

MICHIGAN

SMALL BUSINESS RESOURCES



GIVING BUSINESS THE UPPER HAND



I N N O V A T I O N

Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation.

Peter F. Drucker, the father of modern management



Harvest Wind Farm
Elkton, Michigan



A handful of tinkerers turned entrepreneurs in Michigan at the beginning of the 20th century set in motion a new technology that was soon to transform the industrial world. As they developed and perfected their innovations, the manufacturing technology and process supporting them evolved into what is today the foundation of our modern economy. It's good to keep in mind that starting small doesn't mean you can't change the world.

Today many of the giant corporations that had their beginnings in the previous century are being forced to downsize and outsource in response to global competition. Small businesses are taking their place as the sources of innovation and job creation. According to recent U.S. Census Bureau data, the United States has about 112 million paid employees with 52 percent of them working at companies with fewer than 500 employees.

Michigan is responding to these changing economic trends by investing in the emerging small-business economy. Initiatives like the \$2 billion 21st Century Jobs Fund, with its emphasis on support for entrepreneurs whose innovations are ready to enter the market, are fueling diversification of the state's economy. A full array of economic development incentives, resources and tools is available, many at low or no cost. From help with writing a business plan to financing, training, technology and workforce preparation, the MEDC can connect the budding entrepreneur, a new venture or an expanding company with the services needed for the next stage of growth.

The MEDC can help you transform your vision into reality. Call us at 800.946.6829 or visit our Web site at **MichiganAdvantage.org**. We look forward to helping you take your dream of business ownership as far as you are able and experience success in Michigan.

Sincerely,

Greg Main, *President and CEO*

Michigan Economic Development CorporationSM

For many, it comes as a surprise to learn that Michigan's high-tech start-ups, family ventures and other entrepreneurial endeavors are the growth engine of the state's economy. They are now the top job producers in Michigan.



In recognition of the vital role small businesses and entrepreneurs are playing in expanding and diversifying Michigan's economy, MEDC and state lawmakers are opening new doors of opportunity. Policy makers have expanded access to Michigan's tax-free Renaissance Zone® and brownfield redevelopment incentives, and Anchor Zones have been created to attract suppliers of large corporations. With creation of the Invest Michigan Fund, the state is making \$300 million in venture capital available for growing small and medium-sized companies. Our new Defense Contract Coordination Center, the nation's first, is helping small businesses bid on government contracts with a goal of bringing \$1 billion in new federal business to Michigan by 2010. These are just a few of the resources we have assembled to support our job-creating enterprises.

