

NORTHWEST CONNECTICUT



A Quick Reference Guide for Start-up And Existing Small Businesses In Connecticut

Business Development Tools

- Basic Resources
- Personal Preparation
- Starting Steps
- Business Plan
- Federal/State/Local Contracting Opportunities
- Marketing Strategies
- Funding Sources
- Additional Resources

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INTRODUCTION

What this is and what it's not.

This guide lists many of the information and technical resources for starting and running a business such as obtaining permits, tax numbers, choosing a legal structure, obtaining financing, etc. What it is **not** is a guide to how to assess whether the venture makes any sense or has a decent probability for success. Your business plan should tell you that.

Many of the questions posed to our SCORE counselors are similar in nature and can be answered by referring to an appropriate document, state or local agency, or website. The purpose of this guide is to list sources that respond to some of the most frequently asked questions by those seeking assistance from Connecticut SCORE volunteers.

NOTE: The information contained in this guide is accurate to the best of our knowledge at the time of printing. Since we live in a dynamic environment where telephone numbers, websites, and even agencies can change as agencies reorganize, websites improve, and laws and regulations change, some of the information may become obsolete over time. Hopefully, the dedicated reader will be able to adapt to the changes and follow the resources as they change and evolve.

While every reasonable effort has been made to ensure that the information contained in this Guide is complete and accurate as of the date of publication, neither the Connecticut District of the SCORE Association nor any of its members shall be liable for any damages drawing from the use of or reliance upon such information or from errors or omissions therein.

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Recommended Basic Resources - Things you shouldn't be without

- **“STARTING A SMALL BUSINESS IN CONNECTICUT”** published by Community Accounting Aid and Services, Inc. (CAAS) . 965 East Main Street, Meriden, CT 06450, (203) 235-2333 ext. 2146.
- The CT Department of Revenue Services (“DRS”) publication **“[Getting Started in Business.](#)”** It explains business structure, Connecticut tax filing and registration, required licenses, and information about sales and use tax. Go to www.ct.gov/drs and click on "Publications and Forms". Also click on **“[Starting a New Business?](#)”** to register online.
- The Connecticut Licensing Information Center, www.CT-CLIC.com. This site provides advice and information about starting and running your specific type of business. It identifies further sources of information, e.g., on insurance, necessary permits and licenses. You can also call their Business Licensing Specialists at **1-800-392-2122**.
- The CT Secretary of State, www.sots.ct.gov, for information about and procedures for registering LLC', Corporations, etc.
- The Connecticut District Office of the U.S. Small Business Administration ("SBA") annual publication **“[Connecticut Small Business Resource.](#)”** Copies can be obtained from your local SCORE counselor or directly from the SBA at **1-860-240-4700**.

- The Internal Revenue Service (“IRS”) "[Starting, Operating or Closing a Business](http://www.irs.gov/smallbiz)" at www.irs.gov/smallbiz. It provides extensive federal tax information and other useful information.

PERSONAL PREPARATION

Before committing to starting a business, review your credit history, cash flow, collateral,, and character references as well as your business management experience. The websites listed below have guides to assist you in determining you ability to succeed with your business. They contain small business guides which are intended to serve as roadmaps for starting a business. They are both comprehensive and easy to use. They also have links to many other information sources.

www.score.org (click on **Templates and Tools**)
www.sba.gov/ct

Evaluate your life plan – your suitability for running your own business. Go to www.startupnation.com and select **START YOUR BUSINESS**.

Evaluate your creditworthiness. Go to www.annualcreditreport.com and get your credit reports. Your personal credit will determine how easy or hard it will to obtain small business loans.

STARTING A BUSINESS IN CONNECTICUT

Starting a business in Connecticut takes several steps, the number depending upon the legal form you choose for the business and whether or not you plan to have employees.

Information about which steps are necessary for your proposed business can be obtained from the Connecticut Licensing Information Center, www.CT-CLIC.com or 1-800-392-2122. Also helpful is the small business information at the IRS website www.irs.gov/smallbiz.

THE BASIC STEPS

NOTE! Depending on the legal structure you choose, the sequence of steps may vary depending upon the rules of the government agencies involved. . Contact the **Connecticut Licensing Information Center** for specifics about your own business. The center will also inform you of required licenses and permits required.

For every type of business!

- All businesses types should check with their Town/City Clerk and town Zoning Office for local regulations. Every town has their own set of rules, and what is permitted in some towns is illegal in others. Also, rules differ within a town or city depending on in what zone you wish to locate the business. **This is** especially important for home based businesses.

Note: Depending on the type of business and the legal structure you choose, you may be required to sequence your steps differently and may be required to file other state licenses, registrations or permits in addition to those mentioned below.

Step 1. Decide upon and set up the legal structure of the business.

Because many of the registrations needed to start a business in Connecticut require that you have chosen an official name, choosing the legal form is important as a first step.

Otherwise, you may have to re-register if you change the name later and incur more registration fees.

For example, if you choose to name the company "Mystery Meatballs" and later decide to be a corporation or a Limited Liability Company, your legal name will be either "Mystery Meatballs, Inc." or "Mystery Meatballs, LLC." All businesses must have a legal identity. The SBA website provides an overview of your options. A comprehensive discussion of the options is covered in Chapter 5 of the book "**Starting a Small Business in Connecticut**" (see page 2). Also go to the SBA website for an overview www.sba.gov.

Step 2. File a Trade Name Certificate with the Town/City Clerk. Check whether LLC, Inc., or other designation is required to be part of the business name.

