

SMALL BUSINESS

START UP GUIDE & BUSINESS RESOURCE

Steps and resources
to guide you
as you begin your business journey

ANDOVER AREA CHAMBER OF COMMERCE
www.andoverchamber.com

CITY OF ANDOVER
www.andoverks.com



Entrepreneur and small business development are vital to the success of economic development in Andover and Butler County Kansas. We believe that entrepreneurs and small business owners are crucial for a thriving community and economy. The investments they create for the Andover area are immeasurable.

Our economic system is based upon free enterprise and the right of each person to take the risk, follow a dream, and open his/her own business. The enclosed information, compiled by the Andover Area Chamber Economic Development Committee, is designed to answer many of the questions that arise when someone begins the process of opening a new business.

Owning and operating a business can be challenging. It requires dedication, patience, a variety of skills, and of course, money. The Economic Development Committee of the Chamber has worked to gather this information to support the desire of entrepreneurs to follow their dreams. Please take the time to read the material and use it to your advantage. Knowing how to handle the challenges of opening your own business and knowing yourself is imperative to the success of your business.

This booklet is designed to help your small business startup become a success. The Economic Development Committee of the Andover Area Chamber has put together steps to guide you as you begin your journey and we hope you find this information helpful.

In the event this information leads to additional questions, please contact the Andover Area Chamber of Commerce or the City of Andover. We will be happy to assist you!

Sincerely,

Travis Griffin
Chairman
Economic Development Committee
Andover Area Chamber of Commerce

Jennifer McCausland
Assistant City Administrator
Economic Development
City of Andover

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NOTICE: *The information contained within this publication is given for informational purposes only and should not be construed as legal or professional advice or assistance.*

Laws and information contained herein are from multiple sources and are subject to frequent changes. While this publication will be updated annually to capture those changes, you should consult a licensed professional when dealing with legal and financial matters regarding your specific situation. You should also verify the other information contained herein to be sure that you have the most current and accurate information.

ONE YEAR TIMELINE FOR ENTREPRENEURS & SMALL BUSINESS STARTUPS

Starting your own business is not something to be rushed into. Careful, advanced planning can ensure the success of your venture. Below is a suggested one-year plan.

ONE YEAR BEFORE START-UP

- Decide what business you want to start. Be specific in your business definition.
- Define your ideas in writing. Determine exactly where you want to go.
- Assess the impact on your family and personal life. How will this affect your relationships? Will your family support the use of finances and time?
- Begin research. You must determine if there is a need for your product/service. This research can be performed by students, professionals, or even on your own.
- Build your personal skills by taking formal management/business courses. Contact Butler Community College at www.butlercc.edu/beta
- There are many resources to help you...Center for Economic Development & Business Research at WSU – 316-978-3225 – www.cedbr.org. Kansas Small Business Development Center 316-978-3193 – www.wichita.edu/ksbdc and Kansas Center for Entrepreneurship through NetWork Kansas - 877-521-8600 – www.networkkansas.com.
- Contact the Kansas Department of Labor at www.dol.ks.gov for information on educational seminars on labor/safety issues.

SIX MONTHS BEFORE START-UP

- Determine the focus of your business. What do you want to specialize in? It is easier to excel at one area than at many, especially in the beginning.
- Start writing your business plan. To help you with your business plan, visit www.wichita.edu/ksbdc and www.kansas.gov/businesscenter
- Define your target markets. Who is your intended clientele? Who should you aim your advertising towards?
- Seek outside demographic information on your targeted customer base. Gather secondary information. A great resource is the Wichita State University's Center for Economic Development & Business Research www.cedbr.org -
- Research business and trade organizations. Most areas of business have agencies and organizations set up to facilitate business. Take advantage of what these groups offer.
- Start looking for the best location for your business. Do you need little or lots of space? Where would your business be best suited within the city? Is a store-front location needed or can you work from your home? Location can make or break a business.

Conduct the search on your own or contact a real estate agent. The Andover Area Chamber of Commerce can possibly help you with a list of potential properties for sale or lease.

FOUR MONTHS BEFORE START-UP

- Name your business. When deciding on a name, be aware that someone may already be using the name. Have a few back-up ideas. You can check to see if a name is being used by contacting the Kansas Secretary of State at www.kssos.org and create a business search.
- Make a final selection of the business location. Make sure the location you choose is within your budget and also fits within your business plan. Cheaper rent may cost you more in the long run. Remember: Location, location, location. If you need to make major renovations be sure to check out planning and zoning as well as city codes in the community. Andover's code and policy information can be found at <http://ks-andover4.civicplus.com/87/Local-Codes-Policies-Regulations>. For planning and zoning information, www.andoverks.com/zoning and check for any signage ordinances that may be in place for the business location.
- Select outside advisors. This will be a very hectic time. It is beneficial to have people you can call to listen to your ideas, problems, plans and provide feedback. These people should be able to provide you with guidance and constructive criticism. They should be people experienced and knowledgeable in business.
- Set up a network of mentors. Select people who can help you by giving insight and innovative ideas.
- Choose your business' legal form. Will you be a partnership, sole proprietorship, or corporation? A legal form should be chosen very carefully as it can impact your business in many ways. Seek out an accounting firm and they can advise you on the legal form of business. You will need them throughout your business venture.
- Determine your financial institution and create your bank account for your small business.
- Secure necessary financing. Whether through a private lender or through other sources, you must obtain the necessary amount of start-up capital. MOVED
- Set up bookkeeping, accounting, and office systems. How are you going to operate your office? If you are going to keep your own books, make sure your skills are adequate. Will you need to hire a bookkeeper/bookkeeping firm? If you already have an accounting firm in place, you might seek them out for this portion of the business.
- Continue working on your business plan.