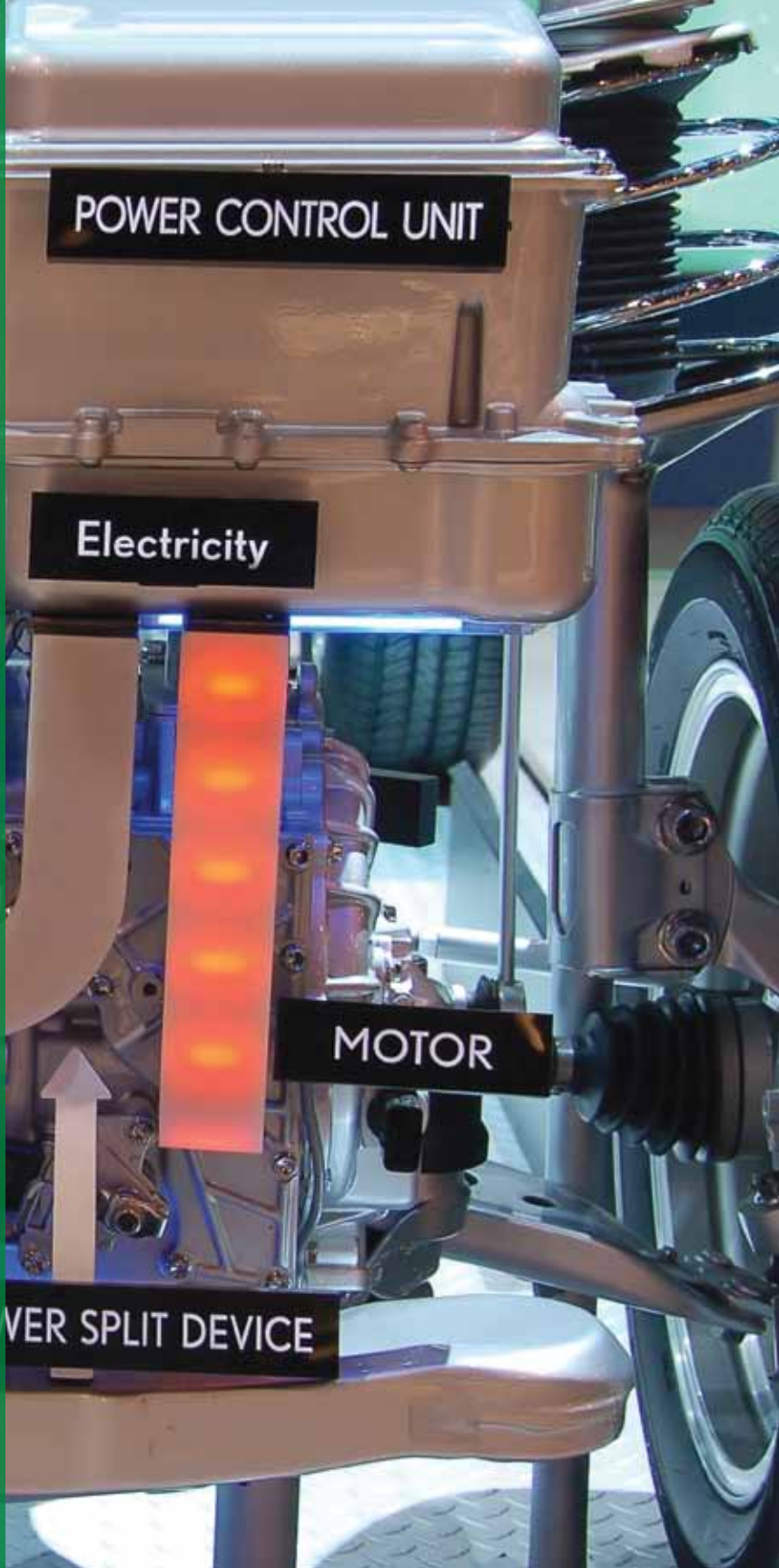
As Michigan's Small Business Advocate, I am especially pleased to announce our latest innovation on your behalf—Michigan Business One Stop. Visit one Web site or make one telephone call to one office to obtain all the information you need—and begin all the paperwork necessary—to open or grow a business. You can go online 365/24/7 to find private, secure online state government resources for new and existing businesses and cut through red tape at michigan.gov/business. Or call MEDC Customer Assistance Center to talk to a dedicated business ombudsman from 7 a.m. to 8 p.m., Monday–Friday at 877.766.1779. As a small business person myself, I don't have to tell you that half the battle is finding the right place for assistance. With Michigan Business One Stop, we have taken a major step toward assuring that you are free to focus on building your business instead of navigating a maze of state departments and agencies.

Finally, all the programs and services described in these pages have been crafted with the needs of small businesses in mind, and in response to your feedback. In order to continue fine-tuning our offerings, we need to hear from you. Have the Small Business Technology Development Centers and the MEDC been able to help you? What could we do better? Do you have suggestions for legislative or administrative reforms? Call me at the MEDC, 800.946.6829. Let's work together to make Michigan the nation's No. 1 state for small business.

Sincerely,
Chris Holman, *Small Business Advocate*

NxtGen appreciates Gov. Granholm and her leadership team for working to attract new advanced 'cleantech' business...and we look forward to working in a state that embraces clean technologies and CO₂ reduction.

*—Jeremy Holt,
President and CEO,
NxtGen, Wixom*





elcome to **Michigan's dynamic and fast-growing small business community.** The entrepreneurial spirit centered in Michigan at the beginning of the 20th century set in motion the transformation of the world's economy. Individuals with a vision risked capital and sacrificed to realize their dream of financial independence. As a small business owner, or someone who aspires to own a business, you are following the trail opened by entrepreneurs before you. For you as for them, the potential reward is worth the risk and the hard work required. As you work to ensure your own economic future, you are contributing to the state's economic well-being by creating jobs and opportunity.

Many of those early 20th century entrepreneurs succeeded beyond their greatest expectations. In the process, they created an entire new industry devoted to auto manufacturing. This in turn spawned an army of smaller firms producing after-market goods for the automobile. Mass production for a mass market became a new source of wealth and prosperity for millions, not only in Michigan or the United States, but worldwide.

