unemployed," said Betty Lord, area operations manager for the state Division of Employment and Training, which oversees the Self-Employment Assistance Program.

**Health insurance:** Laid-off workers are also getting some breaks when it comes to insurance. Typically, workers have to pay expensive "COBRA" premiums to continue the

coverage they had on the job. Starting in February, however, the U.S. government will start paying 65 percent of those premiums for you for a maximum of nine months.

Once past COBRA, you'll have to get an individual plan, a task where diligent shopping through a broker pays off, said Ankeny Minoux, president of the [Foundation for Health Coverage Education](#), a non-profit group that works to help more people access coverage. When it's time to shop, she also recommends visiting [ehealthinsurance.com](#), a handy price-comparison site.

Workers in Delaware also enjoy a relatively rare advantage when it comes to insurance, she said. Delaware law forbids insurance companies from turning a new business owner down for coverage if they have a pre-existing condition -- and even if they are the sole employee.

Workers who have lost substantial income due to a layoff or other cause also may be eligible for a government-subsidized coverage, known as "public" insurance. Programs for children are especially affordable -- families of four who earn \$44,100 or less can get their kids insured through the state for \$10-\$25 a month, Minoux said.

"Public" insurance programs for Delaware are listed on the foundation's Web site, [coverageforall.org](#).

It also may be possible to find group coverage through professional associations, chambers of commerce, unions and churches.

**Don't ignore tax breaks:** Thanks to the federal Recovery Act, existing small businesses are being offered some breaks on taxes, including faster write-offs for certain capital expenditures, and incentives for investing in small businesses. But time is running out for many of these, so act quickly.

One tax break allows small businesses that had expenses exceeding their incomes in 2008 to "carry" those losses back for up to five years, instead of the usual two. For businesses that made money in the past, but lost money in 2008, that could mean a special tax refund on prior years' filings.

## ON THE WEB

[www.business.gov](#). Learn how to find loans and grants, get business licenses and permits, deal with finances and taxes, even deal with hiring issues.

[www.business.gov/start/self-employed](#). Resources tailored specifically toward those who want to become self-employed.

[www.business.gov/start/start-a-business.html](#). Useful step-by-step guide.

[www.sba.gov/smallbusinessplaner](#). A wealth of tips and articles, ranging from marketing to insurance to finances. Free online courses are plentiful and free.

[www.sba.gov/localresources/district/de](#). The local SBA office can help steer you toward counseling and financing.

[www.irs.gov/businesses/small](#). A helpful guide to the complex world of income taxes for the self-employed.

[www.delawaresbdc.org](#). The local Small Business Development Center has years of expertise in guiding entrepreneurs.

[www.scoredelaware.org](#). SCORE uses the expertise of veteran executives to help young businesses thrive.

[www.ywcade.org](#). The YWCA's Delaware Center for Women's Entrepreneurship focuses on helping women start and grow their own business.

[www.recovery.delaware.gov](#).

[www.firststateloan.org](#). The First State Community Loan Fund may be able to help when financing is elusive.

[www.delawareworks.com](#). Information on unemployment benefits and the Self-Employment Assistance Program.

## ABOUT THIS FEATURE

This feature is part of a month-long series of stories built around contributions to USA Today from Rhonda Abrams, author of "Six-Week Start-Up." You can find more stories and tips on starting a business in coming weeks in the Sunday News Journal, Business Monday and at [delawareonline.com](#).