THREE MONTHS BEFORE START-UP

- Determine your cash needs. How much money do you need for start-up? What will be your monthly variable and fixed costs? What is your break-even point? These are all questions that must be answered. You must estimate your cash flow.
- Review preliminary financial objectives. How much profit do you expect to make? Are you planning on making investments? What is your intended cash flow?
- Decide on your pricing strategy. After determining your variable and fixed costs, decide what your markup rate will be. You will also need to consider demand and competitive factors in setting your price.
- Forecast sales. Contact the Kansas Small Business Development Center (KSBDC) at 316-978-3193 or others in your field to help you forecast accurately.
<http://www.wichita.edu/ksbdc>
- Determine your company's employee needs. How many people do you need on your staff? This is important to decide as it effects your requirements for insurance, cash flow, etc. KansasWorks is a great resource to discuss employees for your business. Butler County Workforce Center can be reached at 316-321-2350 www.workforce-ks.com
- Project your cash flow. Write out an estimated statement of all revenues and expenditures. This statement should cover one calendar year. Also project your net cash flow for the entire year.
- Continue working on your business plan.

TWO MONTHS BEFORE START-UP

- Prepare your marketing plan. How are you going to market your product/service, and how much will it cost? Are you going to use publicity? You must decide how you will go about introducing your business to the public.
- Develop a social media marketing plan.
- Determine advertising, promotion, and public relations strategies.
- Determine if you need a business license. Some communities do not require a license. Review information on the City of Andover's website at <http://ks-andover4.civicplus.com/549/Business>
- Review non-financial objectives (public image, legal questions). How do you want the public to see your business? Are you a family establishment or geared more toward adults? What form is your business taking? Do you have all legal documents needed?
- Prepare a preliminary balance sheet. Contact the KSBDC as well as the Small Business Administration (SBA) www.sba.gov/offices/district/ks/wichita
- Secure insurance coverage if applicable. (See Labor/Safety)

- Complete improvements to your facility.
- Start your hiring process. (See Labor/Safety)
- Refine your business plan.

ONE MONTH BEFORE START-UP

- Fine tune your cash flow budget.
- Consider delaying your official grand opening/ribbon cutting until you've been in business for a couple of weeks. If you do, you can make sure that you have worked the "bugs" out and that all is running smoothly and once that is done prepare for your grand opening/ribbon cutting. The Andover Area Chamber of Commerce provides ribbon cuttings and advertising for members. Be creative but practical.
- Review your final checklist.
- Set up your office, display areas, etc. Have everything exactly as you want it. The last few days before opening are not the time to do this. The look of your store or office sets the tone of your business. You should put thought and time into it. – WASN'T SURE WHERE TO MOVE THIS??
- Hire your staff. (See Labor/Safety)
- Make sure everything works. It is better to find out that your equipment does not work in advance. In that case, you can make any necessary repairs and be ready to open your doors on time.
- Implement marketing, promotion, and opening plans. This will be an appropriate time to start advertising in local newspapers, radio, and television if your budget permits. Remember: Word of mouth is your most powerful publicity! It's also the least expensive. Spread the word.

START-UP AND AFTER

- Budget your time. As a new business owner, your time will be precious. Schedule your time wisely. It is important to get the maximum out of the time you have available. You might consider reading some time management materials or speaking with someone who you think manages time wisely or even taking some online classes. Butler Community College may be able to help you – <http://www.butlercc.edu/beta>
- Continuously update and evaluate your product/service. What is good about your product/service? What sets it apart from competition? Eliminate the problems as much as possible. If people patronize your business for the original concept, improving it will only increase patronization. Think about a questionnaire or survey to your customers.
- **LISTEN** to your customers, advisors, vendors and other business owners. The customers are your cash flow. It is important to gather their opinions and put them to use. Their ideas can be helpful in updating your product. **LISTEN** to your advisors. You asked them

to advise you for a reason. **LISTEN** to your vendors. These vendors have been in the business much longer than you have. They can possibly provide you with money-saving or money-making ideas. Other business owners can give ideas and possibly offer mentorship.

- Check cash flow budget against actual performance.
- Maintain good communications with your bankers and vendors. By keeping the lines of communication open you are helping yourself. Should you need their help in the future, you are more likely to receive it.
- Continue to improve the 5 C's of credit. (Character, Collateral, Capacity, Capital, and Condition) – definitions will be found in the back of this document.
- If you work with investors, make sure you are in contact with them. Make sure that you understand the conditions of your repayment. When are payments due? Make sure you fulfill all obligations to investors. You may need to call them again someday.
- Check cost of living budget. If you are drawing money from the company for living expenses, be sure to take only what is necessary. Stick tightly to your budget.

THE BUSINESS PLAN

A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals. The following outline of a typical business plan can serve as a guide. You can adapt it to your specific business. Breaking down the plan into several components will help make drafting it a more manageable task. The Small Business Development Center at Wichita State University is available to help with understanding how to put together a business plan.

Introduction

- Determine the business vision and mission statements.
- Give a detailed description of the business and its goals.
- Discuss the ownership of the business and the legal structure.
- List skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

Marketing

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

Financial Management

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.
- Discuss your breakeven point.
- Explain your personal balance sheet and method for compensation.

- Discuss who will maintain your accounting records and how they will be kept.
- Provide “what if” statements to address alternative approaches to any problem that may develop.