The manufacturing process developed here made Michigan the undisputed leader of automotive innovation. It was here that the computer was married to the machine. This innovation led to computer-controlled manufacturing that has become the world standard. The industry invented here didn't belong to Michigan, at least not very long. New players rose to compete for a share of transportation manufacturing. At the end of the 20th century, Detroit's auto giants were forced to downsize and outsource, playing a lesser role in the overall state economy. The cycle has turned.

Today, **small businesses are taking the place of the great corporate enterprises as the sources of innovation and job creation.** Michigan's economic future is being shaped in this century, as in the last, by entrepreneurs whose innovations are laying the foundation for a diversified and knowledge-based economy.

On the threshold of the 21st century, Michigan is rekindling that entrepreneurial spirit. Again, we look to the individual with an idea for a product or service who is willing to put everything on the line to start a business to realize his or her dream.

Understanding that entrepreneurship and small business development are shaping Michigan's economic future, the state is taking the initiative to **revitalize and transform** its economy.

Through initiatives like the \$2 billion 21st Century Jobs Fund, the state invests in start-up ventures that are ready to commercialize new products and processes in the emerging industries of life sciences, advanced automotive technology, homeland security/defense and alternative energy.

A variety of resources and assistance is available to help all entrepreneurs and small businesses. Many are no cost or low cost, available from the public sector. Services directed toward the aspiring entrepreneur focus on education and encouragement to explore business ownership.

At the new Michigan business portal online, *MiBusinessOneStop.gov*, the person thinking about starting a business or looking for assistance or counseling can find answers to frequently asked questions:

What do I need to know to start a business?

Do I need a license to start a business in Michigan?

Where do I go for financing?

How do I write a business plan?

Where can I get a sales tax license?

What resources are available?

IF YOU NEED THE ANSWER TO A SMALL BUSINESS QUESTION, **START HERE.**

MICHIGAN ECONOMIC DEVELOPMENT CORPORATIONSM (MEDC)

The MEDC **fosters business growth**, from budding entrepreneurs and technology innovators to established and growing companies with the resources needed to get to the next stage in their progress.

Many of those resources are delivered by SBTDC through its network of 12 regional offices and 30-plus satellite offices around the state. The centers assist small business owners and entrepreneurs in cooperation with the U.S. Small Business Administration.

MICHIGAN SMALL BUSINESS & TECHNOLOGY DEVELOPMENT CENTERTM (SBTDC)

The SBTDC is the MEDC's primary partner **channeling resources to the small business community** through regional centers providing hands-on counseling, training and research to new ventures, existing small businesses and innovative technology companies.

Each year, the centers work with more than 11,000 clients, providing counseling, training and business development advice. The small businesses served by this network have more than 21,000 employees, sales of \$504 million and capital formation of over \$172 million. Business counseling delivered in person by the network in 2007 led to the creation of 349 start-up companies generating 3,016 jobs.

Web-based assistance is also available through a virtual incubator offering online communication tools and a Web portal to provide mid-to long-term counseling and coaching that result in solutions and growth for fledgling ventures. Visit accelmich.org for more information.

U.S. SMALL BUSINESS ADMINISTRATION (SBA)

For more than a half-century, the U.S. Small Business Administration (SBA) has been a **key resource for small companies and entrepreneurs**. The SBA provides a variety of products and services for those looking to start or expand a business. Through SCORE—Counselors to America's Small Businesses; Women Business Centers; Veteran's Business Development to name a few, the SBA offers customized counseling, specialized financing and business development to new ventures and growing businesses. Visit sba.gov for more information.

Although I had been in the real estate business for 16 years, I was unaware of all it took to start a business. With SBTDC's help it was truly a smooth transaction.

—Lori Stephan, Owner,
Real Estate One
of Alpena

No other organization has duplicated or approximated the SBTDC Technology Team's services to our company.

—Clyde McKenzie,
Chairman and CEO,
Tellurex Corp.,
Traverse City





We hope that we will continue to benefit from access to the remarkable skills, expertise and experience of the MI-SBTDC Technology Team. We see this group as a vital component of our continued success and growth...

—Jay T. Goodwin, Ph.D.,
President and COO,
ADMETRx, Kalamazoo

The help we received from the SBTDC consultants was enormously beneficial to us as we learned how to become a business.

