

GeorgiaTrend

2016/2017

# Small Business Guide

A Guide To Help  
You Start, Build  
And Grow Your  
Small Business

Plus  
**SUCCESS  
STORIES**

from  
Entrepreneurs

&

**ADVICE**

from the  
Experts

Georgia's 2016  
**Small Business  
Person of the Year**

CATMEDIA founder/CEO Catherine Downey  
says the key to success “not magic — just  
hard work and dedication.”

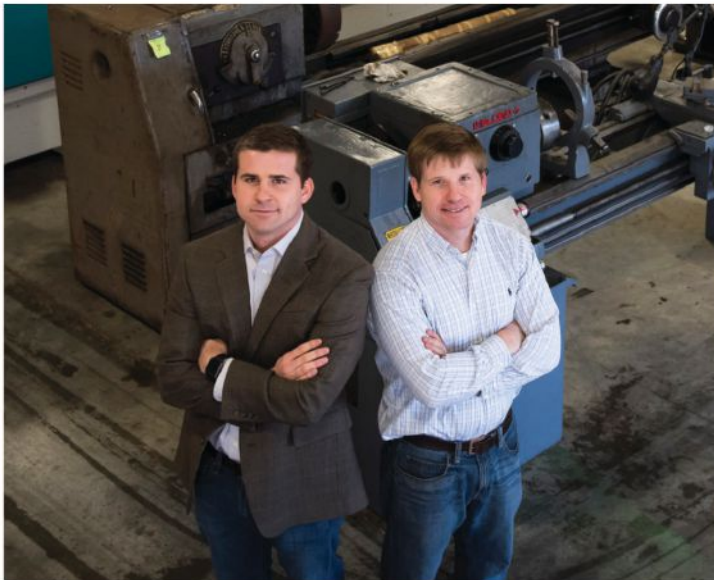
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## YOUR BUSINESS... BETTER.

With access to informative business tools, helpful resources, and confidential consulting advice, UGA SBDC clients are educated to grow their businesses better. These results are evidenced through client feedback and improved business performance.

A thriving small business economy can have a positive effect on all Georgians. If you are looking to grow your business and contribute to Georgia's success, contact one of our 17 offices for assistance.



“You’d be crazy not to take advantage of something like the SBDC. What an awesome thing. Paying for a business consultant is very expensive. John (SBDC consultant) is extremely knowledgeable. I think of him as a partner. I don’t think I’d be where I’m at now if it wasn’t for him.”

**Carl Davis, Co-Owner  
THE EQUIPMENT HUB**

### GROWTH OF SBDC ASSISTED BUSINESSES VS. AVERAGE GA BUSINESS

- ESTABLISHED BUSINESSES  
RECEIVING LONG-TERM  
SBDC ASSISTANCE
- AVERAGE GA  
BUSINESS



SALES

**19.7%**  
**4.9%**



EMPLOYMENT

**19.6%**  
**3.0%**





“ The SBDC team is fabulous. They’ll give you advice and information, but they’re not there to make your decisions about your business. They’re a valuable resource for anyone in business. ”

**Michael Chalmers, *Owner*  
SPHERION STAFFING**

“ Erica Bracey has been amazing. Without a strategy, you’re throwing darts at a dart board. I keep going back to those projections and updating them on a regular basis because they are so helpful. ”

**Carrie Sagel Burns, *Owner*  
ATLANTA MOVIE TOURS**



“ Most who start small businesses think small. The UGA SBDC experts think bigger than we are and how to put strategies in place that use the opportunities we’ve found to grow really big. ”

**Balu Balasubramanian, *Owner*  
COCOA TOWN, LLC**



**[www.georgiasbdc.org](http://www.georgiasbdc.org)**

A Public Service and Outreach Unit of the University of Georgia.  
Funded in part through a Cooperative Agreement with the U.S. Small Business Administration.



# Small Business Guide

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**EDITORS IN CHIEF AND PUBLISHERS**  
Neely Young and Ben Young

## EDITORIAL STAFF

Managing Editor  
Associate Editor  
Editor-At-Large  
Dining Editor

Christy Simo  
Karen Kirkpatrick  
Susan Percy  
Krista Reese

## DESIGN STAFF

Creative Director  
Advertising Art Director  
Senior Photographer

Penny Alligood  
Heidi Rizzi  
Jennifer Stalcup

## CONTRIBUTING EDITOR

Bobby Nesbitt

## CONTRIBUTING PHOTOGRAPHERS

Christina Carnes, Matt Fortson, Blane Marable,  
Dot Paul, Dylan Wilson

## PUBLISHER EMERITUS

Millard B. Grimes

## ADVERTISING STAFF

Vice President Sales/  
Advertising Director  
Amanda Patterson  
770.558.8701  
[patterson@georgiatrend.com](mailto:patterson@georgiatrend.com)

Advertising Manager/  
Online Sales Manager  
Carolyn Gardiner  
[carolyn@georgiatrend.com](mailto:carolyn@georgiatrend.com)

Account Manager  
Lane Henderson  
[lane@georgiatrend.com](mailto:lane@georgiatrend.com)

Administrative Office Manager  
Production Manager/Exec. Assistant  
Me'Sha Golden  
Gail Aronoff

## ONLINE PUBLISHING

Ben Young  
[byoung@georgiatrend.com](mailto:byoung@georgiatrend.com)

Carolyn Gardiner  
[carolyn@georgiatrend.com](mailto:carolyn@georgiatrend.com)

## DIGITAL & REPRINT ORDERS

Me'Sha Golden  
[mesha@georgiatrend.com](mailto:mesha@georgiatrend.com)

## SUBSCRIBER SERVICES

800.428.7363

## CONTACT US

5880 Live Oak Parkway, Suite 280  
Norcross, GA 30093  
Phone: 770.931.9410  
FAX: 770.931.9505  
E-mail: [info@georgiatrend.com](mailto:info@georgiatrend.com)  
[www.georgiatrend.com](http://www.georgiatrend.com)