Operations

- Explain how the business will be managed on a day-to-day basis.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements, and issues pertinent to your business
- Account for the equipment necessary to produce your products or services.
- Account for production and delivery of products and services.

Concluding Statement

- Summarize your business goals and objectives and express your commitment to the success of your business.
- Once you have completed your business plan, review it with a friend or business.
- When you feel comfortable with the content and structure, make an appointment to review and discuss it with your banker. The business plan is a flexible document that should change as your business grows.

SOURCE: www.sba.gov

FEASIBILITY & MARKETING STRATEGY

Is Your Business Idea Feasible?

Answer the following questions regarding your idea. Give complete, well thought out answers to these questions. If you are unsure about or answer no to any of the following questions, then you should rethink your idea.

- What type of business do you plan to start?
- What kind of product/service do you plan to offer?
- Will your product/service satisfy a need yet unfilled?
- Will your product/service have a competitive edge based on price, location, quantity, or selection?

Researching Your Markets

It is recommended that you research your potential market demand for your product or service. First, determine what questions you need answered. The following are ideas on where to find the information you need.

Primary Data:

- Your experience.
- Experiences of people you know.
- Survey potential customers to determine their wants/needs. Observe similar businesses.
- Interview these business's owners.
- Interview suppliers, vendors, bankers.

Secondary Data:

- Visit the resource page included with this manual for all secondary data

Marketing Your Business

To properly market your product, you need to answer the following questions. This information can be used to help you develop your marketing plan. Contact the KSBDC for more information on constructing this plan.

- Who are my customers? (This determines your target market.)
- Where are they?
- How many are there? (This indicates your market size.)
- What are their needs?
- How can I reach them? (The distribution of your product is very important. Where your product is located determines how well it sells.)
- How much will they pay? (The pricing of your product is also very important. You must take into consideration what your competitors charge.)
- What are the market trends? (What are people buying? It is important to be aware of what market trends are. This relates back to knowing your customers' needs. Try to distinguish between trends and fads.) – Review definitions and glossary of terms at the end of this manual
- What are technological trends? (One obvious answer to this question is the Internet. Will you be using technology? How can it be used to help your business? Do you need to advertise on the Internet? Do you need a network of computers for your business? If you are in a business related to technology, it is imperative that you stay abreast of any changes.)

- Who are my competitors?
- How does my competition do it? (One method of marketing/dealing with competition is the end-run strategy. In this strategy, you adopt your competitors' strategy with the intention of making it better.)

WORKSHEET TO HELP DETERMINE CASH NEEDED TO START A BUSINESS

Estimate of monthly
expenses based on sales of
\$ _____ projected per year

Estimate of cash
needed to start
(column 1X _____ months)

[Redacted Section Header]

Salary of Owner /Manager	_____	_____
All other salaries/wages	_____	_____
Rent (building/equipment)	_____	_____
Advertising	_____	_____
Office Expense	_____	_____
Telephone and Fax	_____	_____
Internet Service	_____	_____
Other Utilities	_____	_____
Insurance	_____	_____
Taxes, including Soc. Security	_____	_____
Maintenance/Repairs	_____	_____
Legal/Professional Fees	_____	_____
Loan Payments	_____	_____
Miscellaneous	_____	_____

One Time Start Up Costs***

Fixtures & Equipment	_____	_____
Decorating & Remodeling	_____	_____
Installation of Fixtures/Equip.	_____	_____
Starting Inventory	_____	_____
Deposits for Utilities	_____	_____
Legal/Professional Fees	_____	_____
Licenses & Permits	_____	_____
Advertising/Promotion for Opening	_____	_____
Other	_____	_____

TOTAL ESTIMATE OF CASH NEEDED FOR START UP _____

***To determine these amounts, get estimates from suppliers, contractors, professionals and/or government authorities to ensure accurate amounts.

FINANCING INFORMATION

When starting a business, one important consideration is where to obtain capital to back your venture. Most start-up businesses require a capital contribution by the entrepreneur, usually 20%. The remaining financing may be available from your local banks or may require private investors. There are several loan programs available to businesses, all of which require bank participation. Examples include the following SBA (Small Business Administration) loans currently available.

- **SBA Guaranteed Loan Program 7(A).** This program provides financing to small businesses through guaranteeing a percentage of the bank's loan to the business. Eligible expenditures are for land and building, machinery and equipment, working capital, and some restructure of existing debt. The maximum SBA will guarantee is \$1.5M and not more than 75% of the total loan.
- **SBA 504 Loan Program.** This program provides financing for small businesses through a low interest, fixed rate, and a long-term loan. The Small Business Administration takes a second line position behind the bank. Eligible expenditures are for land and building, long-life machinery and equipment. The minimum SBA will finance is \$125,000, and the maximum is \$4,000,000 for manufacturing and job creation/retention. Please contact the Small Business Administration for all current percentages.
- **Revolving Loan Fund.** Businesses in Butler County may qualify for loan funds through the Business Development Revolving Loan Fund. The Business Development Revolving Loan Fund (RLF) is a pool that can be used in the Butler County Region for loans to projects that stimulate self-employment and can be made for:
 - Land
 - Working Capital
 - Equipment
 - BuildingContact Butler County Economic Development 800-940-6017

All loan programs require that certain standards be met. A loan applicant must be of good character, show the ability to operate a small business successfully, and have a good reasonable amount of his/her own resources to invest to withstand possible losses. In addition, the following will likely be required:

- Credit Report
- Collateral adequate to secure the debt; list of collaterals and its value
- Appraisals required on real property used as collateral
- Personal guarantees required of those persons (or companies) with 20% ownership
- Secondary collateral may be required
- Personal financial statements & financial statements of business (if applicable)
- Business Plan

LEGAL ASPECTS OF STARTING A BUSINESS

Deciding what form of legal entity your business will take is a crucial decision. This will have an impact on the future of your business including your protection under the law, and the rules and regulations (for example, federal and state taxes) that will apply to you. It is recommended that before you enter any of these four forms of business that you contact an attorney, CPA, or other qualified individual. Speaking with someone informed about the legal entities of business will reduce the risk of mistakes in the business setup. You can probably do the necessary paperwork and procedures yourself, but it makes sense to leave it up to the professionals. Also, contact the Kansas Small Business Development Center for more information.