—Robert C. Gadwood,
Ph.D, CSO and
President,
Kalexsyn, Kalamazoo

**Adaptive Materials
Ann Arbor, Michigan**

Financing is always of critical importance to entrepreneurs and small businesses. Generally speaking, grants and loans for new ventures are very difficult to obtain. For start-ups, personal assets are the first source of capital to consider. A personal stake in the enterprise demonstrates commitment to the business and provides lenders with a potential source of collateral to securitize the loan. Most banks require at least 30 percent personal equity investment in a start-up business and 10%–30% in a more established one. Prior to seeking any type of lending, the entrepreneur or small business owner should have a **business plan** in place which describes, among other things, the purpose of the loan, the applicant's contribution, use of loan proceeds, collateral, and an explanation of how the business will repay the loan in a timely manner.

- **Capital Access Program (CAP)** is a flexible tool for encouraging banks to make loans that might not otherwise be available to smaller enterprises. Incentives backed by small amounts of public resources are offered to private banks that participate in the program.
- **Charter One Job Creation Loan Program** makes loans at low interest rates to companies that create jobs in Michigan

SBA LENDING PROGRAMS

SBA lending involves three principal players: the small business, the lender and the SBA. The SBA does not make the loans directly; rather the SBA guaranty reduces the lender's risk of borrower non-payment.

- **SBA 7(a) program** is the primary business loan program and can be used for facility expansion or renovation; purchase machinery and equipment, augment working capital; seasonal lines of credit; construction of commercial buildings and refinancing of existing debt under specific conditions

- **SBA 504** may be used by all types of for-profit small businesses and provides long-term, fixed-rate financing for the acquisition or construction of fixed assets. Projects are funded through a public/private partnership that involves private lenders financing 50 percent of the project costs, an SBA Certified Development Company (CDC) providing up to 40 percent, and a small business investing at least 10 percent.

COMMERCIALIZATION FINANCING

21st Century Jobs Fund: If your company is well along in the process of developing next-generation technology that is ready for commercialization, it may qualify for financing from the 21st Century Jobs Fund. To learn more about competing for an award, please visit michigan.org/busres.

MICHIGAN EMERGING TECHNOLOGIES FUND

This is a program to provide matching dollars for **Small Business Innovation Research/Small Business Technology Transfer** (SBIR/STTR) projects with significant commercialization potential. Before submitting an SBIR/STTR proposal to the federal government, an applicant must first secure a matching commitment from the SBTDC. Visit mietf.org for more information.

BUSINESS INCUBATORS

SmartZones: Michigan's 15 SmartZonesSM help facilitate the commercialization of technology emerging from research in Michigan universities and private companies. The SmartZonesSM are home to 16 incubation facilities providing office and wet lab space to technology companies and provide technology commercialization services to these important start-up companies.

*You can't put
a price on the
opportunity the
PTAC gave our
company by
familiarizing us
with defense
contracting
insiders.*

—Samra Weindl,
Cypress Manufacturing,
Harrison Township



GOVERNMENT CONTRACTING

Scores of small businesses are starting new lives as suppliers to state and federal government, thanks to Michigan's **Defense Contract Coordination Center** (DC3) and a network of 14 **Procurement Technical Assistance Centers** (PTACs). These specialized offices around the state guide you step-by-step through the process of finding and bidding on government contracts. PTACs are the frontline to the DC3 and prepare Michigan businesses for government contract competition by educating them regarding opportunities, requirements and the process of **becoming successful government contractors**. The DC3 focuses attention on matching the capabilities of Michigan entrepreneurs, companies and researchers with defense contract opportunities. Headed by a retired Marine general, the DC3 coordinates with MEDC to assure real competitive advantage for defense contractors. The DC3's goal is to bring an additional \$1 billion in defense spending to Michigan by 2010, up from \$1 billion in 2007.

To date, the DC3 reports a total of \$493.6 million in contracts after three quarters of operation, on track to meet the DC3's goal of \$630 million. The Saginaw Future Inc. PTAC alone has helped five area companies win 62 federal government contracts worth nearly \$13.4 million. Saginaw Future is a public-private alliance of local businesses, Saginaw, Saginaw County, 16 local municipalities and Saginaw County Chamber of Commerce.

INTERNATIONAL TRADE

U.S. Export Assistance Center (USEAC)

Michigan's four centers provide free trade counseling and advice in all aspects of the export process: Detroit, Grand Rapids, Pontiac, Ypsilanti. Visit export.gov for more information.