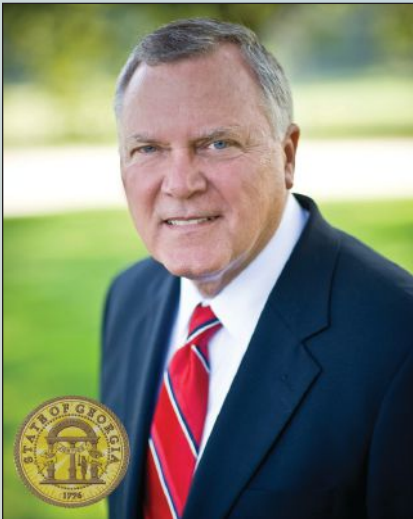
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# Small Businesses

## The Backbone of Our Economy



STATE OF GEORGIA  
OFFICE OF THE GOVERNOR  
ATLANTA 30334-0900

Dear Small Business Owner,

For the third consecutive year, Georgia has been named the No. 1 state in the U.S. in which to do business by various ranking organizations. These rankings speak to the commitment and support from each of you, our communities and the citizens of Georgia.

Of the 865,649 registered businesses in the state, nearly 95 percent of Georgia companies have fewer than 50 employees, and 98 percent of Georgia's businesses have fewer than 100 employees. As you can see, small businesses are anything but small players. They are the backbone of our economy.

The Georgia Department of Economic Development's (GDEcD) integrated approach not only supports traditional economic development, but also puts a spotlight on Georgia's international trade, film, arts, music and tourism industries. GDEcD's Small Business team, as well as Small Business Development Centers across the state, provide an array of technical assistance to aspiring entrepreneurs.

As part of the state's emphasis on supporting job creators, GDEcD created a new microsite for small businesses that makes it easier to find the information you need for starting or growing your businesses. I encourage you to visit [www.Georgia.org/small-business](http://www.Georgia.org/small-business) to learn more about the valuable resources available.

Thank you for your contribution to Georgia's economy.

Sincerely,

Nathan Deal  
Governor  
State of Georgia

# ARE YOU **OUR NEXT** ROCK STAR?



ViziTech USA



Creature Comforts Brewing Co.



Reformation Brewery



IACHT Health



D&J Plastics

**CHECK THE WEBSITE  
FOR OPEN NOMINATIONS  
LATER THIS SUMMER!**

[Georgia.org/RockStars](http://Georgia.org/RockStars)

From technology, manufacturing and agriculture to tourism, film and the arts, Georgia's small business ROCK STARS are recognized annually by the state for their outstanding and innovative business practices. Any type of small business employing under 100 is encouraged to apply. Nominate your own company or another great Georgia small business. Check the website for open nominations later this summer at [Georgia.org/RockStars](http://Georgia.org/RockStars).



Georgia Small Business  
**ROCK STARS**







Funded in part through a cooperative agreement with the U.S. Small Business Administration.



## The University of Georgia

Dear Georgia Entrepreneur:

The University of Georgia is committed to not only educating the students on our campuses, but to improving the economic vitality of Georgia throughout the state. Helping entrepreneurs succeed, wherever they are located, is part of that commitment. In UGA President Jere Morehead's recent State of the University address, he made the following comments:

"This University, with land- and sea-grant missions, exists in large part to serve the state we proudly call home—to expand leadership capacity, to promote prosperity, to address pressing challenges. This is our sacred promise, and the final part of today's address will reveal our steadfast commitment to ensuring that promise is fulfilled.

The University of Georgia has long been a catalyst for economic development in Georgia. Consider for a moment the University's Small Business Development Center (SBDC)—born 40 years ago as one of the first centers of its kind in the nation and now boasting 17 offices across the state. The performance metrics associated with this program are staggering. In just the last 10 years, the SBDC has helped nearly 3,400 entrepreneurs start their own businesses. Over the same period, SBDC clients have created more than 20,000 new jobs and obtained access to over \$800 million in capital.

These statistics make it clear: the small business community throughout Georgia—arguably the backbone of the state's economy—relies heavily on the expertise and resources of the University of Georgia. With highly effective service and outreach programs, such as the SBDC, strategically positioned around the state, it is easy to understand why UGA's estimated annual economic impact on Georgia now reaches \$4.4 billion."

The University of Georgia has maintained this commitment to the small business community for the past 40 years, and we will continue to do so. In partnership with the U.S. Small Business Administration and six of our sister institutions within the University System of Georgia (Georgia State University, Kennesaw State University, Clayton State University, Valdosta State University, Georgia Southern University and the University of West Georgia) the University of Georgia SBDC offices will remain the state's primary provider of educational resources to help small business owners and prospective entrepreneurs follow their dreams and achieve economic success.

Thank you to *Georgia Trend* magazine for publishing this Small Business Guide as a means to inform the small business community about the possibilities of business ownership and the array of resources available to help.

Sincerely,

Allan Adams  
State Director

[www.georgiasbdc.org](http://www.georgiasbdc.org)





By Terri Denison  
Georgia District Director  
U.S. Small Business Administration

# Just Got An Idea . . . Or Ready To Grow?

## There Are Programs & Resources To Help

**O**ne of the SBA's greatest strengths is its range of programs and resources. This array offers a true continuum of assistance for individuals and small businesses from pre-venture to long established firms.

Individuals looking to start a business can begin by contacting one of our resource partner organizations — SCORE, a Small Business Development Center (SBDC) or a Women's Business Center. These entities provide one-on-one consultation at no cost and modestly priced training on topics such as assessing the feasibility of a business idea, developing a business plan, legal organization and preparing for business launch. Once a business owner gets the venture off the ground, working with these organizations can and often continues as challenges and opportunities occur with the firm's growth and maturity.