THERE ARE FOUR BASIC FORMS THAT A NEW BUSINESS CAN TAKE:

- * Sole Proprietorship
- * Partnership (general or limited)
- * Corporation (C or S)
- * Limited Liability Company (LLC)

A **sole proprietorship** is usually owned and operated by one person. Under the law, it is not actually considered a legal entity. It is instead considered an extension of the person who owns the business. This individual has sole ownership of assets, but is also solely liable for the debts of the business.

A **partnership** can be formed in two ways. A general partnership is comprised of two or more individuals who join to start a business. Each person has proportional ownership of the business assets and proportional liability for business debts. Each person also has authority in running this business. A partnership agreement can be drawn up to alter each person's liability. However, despite this document, creditors may collect from each member of the partnership (this may include personal assets).

A **limited partnership** is made up of one or more general partners as well as one or more limited partners. Limited partners contribute capital and share in profits/losses. These limited partners, however, take no part in the running of the business and are not held liable for the organization's debts. Whether taking part in a general or limited partnership, it is advisable that you draw up a partnership agreement. This document will detail each partner's rights and their responsibilities. Partnerships are required to file both federal and state income taxes. While the partnership is not typically taxed, each partner reflects charges for the partnership on his/her personal tax returns.

A **corporation** is an entity, which must be approved by the State of Kansas through the Office of the Secretary of State. A corporation must file federal, state, and local taxes on its operation. One advantage to a corporation is the protection from liability afforded to shareholders. However, when an organization is small, creditors may require personal guarantees of pre-dominate owners. Another advantage to the corporation is the ease of raising capital through the sale of common or preferred stock. A disadvantage of the corporation is that the organization's income will essentially be taxed twice (once on the business's corporate tax return and again on the shareholders, personal income tax returns for any dividends paid to the shareholders). There are two types of corporations: C and S. The distinctions between an S Corp and a C Corp can be very complicated and very dramatic. It is important that you consult a professional prior to filing for either status. To incorporate your business, you must

file paperwork with the Kansas Secretary of State. Once incorporated, you will be required to register and pay fees annually.

The **limited liability company (LLC)** is a relatively new form of business entity that includes some of the characteristics of the other business entities. The owners are known as members, and the LLC shields its members from personal liability like a corporation; however, the profits generated by the business pass through the business entity and are taxed at the members' individual levels. As with all formal business entities, it is created by the Kansas Secretary of State's office by filing the necessary paperwork and fees. An attorney can handle the creation of your business entity for you. In addition to creating your business, there are many additional activities that must be performed, as well. An attorney will advise you and assist you concerning those other requirements, as well.

BUILDING/ZONING (PERMIT INFORMATION)

Once you have chosen a tentative location for your business, contact the City of Andover Zoning Department to determine the permitted uses of that location. There might be special restrictions on that area. **DO NOT INVEST ANY MONEY IN A LOCATION UNTIL ZONING HAS BEEN THOROUGHLY RESEARCHED!!!**

The City of Andover's planning, zoning and development staff can help you determine if your location and type of business are compliant with current ordinances. The following are things staff of the City of Andover will consider:

1. Current zoning classifications
2. Building setbacks
3. Off-street parking availability and service entrance requirements
4. Buffer yards or required screening
5. Lot area minimum
6. Signage and facade regulations

City of Andover Zoning Administrator

316-733-1303 ext 421
1609 E Central Ave
Andover, KS 67002

Planning and Zoning Forms, Regulations, Comprehensive Plan and Site Review information can be found at www.andoverks.com/zoning

If you are looking outside of the City of Andover limits:

Butler County Planning & Zoning

121 S Gordy, Suite 202
El Dorado, KS 67042
316-322-4325
<http://www.bucoks.com/318/Planning-Zoning>

BUILDING CONSTRUCTION, RENOVATION & OCCUPANCY

A building permit must be obtained for both new construction and renovations of additions to existing buildings. Before you may construct a new facility or renovate an existing one, you must have this permit. Once you have obtained a building permit, complied with the regulations pertaining to the area you are in, and construction is complete, your facility will be inspected. All building construction is subject to the Site Plan Review Committee through the City of Andover. Information on the Site Plan Review Committee and application can be found at www.andoverks.com/siteplan

FEDERAL LICENSING

Most new small businesses will not require any type of federal licensing to conduct business, unless you will be engaged in one of the following activities:

- Rendering investment advice
- Making alcoholic products
- Making tobacco products
- Preparing meat products
- Making or dealing in firearms

You will need a Federal permit to also start large operations such as a television station, radio station, common carrier, or producer of drugs or biological products. The aforementioned businesses are all heavily governmentally regulated. For more information on federal licensing for these types of businesses, contact:

The U.S. Department of Alcohol, Tobacco, and Firearms
Kansas City Group III (Industry Operations)
Area Supervisor
1251 NW Briarcliff Parkway, Suite 225
Kansas City, Missouri 64116
Voice: (816) 410-6000 **Fax:** (816) 410-6001

The Alcohol Division of the Kansas Department of Revenue can be helpful in this area as well. Link to the Kansas Handbook for cereal malt beverage
<http://www.ksrevenue.org/pdf/hbcmmb.pdf>

To apply for a cereal malt beverage license in Kansas, you are required to pay an annual fee of \$75 to the City of Andover. The application is available at www.ksrevenue.org/cmbapply.html

Other important departments to check into for alcohol and tobacco.