Van Andel Global Trade Center

Acquaint yourself with the opportunities to be found around the globe. Training in the basics of exporting, and how to set up import operations in the United States are offered by the Van Andel Global Trade Center in Grand Rapids. Inquire online at vagtc.org.

NEW MARKETS

The MEDC has a team of experts developing Michigan's growth potential in biofuels, wind, solar, advanced energy storage, carbon sequestration, and water technology that can help companies **diversify their product offerings** or start a new business by recommending sources of financial assistance, making key relationship connections, providing technology reviews and assisting them in bringing their technologies to market.

RED TAPE ANTIDOTE

When in doubt, call the MEDC Business Ombudsman. This office provides **problem solving, trouble-shooting and advocacy** that is especially helpful in guiding small businesses through the maze of state rules and regulations. Call 800.946.6829 for more information.

WORKERS' COMPENSATION INSURANCE

The majority of employers in Michigan obtain workers' compensation coverage through policies sold by commercial insurance companies. Premium rates are **competitively determined and vary greatly**. Making use of your company-specific information, the MEDC can help you shop for the most cost-effective coverage.

PERSONNEL SOLUTIONS AND WORKFORCE TRAINING

The MEDC can help you access public and private sector agencies for help with staffing issues, and connect you to **sources of training assistance** to keep your workforce current with changes in technology.

COST ESTIMATING

On request, the MEDC offers customized estimates to new or expanding businesses by analyzing company-specific data to estimate the **impact of a firm's expansion** on its business costs.

"The MEDC ombudsman was instrumental in reducing the red tape of the bureaucracy and fast forwarded us to meeting with the right decision makers in the Michigan Department of Transportation and the test installations we needed to jump start our business."

–Stephen Mini, COO, SiltShield LLC, Sterling Heights.

MICHIGAN CELEBRATES SMALL BUSINESS

The annual **Michigan Celebrates Small Business** event held in April honors entrepreneurs and the year's "50 Michigan Companies to Watch." Co-sponsors include the Small Business Association (SBA), the Small Business Association of Michigan, MEDC, SBTDC and the Edward Lowe Foundation.

ADVOCACY

The Michigan Manufacturing Association and the Small Business Association of Michigan, among others, offer individual small business members the opportunity to influence the **policy debate** on matters of collective concern.

BUSINESS AND PROFESSIONAL ASSOCIATIONS

Automation Alley, Michigan Minority Business Development Center, Michigan Retailers Association and other groups provide **networking opportunities and business development services** related to specific sectors.

The programs and services highlighted in this brochure are offered by the MEDC and other members of the Small Business Advisory Board, a referral network of organizations providing services and assistance to small businesses in Michigan. Leveraging the combined strengths of our organizations, we are working together to ensure that **small companies get the help needed to succeed and grow**. The MEDC is the front door to accessing and learning more about the services available through this network.

We invite you to call 800.946.6829 or visit michigan.org/busres for more information on any of these services or other incentives.



CIRCUMSTANCE

Each problem has hidden in it an opportunity so powerful that it literally dwarfs the problem. The greatest success stories were created by people who recognized a problem and turned it into an opportunity. —Joseph Sugarman

Van Andel Institute
Grand Rapids, Michigan

SMALL BUSINESS ADVISORY BOARD

The Small Business Advisory Board's network of organizations provides small companies with the assistance and resources needed to grow in Michigan. These partners allow the MEDC bring added value to our clients. As a small business owner in Michigan, you have access to this network by calling 800.946.6829 or by visiting michigan.org/busres for more information.

Automation Alley	Michigan Manufacturers Association
BlueGranite	Michigan Minority Business Development Council
Clark Hill PLC	Michigan Retailers Association
Concepts Consulting	Michigan Small Business and Technology Development Center
Crain Communications, Inc.	Michigan State Medical Society
Detroit Regional Chamber	Michigan Venture Capital Association
Edward Lowe Foundation	National Federation of Independent Business
Grand Angels	Small Business Association of Michigan
Grand Rapids Area Chamber of Commerce	T/J Technologies, Inc.
Henderson & Associates, Inc.	The Center for Empowerment and Economic Development
Lansing Regional Chamber of Commerce	United States Department of Commerce, International Trade Association
MiBiz	United States Small Business Administration, Michigan District Office
Michigan Bankers Association	
Michigan Business and Professional Association	
Michigan Chamber of Commerce	
Michigan Food and Beverage Association	
Michigan Hispanic Chamber of Commerce	



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