Another important SBA resource for business enterprises at various stages of development is our website, [www.sba.gov](http://www.sba.gov). For those in the preliminary stages, there is an assessment tool, "Is Entrepreneurship for You?," to determine how ready you are to be a business owner.

Other topics covered by articles and blogs include "Write Your Business Plan," "Choose Your Business Structure" and "6 Low Cost Ways to Test Your Business Idea." A business plan building tool is also available.

For those with growing and established businesses, the website offers articles on subjects such as "Growing Your Business," "Business Guides by Industry" and "Exiting Your Business," which addresses the importance of having a business succession or exit strategy.

The SBA website offers a wealth of information and tools related to financing and grants along with government contracting. It also houses an online Learning Center with over 50 short courses covering topics related to business startup, growth strategies, managing operations and financing. In fact, some prospective and new business owners find it beneficial to go through some of the learning modules to better prepare for counseling sessions with our resource partners.

The SBA capital access programs span the different stages of the business life cycle. The self-employed and microenterprises might start with an SBA microloan, up to \$50,000. For business financing needs between \$50,000 and \$350,000, there are SBAExpress and Community Advantage loans. As the company's activities build or it needs to consolidate its earlier, more expensive debt, SBA's standard 7(a) Loan Guaranty program can help.

A company ready to build or expand its own facility can go with the 504 program, which finances long-life fixed assets and support projects that create/retain jobs or meet other business and economic development objectives. As the result of recent legislation, 504 loans will now be available to refinance debt related to commercial real estate or long-life machinery and equipment, allowing business owners to take out existing equity to deploy elsewhere in the business. Both the 7(a) and 504 programs have a maximum loan amount of \$5 million.

For high growth companies, there is the Small Business Investment Company (SBIC) Program. SBICs provide loans and venture capital for entrepreneurial firms that do not fit the conventional commercial borrower profile.

SBA has established on its website LINC — Leveraging Information and Networks to access Capital. This referral tool facilitates small business borrowers connecting with participating SBA lenders. Prospective borrowers complete a short online questionnaire. The responses to that questionnaire are forwarded to participating SBA Lenders that operate within the small business' county. If lenders are interested in the referral, the lender and prospective borrower's contact information is exchanged. If a match is not made through LINC, the business owner can seek guidance from the SBA district office or an SBA resource partner organization.

Construction companies are often required to have a surety bond for bidding jobs. If they win the bid, they are required then to put up performance and payment bonds as insurance for the customer in case the company becomes unable to complete the construction contract. Therefore, the ability to establish and grow bonding capacity becomes a major determinant of these firms' overall ability to grow. Through its Surety Bond Guaranty Program, the SBA guarantees bid, performance and payment bonds issued by participating surety companies to smaller contractors who cannot obtain such bonds through the traditional market.

For small businesses engaged in scientific research and development (R&D), there are the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) programs. These programs offer startup and development grants to participating small businesses working on projects meeting the R&D objectives of participating federal agencies and have high potential for commercialization. The SBA oversees and manages these programs by coordinating with the participating agencies reporting the program's outcomes to Congress.

These are just a sampling of the SBA's offerings for prospective and current small business owners. From the first flash of a business idea to operating an established company, the SBA has programs, tools and resources to support your entrepreneurial endeavors.

# 2016 Small Business Person of the Year

Catherine Downey didn't find an easy way to success. She did find what works: hard work and dedication to a vision.



CATMEDIA photo / Brad Newton

By Bobby Nesbitt

**C**atherine Downey started her first business with “a pen and a legal pad” so she could work at home after her first child was born.

Today, she has four grown children and one of the fastest growing companies in Atlanta. She’s also garnered a hard-earned honor: she has been named Georgia’s 2016 Small Business Person of the Year by the U.S. Small Business Administration (SBA).

Along the way to success, she has had her share of ups and downs. But she’s received help from so many SBA programs, she considers herself a “poster child” for the organization.

Downey is the founder and CEO of CATMEDIA, a Tucker-based provider of creative services, strategic communications, training and program management for federal government agencies and corporations.

Downey founded the company in 1997 as CATVIDEO, later changing the name to CATMEDIA to reflect its expanding services. The company’s client list now includes some of the best-known federal agencies, such as the Federal Aviation Administration (FAA), the Centers for Disease Control (CDC), the Office of Personnel Management (OPM), Health and Human Services (HHS) and the Department of Defense (DOD).

Before starting on the long road to having her own successful business, Downey began her career in media as director of marketing and broadcast promotions for a Memphis-based television station.

“I was working 60 hours a week when I got pregnant with my first child,” she says. Her desire to spend more time with her baby launched Downey on her first entrepreneurial venture, a small regional advertising agency.

“I decided having my own business would give me more control over my time,” she says. “I would get up at 5 a.m. and work until my son woke up and then work when he took naps.”

Over the next six years, Downey had four children – two boys and two girls – and continued to work out of her home. “Fortunately, I was blessed with really easy children,” she says.

After a divorce, Downey moved to Atlanta in 1998 with her children. The company finally moved into its first office space in 2001 and grew steadily until around 2004. That’s when “we got clobbered by the economy and I had to move the office back into my house,” Downey says. But, 18 months later, the company had recovered sufficiently to move back into an office space.

CATMEDIA has been growing rapidly in recent years and now has 35 full-time employees. The company also utilizes a pool of 600 freelance artists and adjunct professors, who guide leadership management training classes for the company’s clients.

CATMEDIA’s rapid growth has been noticed: it was listed as one of Inc. magazine’s 500 Fastest-Growing Companies in America two years running. And recently, CATMEDIA placed in the top 10 of the Atlanta Business Chronicle’s list of the 100 fastest-growing private companies in metro Atlanta.



Downey has now set her sights on reaching the goal of \$50 million in revenue over the next three to five years. To accomplish this, Downey opened a sales office in Washington, D.C., and hired a company president, who is now spearheading the company's expansion into commercial sales.