[Kansas Attorney General](http://ag.ks.gov/home)
<http://ag.ks.gov/home>

Derek Schmidt
120 SW 10th Ave., 2nd Floor
Topeka, KS 66612
(785) 296-2215
1-888-428-8436

TAX INFORMATION

State of Kansas

A. Sales and Use Taxes

Every business that sells tangible personal property, such as merchandise, to customers is required to obtain a seller's permit. This is issued from the state sales tax agency (Department of Revenue at www.ksrevenue.org). Sales tax forms must be filed monthly. The taxes must also be paid monthly. You can contact the Kansas Department of Revenue to petition for special permission to pay/file quarterly.

Kansas Department of Revenue

915 SW Harrison Street
Topeka, KS 66612-1588

B. State Excise Taxes

In addition to federal excise tax, you may be responsible for collecting state excise tax as well. The categories are comparable to the federal categories. Alcoholic beverages, tobacco products, motor carriers, and trucks with no more than two axels are included in the taxed categories. You should contact the **Kansas Department of Revenue** for complete information.

C. Federal Excise Taxes

There are some forms of business in which the U.S. government requires additional taxation. This will be a tax that you are responsible for collecting. This tax does not come out of your pocket. Typically, it is added to the sale price of your product or service. **Form 720, Quarterly Federal Excise Tax Return** is used to file most federal excise taxes. Federal excise taxes can be broken into nine broad categories of products and services.

- Motor vehicle use tax (vehicles greater than 55,000 lbs. gross weight) **Form 2290**
- Retailers tax (certain types of fuels)
- Retail excise tax on the sales of the following: Heavy trucks/trailers, tires and tubes, recreation equipment (e.g. fishing/hunting supplies), firearms, and ammunition
- Air transportation tax (if you are transporting people by air, you must collect this tax)
- Communications taxes (e.g. telephone or teletype services)
- Wagering taxes
- Taxes on U.S. mined coal
- Environmental taxes (imposed in petroleum products, various chemicals, and hazardous wastes)
- Alcohol, firearms, ammunitions, and tobacco taxes

D. Estimated State Income Taxes

A corporation is required to make estimated tax payments for the taxable year if its Kansas income tax liability can reasonably be expected to exceed \$500. A corporation is not required to

file a declaration of estimated tax in its first year of existence in Kansas. This is Form [K-120es](https://www.ksrevenue.org/pdf/k-120es16.pdf) www.ksrevenue.org/pdf/k-120es16.pdf

E. Estimated Federal Taxes

Taxes must be paid as you earn or receive income during the year, either through withholding or estimated tax payments. If the amount of income tax withheld from your salary or pension is not enough, or if you receive income such as interest, dividends, alimony, self-employment income, capital gains, prizes and awards, you may have to make estimated tax payments. If you are in business for yourself, you generally need to make estimated tax payments. Estimated tax is used to pay not only income tax, but other taxes such as self-employment tax and alternative minimum tax.

If you don't pay enough tax through withholding and estimated tax payments, you may be charged a penalty. You also may be charged a penalty if your estimated tax payments are late, even if you are due a refund when you file your tax return.

Individuals, including sole proprietors, partners, and S corporation shareholders, generally use [Form 1040-ES](https://www.irs.gov/pub/irs-pdf/f1040es.pdf) (PDF) www.irs.gov/pub/irs-pdf/f1040es.pdf, to figure estimated tax.

To figure your estimated tax, you must figure your expected adjusted gross income, taxable income, taxes, deductions, and credits for the year.

Corporations generally use [Form 1120-W](https://www.irs.gov/pub/irs-pdf/f1120w.pdf) (PDF) www.irs.gov/pub/irs-pdf/f1120w.pdf, to figure estimated tax.

F. Employer Taxes/Personal Property & Inventory Tax

There are taxes that as an employer you are responsible for both withholding from employee wages as well as paying yourself. For more complete information on employer taxes, see Labor and Safety Regulations Information.

G. Federal Tax Identification Numbers

An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Generally, businesses need an EIN. You may apply for an EIN in various ways, and now you may [apply online](https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online) (<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>) Kansas does allow for this opportunity. ***This is a free service offered by the Internal Revenue Service and you can get your EIN immediately.***

UTILITIES

A. Establishing Water and Sewage

To establish water and sewer service in an existing location or new facility within Andover, Kansas, you must contact the local Utility Department. You may be required to sign a service contract and pay a deposit. All sewer service within the Andover city limits

City of Andover

1609 E Central Ave

Andover KS 67002

316-733-1303

Butler County Rural Water District #5, Benton

316-778-1631

Wichita Water, Wichita

316-265-1300

B. Establishing Garbage Service

To establish garbage service in an existing location or new facility within the City of Andover, you must contact:

Waste Connections (City of Andover's preferred handler)

316-945-3900

Eagle Trash Service

316-796-1505

C. Establishing Natural Gas Service

To establish gas service in an existing location or new facility in Andover or Butler County.