Step 3. Obtain a State Tax Registration Number/ID from the Connecticut **Department of Revenue Services**. Go to www.ct.gov/drs

Every business in Connecticut must have a state tax number. Your business may be liable for collecting sales tax, and if you have employees, state withholding may be required. Check to see if the business will be liable for other state taxes.

Step 4. If hiring employees, or if a not-for-profit, obtain a tax number, an Employer Identification number (**EIN**) from the Federal Internal Revenue Service. www.irs.gov

Businesses hiring employees also must register with the state Department of Labor for their State Unemployment Tax Number and determine rules regarding immigration and residency status for foreign nationals. Go to www.ct.gov/dol.

The same site gives information on obtaining the required **Connecticut Unemployment Tax Registration Number**.

For required **Workers Compensation Insurance**, contact the State **Workers Compensation Commission** at www.wcc.state.ct.us or 1-800-223-9675.

Step 5. Registration with the Secretary of State is required for LLC's and Corporations. Check requirements at www.sots.ct.gov.

Step 6. Check local health department regulations for your business. Permits and inspections are required for restaurants and businesses dealing in food.

Step 7. Obtain required licenses. Go to www.CT-CLIC.com.

Step 8. Insurance. All businesses should determine what kind of insurance is needed. Business liability is vital, and key member life insurance should be investigated. Confer with a commercial insurance broker.

Note for Home Based Businesses - your homeowners policy generally does **not** cover liability for business activities in the home or the loss of business property and equipment.

Employees or Independent Contractors

For information regarding employees and independent contractors, obtain IRS Publication 15A and Form SS-4 from the IRS. www.irs.gov or 1-800-829-1040.

Many small businesses get into trouble by categorizing employees as independent contractors to avoid payroll taxes. Penalties for errors are significant.

Developing a Business Plan

For information, assistance and templates related to writing a business plan including cash flow templates

Go to the following sites.

www.score.org

www.sba.gov/ct

For free samples of business plans go to.

www.bplans.com

www.referenceforbusiness.com

There is also an excellent example in the book **STARTING A SMALL BUSINESS IN CONNECTICUT** listed in the references on page 3.

For a detailed step-by-step tutorial on writing a business plan, go to www.sba.gov/ct .

There are as many **formats** for business plans as there are people telling you that you need one. It is strongly recommended that you ask the person(s) to whom the plan will be presented what format is desired. Many banks have their own templates, and many recommend the SBA format found in www.sba.gov.

Federal, State and Local Contracting Opportunities

SBA helps small businesses gain access to federal set-asides www.sba.gov . The Small Disadvantage Business Certification Program helps small business compete and participate in the federal contracting and sub-contracting arena. www.ccr.gov .

Information on opportunities in Connecticut, go to the State Department of Administrative Services, Procurement at www.das.ct.gov, or 1-860-713-5095.

Marketing Strategies

The SCORE website contains numerous articles and tips for internet marketing; marketing on a budget; 60 sec guide to creating a marketing plan; and many other references. Go to www.score.org and click on **Templates and Tools**.

Probably the best comprehensive catalog of resources is produced by the Simsbury, Connecticut Public Library, “**Finding and Targeting Your Market – Selected Resources**” by the Business Resource Librarian. Go to www.simsburylibrary.info for more information.

In Connecticut, a comprehensive resource is www.iconn.org, a joint venture by the libraries across the state. You need a library card from any library in the state for access.

Funding Sources

In some circumstances the SBA will guarantee a bank loan. Loan guarantees must be applied for by the bank. Go to www.sba.gov/ct to find lists of SBA Certified, Preferred and Express Lenders. Micro lenders are more willing to loan money to startup businesses but tend to charge higher interest. **Micro lenders in Connecticut are:**

Connecticut Community Investment Corporation (CCIC)

www.ctcic.org

Connecticut Economic Development Fund

www.cedf.com

Venture Capital Funds in Connecticut can be reviewed at several website listings. Some are:

www.gaebler.com “Resources for Entrepreneurs”

www.fundingpost.com “Venture Capital and Angel Investor Network”

Most **Angel Investors** in Connecticut can be located through the **Angel Investor Forum** at www.angelinvestorforum.com.

Additional Resources

The IRS website, www.irs.gov, provides information on starting, operating or closing a business, what taxes each form of business is required to pay and how to pay them. It also provides all forms and instructions applicable to business taxes.

Census data is available on www.census.gov.

To register as a corporation or LLC, go to the Connecticut Secretary of State website www.sots.ct.gov.

For home based business tax information, download IRS Publication 587, “**Business Use of Your Home**”.

To find an attorney, go to the State Bar Association at www.ctbar.org under **Public Resource**, click on **Find a Lawyer**.

SCORE “Counselors to America’s Small Business” provides professional guidance and information, accessible to all, to maximize the

success of America’s existing and emerging small businesses. The material in this publication is based on the work supported by the U.S. Small Business Administration (SBA) under cooperative agreement Number SBAHQ-08-S-0001. Any opinions, findings, conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the SBA.

SCORE offers free and confidential face-to-face counseling at chapter offices and e-mail counseling at www.score.org. Workshops are conducted to meet the needs of both start-up and existing businesses. SCORE services are provided without regard to race, color, national origin, gender, age and disability. Persons with disabilities may request reasonable accommodations with a two-week advance notice.”

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Greater Bridgeport SCORE
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Bridgeport, CT 06604
Phone (203) 450-9484

Greater Hartford SCORE
330 Main Street, 2nd Floor
Hartford, CT 06106
Phone (860) 240-4700

New Haven SCORE
Gateway Community College 60
Sargent Drive
New Haven, CT 06511

Northwest Connecticut SCORE
c/o NWCT Chamber of
Commerce
333 Kennedy Drive
Torrington, CT 06790
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