"Currently most of our work is for federal agencies but by expanding into commercial work I believe we'll also be able to greatly expand our company," Downey says. "We aspire to be a great company – for our employees, our vendors and our customers. We've seen explosive growth, ranking among the fastest growing companies in the U.S., but we've been able to retain our exceptional customer rating."

The company has also opened a new entertainment division that is already working on a general audience film and a documentary about sex trafficking.

"We are looking at these two projects as a way to emphasize our company's overall commitment to high quality," Downey says.

Downey has set high goals for both projects. "We plan to submit the film to the Sundance Festival, expecting to have a winner, and we have a goal of having the documentary nominated for an Oscar," she says.

Downey says the company's big push into commercial sales and the new entertainment division are part of "our investing to grow," and she credits several SBA programs for helping her learn how to take her company to a higher level.

"I first became involved with SBA programs because I needed to learn about running a business," she says. "I was a creative person and not trained in business, but in 1999 – 2000, I wanted to ramp up the company and wanted to learn more about sales, so I turned to SCORE for advice."

SCORE is an SBA resource partner, a nonprofit association of thousands of volunteer business counselors throughout the United States. SCORE members are trained to serve as counselors, advisors and mentors to aspiring entrepreneurs and business owners. In Georgia, there are SCORE chapters in downtown Atlanta, in a number of metro Atlanta counties and in several other cities throughout the state.

Downey's contact with SCORE not only helped her learn more about sales but also led her to programs offered by other SBA partners. In 2005, she enrolled in the FastTrac program at the University of Georgia Small Business Development Center (SBDC). Now called the GrowSmart™ program, the course educates entrepreneurs on what is required to reach their vision.

"I knew that if I wanted to grow, I would need to know about running and growing a business and the SBDC program is what I needed," Downey says. "I'm a lifelong learner. You can't grow if you stay at the same level – you have to be open to learning. The SBDC program was very helpful."

Downey enrolled in another SBDC program in 2012 to put together a strategic plan for the company.

Downey has high praise for those who have helped her along the way, including Lloyd Atkins, director of the SBDC's Office of Minority Business Development. "Lloyd guided me through the 8(a) process and has assisted me in the development and implementation of strategic planning," she says.

Atkins considers Downey one of his star students. "Catherine is absolutely brilliant ... a visionary and a really good listener," he says. She is always open to receiving advice. She is willing to listen to what you have to say, then she processes it to get what she needs for her business."

Atkins first met Downey when she participated in SBDC's GrowSmart program. It was Atkins who helped guide Downey through the application process for the 8(a) Business Development Program, which helps small businesses get federal contracts.

"This federal program can be very good for small businesses but it is a tough market and very competitive," Atkins says. "Catherine has done it right and has been very successful with it."

Atkins has continued working with Downey on strategic planning for her company and continues to be impressed with her progress.

"I can't say enough about how pleased we are with Catherine's success," Atkins says. "She is a really, really smart lady. Her hard work, drive and vision has gotten her to where she is now and the future is whatever she wants it to be."

The SBA Emerging Leaders Program was another learning opportunity for Downey. This intensive seven-month training course specifically focuses on the professional development of executives of "second stage" businesses poised for growth.

Downey says her time in the Emerging Leaders Program and its CEO mentoring groups made her better equipped to lead her company. She graduated from the program as valedictorian in 2014, and is often asked to speak with potential candidates about the program.

"I became involved in the Emerging Leaders course just as my company was ready to explode with growth," Downey says. "The course was excellent and really helped me learn how to manage our explosive growth."

With the company growing, Downey decided it was time to get her own building. With the help of an SBA loan, she purchased a 6,600-square-foot building in Tucker. In March 2015, the company moved into the new facility, which includes offices and a studio for photography and videography.

Today, Downey's thriving company can be an inspiration to aspiring entrepreneurs, but she cautions other would-be entrepreneurs looking for easy success.

"Anyone thinking about starting their own business needs to realize it is not magic – just hard work and dedication," she says. "There were times it took everything I had to just get up in the morning and take that first step. I have taken some major hits and some days are really hard, but you must face the direction of your dreams every day."

"To be an entrepreneur, you really need to be fearless," Downey says. "You have to believe in yourself, be willing to take risks and work really hard. There are always people who will tell you 'you can't do it,' but you have to ignore the naysayers. There is no easy button to have a successful business. It's fun, and very rewarding, but it's not easy."

# These resources can help you get started ... or grow to next level

**T**he U.S. Small Business Administration (SBA) was created in 1953 as an independent federal agency to help Americans establish and expand small businesses. SBA delivers its services through an extensive network of field offices and partnerships with public and private organizations nationwide.

SBA's Georgia District Office is responsible for the delivery of agency programs and services throughout Georgia's 159 counties. It also maintains a website at [www.sba.gov/ga](http://www.sba.gov/ga) with access to online training courses, a calendar of upcoming workshops and events, SBA Georgia Small Business Resource Guide, and more.

The Georgia District Office is located in downtown Atlanta at 233 Peachtree St. N.E., Suite 1900-Harris Tower, Atlanta, GA 30303 adjacent to the MARTA Peachtree Center Station. Office hours are 8:30 a.m. to 5 p.m., Monday through Friday. Phone: 404-331-0100, Email: [georgia@sba.gov](mailto:georgia@sba.gov).

## Financial Assistance

The Georgia District is ranked as one of the nation's top producers of SBA backed loans to small businesses. In FY 2015, 1,980 SBA-backed loans were approved for Georgia small businesses, totaling more than \$1.3 billion. These loans were made by banks and other lenders through the agency's 7(a) and 504 loan programs.

The 7(a) program offers SBA guarantees on business loans provided by banks and other commercial lenders. Proceeds may be used to purchase real estate, machinery and equipment, inventory, working capital, debt refinancing and business purchase. The maximum 7(a) loan is \$5 million.