[Kansas Gas Service](#) 800-794-4780

D. Establishing Electrical Service

To establish electrical service in Andover or Butler County, depending on where your business is located, you must contact:

[Butler Rural Electric](#) 316-321-9600

[Westar Energy](#) 800-383-1183

E. Establishing Telephone and Internet Service

To establish business phone service in Andover and Butler County

Cox Communications 316-260-1916

1636 N Rock

Derby, KS

LABOR & SAFETY REGULATIONS

A. Educating Yourself on Labor/Safety Issues

The Kansas Department of Labor assists in the prevention of economic insecurity through unemployment insurance and workers' compensation, by providing a fair and efficient venue to exercise employer and employee rights, and by helping employers promote a safe work environment for their employees. This facilitates compliance with labor laws while enabling advancement of the economic well-being of the citizens of Kansas.

[KANSAS DEPARTMENT OF LABOR](http://www.dol.ks.gov)

or visit www.dol.ks.gov

[Safety workshops and other resources](http://www.dol.ks.gov/Safety/Default.aspx)

Or visit www.dol.ks.gov/Safety/Default.aspx

B. OSHA

The issuing and enforcing of occupational and safety health regulations is handled by the United States Department of Labor. The Occupational Safety and Health Administration (OSHA) is the federal agency which administers these policies. The requirements put forth by OSHA include posting notices to employees and maintaining accurate records of employee injuries. OSHA will provide you with the information on all requirements as well as related publications. OSHA policies and regulations must be posted in the workspace where all employees may see.

In addition of OSHA the U.S. government also supports the Employment Standards Administration, Mine Safety and Health Administration, Veterans Employment and Training Service, and the Pension and Welfare Benefits Administration. Each of these departments are designed to protect both the employer and employee.

Occupational Safety and Health Administration

Wichita Area Office

100 N Broadway, Suite 470

Wichita, KS 67202

(316) 269-6644

(316) 269-6646 Voice Mail

Toll Free (Kansas Residents Only): 1-800-362-2896

C. EMPLOYER TAX RESPONSIBILITIES

The IRS website www.irs.gov is helpful with questions concerning taxes for employers.

Income Taxes

Businesses with employees must pay employer taxes and withhold employee taxes for both the State and Federal governments. All payments are made online once your business registers through EFPTS (Electronic Federal Tax Payment System®). To pay your taxes through EFPTS or any other way, your business must first have a Federal ID number. The Kansas and U.S. Departments of Revenue will determine your time of payment. You will be required to withhold Social Security and Medicare taxes. In addition to this withholding, the employer must pay a matching amount. You should consult the current year tax for present percentages.

[Registration for electronic filing through EFPTS](http://www.efpts.gov/efpts/)

Or visit www.efpts.gov/efpts/

Unemployment Insurance Taxes

All employers doing business in Kansas are subject to the provisions of the Employment Security Act. However, not all are subject to the taxing provisions of the law. Coverage is determined by the type and nature of the business, the number of workers employed and the amount of wages paid for employment. Every employing unit that begins business operations in Kansas is required to file form K-CNS 010, Status Report, within 15 days of hiring its first employee. Upon receipt of the completed form, a determination of employer liability will be made by the agency and the employer notified.

Under the current FUTA (Federal Unemployment Tax Act), a payroll tax of 6.0 percent is levied on the first \$7,000 in annual earnings paid each employee. As an enticement for states to maintain their own unemployment insurance programs, federal law provides a tax credit offset of 5.4 percent for timely contributions paid into an approved state unemployment insurance fund.

FUTA Tax Rate..... 6.0% (less)

Employer Credit..... - 5.4%

Net FUTA Tax..... 0.6%

For further information on Unemployment Tax information download this reference handbook for [KANSAS DEPT OF LABOR UNEMPLOYMENT INSURANCE HANDBOOK](http://www.dol.ks.gov/files/pdf/kcns430.pdf)

For the handbook, you can visit <http://www.dol.ks.gov/files/pdf/kcns430.pdf>

Workers' Compensation Insurance

Workers compensation is a required insurance plan provided by the employer to pay employee benefits for job-related injuries, disability or death that arise out of and in the course of employment. Per K.S.A. 44-508, an injury by accident shall be deemed to arise out of employment if:

- There is a causal connection between the conditions under which the work is required to be performed and the resulting accident; and

- The accident is the prevailing factor causing the injury, medical condition and resulting disability or impairment.

The words “arising out of and in the course of employment” as used in the Workers Compensation Act shall not be construed to include:

- Injury which occurred as a result of the natural aging process or by the normal activities of day to-day living;
- accident or injury which arose out of a neutral risk with no particular employment or personal character;
- accident or injury which arose out of a risk personal to the worker; or
- accident or injury which arose either directly or indirectly from idiopathic causes.

Benefits are paid at the employer’s expense. Coverage begins the first day on the job.

KANSAS DEPT OF LABOR WORKERS’ COMPENSATION HANDBOOK

Or visit www.dol.ks.gov/Files/PDF/kwc25.pdf for the handbook

D. APPLICATION, HIRING, & TERMINATION PROCESS

There are basic ground rules to hiring and firing employees. These are legal requirements to acquiring or terminating employees. If handled incorrectly, personnel issues can result in legal problems. These legal problems can be large enough to shut your business down. It is important to make sure all your bases are covered. In addition to the do’s and don’ts listed below, contact the Kansas Department of Labor, and/or an attorney for more information on correct hiring and firing policies.