The 504 Program provides long-term (10 or 20 years) fixed rate financing for fixed asset projects to create and retain jobs as well as meet other public policy goals or community development objectives. Proceeds may be used to purchase commercial real estate or long-life machinery and equipment. The maximum 504 loan is \$5 million and up to \$5.5 million for small manufacturers. 504 loans are delivered through SBA-approved Certified Development Companies in conjunction with financing from commercial lenders. Borrower equity injection can be as low as 10 percent of the total project cost.

## Microloan Program

The SBA Microloan Program provides loans up to \$50,000 to help small businesses and certain not-for-profit childcare centers. Nationally, the average microloan is about \$13,000.

The SBA provides funds to approved intermediary lenders, which are nonprofit community-based organizations with experience in lending and technical assistance. These intermediaries deliver the program to eligible borrowers.

Georgia has five SBA-approved microlenders. Southwest: Albany Community Together (ACT) at 229-420-4600; North Georgia and Metro Atlanta: Access to Capital for Entrepreneurs (ACE) at 706-348-6609; Metro Atlanta: DeKalb Enterprise Business Corporation (DEBCO) at 404-378-1899; ACCION at 866-245-0783; and Southeast: Small Business Assistance Corporation (SBAC) at 912-232-4700.

## Surety Bond Program

The SBA can guarantee bid, performance and payment bonds for contracts up to \$6.5 million for eligible small contractors that cannot obtain surety bonds through regular commercial channels. The federal government as well as many state and local governments and private sector companies require bonding for construction and other service contracts.

For further information, go to [www.sba.gov/osg](http://www.sba.gov/osg), or contact the Georgia Surety Bond Guaranty Program Liaison, Melanie Bryant, at 404-331-0100, ext. 603.

## Counseling and Training Services

### SCORE

Free counseling, advice and low-cost training for future and current businesses are available through SCORE, "Counselors to America's Small Business." SCORE mentors are located at the SBA's Peachtree Center offices as well as other metro Atlanta area satellite offices. Other SCORE Chapters are located throughout the state, including in Columbus, Savannah, Middle Georgia and Albany.

SCORE offers counseling by email as well as in person. For a list of the SCORE locations, workshop schedules or an appointment to meet with a SCORE mentor, go to [www.atlanta.score.org](http://www.atlanta.score.org) or to [www.score.org](http://www.score.org).

### The Georgia Small Business Development Center Network

Small Business Development Centers (SBDCs) are another excellent source for counseling, technical assistance and training. With 17 locations around Georgia, there is an SBDC office within reach of every small business in the state.

Funded through a partnership between the SBA and the University of Georgia, the Georgia SBDC is one of the oldest and most successful small business support networks in the nation. To locate the nearest SBDC and discover the full range of offerings, go to [www.georgiasbdc.org](http://www.georgiasbdc.org).

### Women's Business Centers

Women's Business Centers, hosted by non-profit organizations, are designed to assist primarily prospective and current female business owners. These Centers seek to "level the playing field" for women entrepreneurs, who still face unique obstacles in the business world to help people start, grow and expand their small businesses.

There are two SBA-funded Women's Business Centers, both situated in the metro Atlanta area. The EDGE Connection is located in Kennesaw, phone 770-499-3228 and website [www.theedgeconnection.com](http://www.theedgeconnection.com). Access to Capital for Entrepreneurs (ACE) Women's Center is located at 10 College Street Northwest, Norcross. For more information call 678-335-5600 ext 114, or visit [www.aceloans.org/ace-womens-business-center/](http://www.aceloans.org/ace-womens-business-center/)



### Women's Business Development

In addition to Women's Business Centers, a Women's Business Ownership Representative is located at the SBA District Office. She can advise business owners about programs tailored specifically to the needs of women-owned businesses. Call Charlotte Johnson at 404-331-0100, ext. 405.

### Export Assistance

Special loan programs, along with counseling and education, are available for businesses involved in or looking to begin exporting.

An SBA senior international trade specialist is based at the Atlanta U.S. Export Assistance Center (USEAC), a partnership with the SBA, Export-Import Bank, the U.S. Department of Commerce, and the State of Georgia. The USEAC is located in Midtown Atlanta at 75 Fifth St., N.W., Suite 1055. Another USEAC is located in Savannah at 111 E. Liberty St., Room 202.

### Veterans

For veteran-owned businesses, the SBA has a local Veteran's Affairs Officer to connect veterans with business development assistance and resources. Call Jorge Valentin-Stone at 404-331-0100, ext. 609.

### 8(a) Business Development Program

Through its business development program known as the 8(a) Program, the SBA assists small businesses owned and controlled by socially and economically disadvantaged individuals. Participating businesses must be able to provide a product or service that is purchased by an agency of the federal government.

Interested firms are strongly encouraged to attend the 8(a) Program orientation workshop held the second Wednesday of each month at the SBA District Office. To register for this free workshop, go to [www.sba.gov/ga](http://www.sba.gov/ga) and select training calendar. You may also obtain additional program information and access to the online 8(a) Program application at [www.sba.gov](http://www.sba.gov).

### Historically Underutilized Business Zone (HUB Zone) and Women-Owned Small Business Certifications

The Historically Underutilized Business Zones (HUBZone) certification helps small businesses in economically distressed communities gain preferential access to federal procurement opportunities. The Women-Owned Small Business (WOSB) certification program authorizes contracting officers to set aside for women-owned businesses federal contracts in industry classifications where these businesses have been underrepresented in awards.

Details can be found under "Contracting" at [www.sba.gov](http://www.sba.gov).

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# Is It Time To Pass The Torch?



## For a Small Business Owner It May Be Easier Said Than Done

By Lloyd Atkins

In his 1961 inaugural address, President John F. Kennedy put America and other nations of the world on notice that “*A torch has been passed to a new generation of Americans.*” What most of us who have heard the speech only remember is how eloquent the words sounded without really thinking about how difficult it would actually be.

This is true for successful small business owners as well. It is not uncommon for the president or principal owner to work hard building and growing his or her business only to realize that perhaps the torch needs to be passed. In most cases there is no formal succession plan in place. The answer may be in bringing in a talented outsider to run the company.

Few small business owners have all of the knowledge and skills required to position the company for sustained long term growth. While hiring outside management talent may be the solution, the business owner needs to first consider a number of factors:

- Is the timing right? Is this the best move for the company or for me?
- In the case of a family owned business, will an outsider be willing to enter a situation with a number of unknowns such as internal family politics or level of authority issues?
- Can the right person be found?

Small businesses often face a number of challenges in recruiting and successfully hiring an outside manager. But there are steps the business owner can take to ease the process:

- The small business owner should first try to put him or herself in the candidate’s shoes by asking questions such as “Will I have all of the necessary authority to be effective?” or “Will I be paid fairly?”

- Consult with and consider hiring an executive search firm to help in your recruiting effort.
- In family owned businesses, key family members should be consulted and their views considered about bringing in an outsider.

Once a final candidate has been identified and screened, the interview phase of the hiring process should include:

- A complete and open discussion of level of authority and amount of compensation to be paid to the new executive.
- An emphasis on the benefits of working for a smaller company, especially when the candidate is being recruited from or has Fortune 500 company management experience.
- Make sure the candidate understands that promotions and rewards will be based on talent AND performance.
- Include other key management or in the case of family owned businesses, key family members in the interview process.
- Conduct a thorough background check. Resume and credentials fraud is very widespread in today’s workplace. An executive search firm will be able to assist in this process.

The formal offer of employment should spell out in very specific terms salary and benefits with the idea of making it as attractive as practical. Some suggestions may include:

**Offering a market rate salary:** In some small businesses it may not be possible to match a potentially high market rate salary dollar for dollar but the offer should be at least in the salary range for that position.

**Benefits package:** Small businesses and closely held family businesses are well suited to offer individual and customized benefits packages. The business owner may want to contact a benefits consultant before offering a specific benefits package.

After the right person has been hired, the small business owner can further increase the chances of having a smooth transition by taking the final steps in the recruitment process:

- Maintain an open line of communication — make sure the new hire has access to you and other key management members.
- Establish a breaking-in or trial period for the new executive.

Indeed, it may be time to pass the torch but it will only be successful if a well-developed succession plan is put into place.

Lloyd Atkins is director of the UGA SBDC’s Office of Minority Business Development.



# Business loan application tips borrowers can take to the bank

By Ballard Betz

**W**hether it's to start, operate, expand or acquire a business, capital is required. Just how much is available, and what it will cost depends on each business's unique situation and the personal financial position of its ownership.

These two factors are so important that they find their way into the starting lineup of every loan application. Borrowers who have a good understanding of these requirements can more successfully present a complete package to their banker. I know many terrific commercial lenders, and while each of them outshines me in the virtue of patience, they do expect applicants to be respectful of their time.

That being the case, here are some loan application tips that borrowers can take to the bank.

- Check your credit – If your score is less than 650, the first step before applying for a loan is to improve your personal credit.
- Gather your documentation in advance – Print out all pertinent financial statements as of the last day of the prior month. You'll need these to complete the application.
  - a. bank (checking and savings)
  - b. mortgage (all residential and commercial)
  - c. retirement (Roth and Traditional IRAs, 401Ks, and SEPs)
  - d. life insurance (whole life with cash value)
  - e. marketable securities (CDs, stocks, bonds, mutual funds)
  - f. automobile (car, boat, RV, ATV, plane, etc.)
  - g. credit cards (and other lines of credit)
  - h. tax returns (three years of personal and business)
- Prepare a business plan with financial projections – This is often the most daunting task for a borrower, but it doesn't have to be with the help of a UGA Small Business Development Center (SBDC) Consultant. A lender is looking for:
  - a. how the loan proceeds will be used
  - b. market research grounded in reality
  - c. an assertive, but doable marketing strategy
  - d. realistic forecasted income statements, balance sheets, and cash flows
  - e. ownership and management resumes
  - f. applicable licenses and contracts

Remember, bankers want to loan money. It's how they get paid. A borrower's job then is to ease the lender's review process by presenting a clear and concise case for a) why the business needs the money, and b) that repayment on schedule will not be a problem.

*Ballard Betz is a business consultant with the Rome/Dalton office of the UGA SBDC.*



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# 3 Ways to Organize Your Sales Team for Success

By Tres Crow

One of the most common mistakes early stage entrepreneurs make is assuming that their product or service will “sell itself.” With very few exceptions, this is almost never the case; sales success is usually the combination of hard work, persistence, and having a well-organized sales strategy.

One of the key reasons the “selling itself” myth is so persistent is that many entrepreneurs aren’t really sure where to begin setting up a sales organization. The task seems so detailed and daunting, that they shove sales strategy into the background until months later when sales are sluggish and they’re having cash flow troubles.

The good news is that there are a few tried and true ways to set up your sales organization for success. There are certainly more ways than the three discussed here, but these are a few of the most common ones.

## Marketing Only

One of the trendiest sales strategies is not even technically a sales strategy ... it’s a marketing strategy so efficient that new customers flock to the product or service without a sales force. This is commonly employed by app companies, Software-As-A-Service (SaaS) companies, e-tailers or direct-to-consumer product companies.

There are two primary types of Marketing Only strategies:

**Outbound Marketing:** Often confused with “advertising,” Outbound Marketing is a strategy that puts your business in front of an audience whether they’re interested or not. Examples include: cold calling, traditional advertising, direct mail or flyers.

**Inbound Marketing:** This strategy requires a level of “buy-in” from the prospective client, like following a Twitter account, “Liking” a Facebook page or subscribing to a newsletter. Sometimes called content marketing, Inbound Marketing is when a company uses different media sources (like social media, newsletters, SEO, websites, blogs) to promote their products or services. With Inbound Marketing, the customer is giving permission to be marketed to.