APPLICATION AND HIRING

DON’T

- **Ask obvious questions.** Do not ask questions regarding protected class status (sex, age, race, disability, veteran status, color, religion, national origin) or anything related to these areas. These are sensitive areas and cannot be used as discriminating factors. Some applicants may believe that all gathered information is used. It is for this reason that you should not ask these questions. It is best to avoid these topics to eliminate all possibility of legal problems.
- **Write on the job application form.** Any notes taken during interviews should be made on photocopies or other paper. This allows you to preserve the original application without marring it for your permanent records.

DO:

- **Limit your interview questions to job duties.** There is no reason to ask questions that apply to the responsibilities of the position. You may ask an applicant if he/she has any barriers to completing the duties. Do not ask question like “Do you have children?” or “Are you married?” Small talk is acceptable if the interviewer is careful. Do not venture into conversations that might produce seemingly discriminatory information.

- ***Make sure all company procedures follow employment statutes.*** Have your advisors or attorney review your system for application, hiring, and termination before you begin hiring and periodically thereafter.
- ***EDUCATE YOURSELF!!!*** The best way to prevent problems is to be familiar with the law. When you are in doubt about issues concerning labor or safety, contact the Kansas Department of Labor at 316-383-9947

TERMINATION

DO:

- ***Review company policies.*** If you have not yet developed company policies regarding application, hiring, and termination, call the Kansas Department of Labor. Make a checklist of your procedures. Make sure that you have followed the rules in the firing process. If you have not yet completed your checklist, YOU SHOULD NOT TERMINATE THE EMPLOYEE YET. Take care to finish all steps in the process to alleviate any questions and possible legal repercussions.
- ***Have a stated code of expected employee behavior.*** Many employers face problems due to unclear expectations of conduct. It is easier to prove reasons for termination if such a code is in place. This documentation will be helpful if you are faced with paying restitution because it will show that you had a sufficient cause to terminate the employee.
- ***Conduct an exit interview.*** This allows you to tie up any loose ends. Final paychecks can be issued, and company property (e.g. keys, paperwork, and files) can be returned. Ask the employee what he/she liked or disliked about your company. Ask for feedback on aspects of your company of which this person has knowledge. This person might be a bit more forthcoming with problems or constructive criticisms than someone who still works there.
- ***Keep termination of an employee between you (management) and the employee.*** The fired employee will appreciate your discretion on this matter. Termination should not be discussed with other employees. Privacy can help you avoid harsh feelings and legal repercussions.
- ***Have employees sign a release.*** If you are offering the fired employee severance pay or anything else of value, have him/her sign a release of liability to the company. This may protect you in case of legal action.

F. Where to Find Your Labor Source

The Andover Area Chamber of Commerce has a “job posting” section to our website for member investors. Average views for the jobs listed are 500 views.

There are many resources through which one can find employees. The first things that typically come to mind are the classified advertisements in local newspapers. You can place ads in these publications for week long and even month long periods.

Here are Chamber members that can assist you in your employee search

Andover Area Chamber of Commerce – 316-733-0648 www.andoverchamber.com

KansasWorks – Butler County Workforce – 316-321-2350

AndoverLeader – www.andoverleader.com

Adendum 1

CHECKLIST: Use this checklist to keep you on track.

Owner's Checklist for Starting a New Business

This printable tool is designed to give you an estimated timeline and check points on the topics to consider; it is not meant to be an exact timeline as each business will vary.

One Year

- ☐ Establish the type of business you want to start
- ☐ Establish business and personal goals
- ☐ Know your local resources
 - ✓ <http://www.cedbr.org/>
 - ✓ <http://www.wichita.edu/ksbdc>
 - ✓ <http://www.networkkansas.com/>
- ☐ Identify the financial risks
- ☐ Assess your financial resources
- ☐ Begin research
 - ✓ Is there a need for your product/service
- ☐ Expand your education
 - ✓ Management/business courses - <http://www.butlercc.edu/>
 - ✓ Labor/safety - <http://www.dol.ks.gov/>

Eight-Six Months

- ☐ Determine the start-up costs
 - ✓ Determine cash needs/cash flow
 - ✓ Secure financing
 - ✓ Estimate revenues and expenditures for calendar year
 - ✓ Yearly Net cash flow for the year
- ☐ Establish legal form of business; corporation, partnership, sole proprietorship, etc.
 - ✓ Select accounting firm
 - ✓ Financial advisor
 - ✓ Bank
- ☐ Start writing your business plan
 - ✓ Focus/specialty of your business
 - ✓ <http://www.wichita.edu/ksbdc>
 - ✓ <http://www.kansas.gov/businesscenter>
- ☐ Do market research

- ✓ Identify your customers
- ✓ Identify your competitors
- ☐ Demographic research
 - ✓ <http://www.cedbr.org/>
- ☐ Decide on your business location
 - ✓ Contact real estate agent
 - ✓ Contact local chamber
- ☐ Develop a marketing plan
 - ✓ Paid advertising
 - ✓ Social media
 - ✓ Promotions
 - ✓ Public relations
 - ✓ Implementation

Six-Four Months

- ☐ Name your business
 - ✓ <http://www.kssos.org/>
- ☐ Finalize location
 - ✓ Check [planning and zoning](#)
 - ✓ Check [Andover's code and policy](#)
- ☐ Set up your space
- ☐ Set up office systems; bookkeeping, accounting
 - ✓ Hire a bookkeeper/firm
 - ✓ Hire accountant
- ☐ Select outside advisors
- ☐ Set up a network of mentors
- ☐ Demographic research
 - ✓ <http://www.cedbr.org/>
- ☐ Refine business plan
- ☐ Refine marketing plan