## Marketing-Sales Combination

One of the most common — and most powerful — ways a company can drive sales is by combining an efficient marketing strategy (like blogging, SEO or cold-calling) with a well-trained sales force that is prepared to take advantage of the incoming customers. Splitting up responsibilities between marketing and sales exists along a continuum between two extremes:

**Call Center Model:** This model works well for products and services that are inexpensive and have a short sales cycle (like small



insurance policies or easily understood consumer products). In this model, the sales force is integrated with marketing, making them the logical end of the strategy. Call Centers are the most common example of this model, with cold callers following up on marketing efforts to make over-the-phone sales.

**Dedicated Sales Model:** One of the most common ways companies split marketing and sales is to have dedicated sales representatives who close deals arranged or facilitated by marketing. Think of the way the average bank is organized, with tellers, advertising and other outbound marketing efforts referring potential clients to the Financial Service Representatives who close the deals.

## Sales Only

This is the most common way that small businesses organize their sales strategy. With most marketing strategies financially out of reach, time-consuming, or hard to understand, many small business owners default to either hiring a dedicated sales representative, or doing it themselves. A Sales Only strategy pays little attention to marketing the product or service; the sales reps are expected to generate all their own leads. This can be an effective strategy for business-to-business (B2B) companies, since many marketing avenues are geared toward consumer products.

With so many things to juggle when starting a new business, developing a sales strategy is often overlooked, but having an effective sales strategy from the beginning can help your business achieve profitability faster and save you a ton of headaches later.

*Tres Crow is a business consultant with the UGA SBDC at Georgia State University.*





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# Monitor These Four Critical Areas of Your Business

By Michael Myers

**A**s a business consultant with the University of Georgia SBDC, I meet with many entrepreneurs looking to open a business of their own. They often are overwhelmed by all the details of getting their business up and running. I completely understand how they feel, because by night, early mornings and weekends, I am also a small business owner. My wife and I own two Supercuts Salons.

Recently, a quote by John L. McCaffrey, past president of International Harvester Company, has been in the forefront of my thoughts. What he said is: “The mechanics of running a business are really not very complicated when you get down to essentials. You have to make some stuff and sell it to somebody for more than it cost you. That’s about all there is to it, except a few million details.”

I reflected back to when we first started our salons. McCaffrey was right, there were a million little things that as small business owners we needed to

address. I remembered when we first got started how overwhelmed I felt thinking of all the details that needed to be addressed every day. “Trial and error” taught us that on a daily basis we needed to pay attention to only four things:

- 1) Daily sales** – Compare service sales, product sales and customer counts to the same day of the week versus the prior week and the prior year. For example, compare the first Monday of February 2015 to the first Monday of February 2016 to understand the sales and customer-count trends. This is important for marketing as well as for customer retention. In the salon business, sales tend to be greater on weekends, thus comparing the same day of the week provides the most accurate picture. You don’t want to avoid bad news, so the sooner a trend is noticed, the sooner you can take a corrective action.
- 2) Daily Labor** – In most organizations, including both small business and large Fortune 500 organizations, total human capital costs, also known as total cost of workforce, average nearly 70 percent of operating expenses. While an organization’s total cost of workforce percentage may vary, with few exceptions, these costs remain the single biggest organizational expense. We have found this to be true in our salons as well, knowing where we stand on a daily basis allows us to adjust schedules in a timely manner.
- 3) Verifying cash and credit card deposits** – Verify that credit card and cash deposits made it to the bank in the appropriate time frame and that the totals the bank shows matches your daily sales report. Addressing discrepancies early on allows you to make corrections while memories of those involved are fresh in your mind. If theft or embezzlement issues arise, timely information allows you to minimize the losses. My philosophy is “your team will respect what you inspect.”
- 4) Cash Flow Sheet** – What is most important is that you are updating your projections every time something happens in your business that affects your cash flow. For example, no sales for a day or two because you closed due to weather. Establishing a format that

makes it convenient for you to quickly update your cash flow sheet is more important than adhering to some predetermined schedule. The cash flow statement is the most important financial tool.

As a small business owner, your success or failure will be determined by your ability to be productive – “you have to make some stuff and sell it to somebody for more than what it cost you.” As I tell my clients, if you monitor these four critical areas daily, you will have a pulse on your business that allows you to make timely decisions that will help you to prosper.

*Michael Myers is a business consultant in the Athens office of the UGA SBDC.*





# Can I Export My Products .... and Where?

By Bob Erwin

**A**merican companies make excellent products; they really do. And many of these products are sold all over the world, but some never leave the country. There are several reasons things can or cannot be exported, including their price, overseas demand, technical competitiveness, and sometimes a company's own willingness or reluctance to undertake the export process.

Are you curious about your export prospects? A definitive answer requires some careful research and planning, but fortunately, there are some online tools to help you quickly check your product's export potential. These tools examine global trade data and show if what you make can be exported, where to, and in what quantity.

To understand how these databases work, you first need to know where the data came from. Back in 1988, the World Customs Organization devised a six-digit numbering system for virtually every type of product called the Harmonize System, or HS for short. It brought much-needed order to the chaotic worldwide tariff system (tariffs are basically taxes imposed when goods enter a country). The HS system allows companies to use their code to look up overseas tariff rates for their products. Here's one place you can look up your HS code number: HS Code keyword lookup - <https://uscensus.prod.3ceonline.com/>

Nowadays, virtually all customs entry data is collected and put into a computer database. Then, several organizations, including the UN, collect and sort it and put it online so that you can study the international trade patterns for your product. Here are a couple of the websites:

## 1. Trade Stats Express:

<http://tse.export.gov/TSE/TSEhome.aspx>  
This website is really easy to use, and in just a few minutes you can get a basic understanding of global trade patterns for your general product type.

## 2. Trademap: <http://www.trademap.org/>

This website, run by the United Nations, provides much more precise data with graphs and analysis, but it is also more complicated to use. You can sign up for one free week of access.