Three Months

- ☐ Review preliminary financial objectives
- ☐ Decide on pricing strategy
- ☐ Secure insurance coverage if applicable (see Labor/Safety)
- ☐ Forecast sales
 - ☐ <http://www.wichita.edu/ksbdc>

- ☐ Determine employee needs
 - ✓ Hiring number
 - ✓ Insurance
 - ✓ Cash flow
 - ✓ <http://www.workforce-ks.com/>
 - ✓ Labor/Safety
- ☐ Refine business plan
- ☐ Refine marketing plan

Two Months

- ☐ Establish marketing rollout date(s)
- ☐ Business license (if applicable)
 - ✓ <http://ks-andover4.civicplus.com/549/Business>
- ☐ Ensure your legal documents are in order
- ☐ Prepare a balance sheet
 - ✓ www.sba.gov/offices/district/ks/wichita
- ☐ Forecast sales
 - ☐ <http://www.wichita.edu/ksbdc>
- ☐ Refine business plan
- ☐ Ensure all hiring positions are filled

One Month

- ☐ Fine tune cash flow budget
- ☐ Prepare for grand opening
 - ✓ Ribbon cutting and advertising for chamber members
- ☐ Review checklist
- ☐ Begin marketing
- ☐ Test equipment
 - ✓ Have contacts for repairs available

Adendum 2

BREAKING DOWN 'Five Cs Of Credit'

This method of evaluating a borrower incorporates both qualitative and quantitative measures. Lenders look at a borrower's credit reports, credit score, income statements and other documents relevant to the borrower's financial situation, and they also consider information about the loan itself.

Character

Sometimes called credit history, the first C refers to a borrower's reputation or track record for repaying debts. This information appears on the borrower's credit reports. Generated by the three major credit bureaus – Experian, TransUnion and Equifax – credit reports contain detailed information about how much an applicant has borrowed in the past and whether he has repaid his loans on time. These reports also contain information on collection accounts, judgments, liens and bankruptcies, and they retain most information for seven years. The Fair Isaac Corporation (FICO) uses this information to create a credit score, a tool lenders use to get a quick snapshot of creditworthiness before looking at credit reports.

Capacity

Capacity measures a borrower's ability to repay a loan by comparing income against recurring debts and assessing the borrower's debt-to-income (DTI) ratio. In addition to examining income, lenders look at the length of time an applicant has been at his job and job stability.

Capital

Lenders also consider any capital the borrower puts toward a potential investment. A large contribution by the borrower decreases the chance of default. For example, borrowers who have a down payment for a home typically find it easier to get a mortgage. Even special mortgages designed to make homeownership accessible to more people, such as loans guaranteed by the Federal Housing Authority (FHA) and the Veterans Administration (VA), require borrowers to put between 2 and 3.5% down on their homes. Down payments indicate the borrower's level of seriousness, which can make lenders more comfortable in extending credit.

Collateral

Collateral can help a borrower secure loans. It gives the lender the assurance that if the borrower defaults on the loan, the lender can repossess the collateral. For example, car loans are secured by cars, and mortgages are secured by homes.

Conditions

The conditions of the loan, such as its interest rate and amount of principal, influence the lender's desire to finance the borrower. Conditions refer to how a borrower intends to use the money. For example, if a borrower applies for a car loan or a home improvement loan, a lender may be more likely to approve those loans because of their specific purpose, rather than a signature loan that could be used for anything.

FULL LIST OF RESOURCES

Andover Area Chamber of Commerce

1951 N Andover Rd

Andover, KS 67002

316-733-0648

info@andoverchamber.com

www.andoverchamber.com

City of Andover

1609 E Central Ave

Andover KS 67002

316-733-1303

www.andoverks.com

Butler County Community Development

121 S Gordy, Suite 202

El Dorado, KS 67042

316-322-4325

www.bucoks.com/195/Economic-Development

Butler Community College – BETA (Business Education & Training Analysis)

713 E 13th St

Andover KS 67002

316-218-6124

www.butlercc.edu/beta

Center for Economic Development and Business Research (CEDBR)

WSU

1845 Fairmount

Wichita, KS 67260

316-978-3225

www.cedbr.org

cedbr@wichita.edu

Kansas Small Business Development Center

WSU

1845 Fairmount

Wichita, KS 67260

316-978-3193

www.wichita.edu/ksbdc

ksbdc@wichita.edu

Network of Kansas
Andover, KS 67002-0877
877-521-8600
www.networkkansas.com

Kansas Department of Labor
316-383-9947 (Wichita)
www.dol.ks.gov

State of Kansas Business Center
800-458-6727
helpcenter@ink.org

Kansas Secretary of State (file for sales tax, business entity)
Kris Kobach
Memorial Hall, 1st Floor
120 SW 10th Ave
Topeka, KS 66612-1594
785-296-4564
www.kssos.org
Internal Revenue Service (EIN number and federal documents)
www.irs.gov

Small Business Association
Wichita District Offices
220 W Douglas Ave. Suite 450
Wichita, KS
316-269-6616
www.sba.gov/offices/district/ks/wichita

Butler County Workforce (KansasWorks)
524 N Main
El Dorado KS 67042
316-321-2350
www.workforce-ks.com

South Central Kansas Economic Development District
9730 E 50th St. N
Bel Aire, KS 67226
316-262-7035
www.sckedd.org



Andover
Area Chamber of Commerce

1951 N Andover Rd
Andover, KS 67002
316-733-0648

info@andoverchamber.com
www.andoverchamber.com