So what can these two websites tell you? To begin with, which countries are importing the type of product you make, the value of these imports, where they are coming from, and even the trend for this business over recent years.

The trend is especially telling, since it shows if the American-made products are gaining or losing market share, and thus are or are not competitive. Trademap can also generate all sorts of analytical maps and charts to help you easily spot trends and opportunities.

The UGA Small Business Development Center's webinar site [www.Export-U2.com](http://www.Export-U2.com) explains more about how to use these and other websites and understand the data they provide. And if you are a Georgia company, the UGA SBDC can also assist you.

*Bob Erwin is a business consultant with the UGA SBDC's International Trade Center.*

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# Three Types of Small Businesses:

By Alisa Kirk

**Y**ou have a small business but you're not making a profit and haven't in some time. You may have an employee or two, and you pay them before you pay yourself. You either aren't paying yourself or are paying less than you could make working for someone else. You may be adding your own money to the business to keep it afloat. There is a name for your type of business: a hobby.

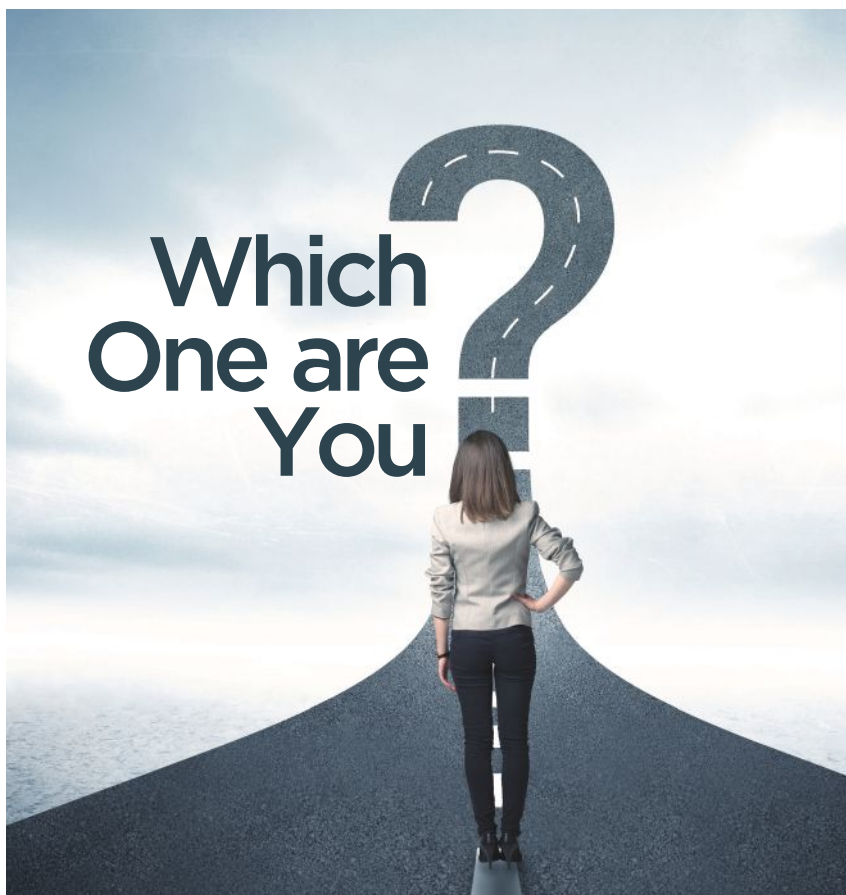
How do you turn a "hobby" into a viable business? First you must find the fundamental flaw in the business model. A business model looks like this: You sell \_\_\_\_\_ to \_\_\_\_\_ for \$\_\_\_\_\_ amount. Customers hear about it here: \_\_\_\_\_, and you care for these customers like this \_\_\_\_\_. The product/service costs \_\_\_\_\_, which involves resources, money, employees and partnerships. Revenue minus costs yields a profit.

If you have a hobby, the flaw has to involve a kink in one of the elements above: not enough people need/want what you sell, you're not reaching them, you can't charge enough to cover all costs and yield a profit, or you can't sell enough to cover costs and yield a profit. You may be able to fix the flaw(s) to turn the hobby into a real business, but it involves taking a hard, honest look at the model.

The second type of small business makes a profit (most of the time). There may be more than just an employee or two, but your involvement in the day-to-day operations is crucial. You probably pay yourself a decent salary and may even have a little money left over for growth. You can't take a vacation (at least a decent one), and your employees, while hard working, rely on you to oversee operations.

You grew for a while but may have stagnated now. You're making a healthy profit, but not one that allows expansion, and you're not sure you want to expand anyway because you personally can't do more than you're doing now. If only you could find the right people! Let's face it, this type of business is a job replacement. You have replaced working for someone else with working for yourself.

## Which One are You



Some people are happy with a job replacement and can't see anything else in their future. That's fine – they have found the perfect job working for themselves. This business isn't poised for significant growth, though. This business has found a workable business model but doesn't have systems in place that would allow it to expand and grow. It's usually a circle: owners can't break away from day-to-day operations long enough to develop the systems, but without the systems, the owners won't have time to break away. To move from the job replacement business to the next level, you have to make time to work on the business.

The third type of small business is poised for (or is) growing. This business has a viable model, systems in place to support the growth, and a real plan for growth. These are the businesses that can be duplicated elsewhere (franchised, licensed) or expanded. The owners of these businesses are truly entrepreneurs.

Can you progress from a hobby to a job replacement? Maybe, if you go back to the drawing board and find a model that works. Can you progress from a job replacement to a growing business? Maybe, if you can let go and take the time to develop the systems for growth. Start with one question for yourself: which one of these are you, and what do you truly want to do?

*Alisa Kirk is area director of the UGA SBDC at Clayton State University.*



# Don't Overlook These Issues When Buying a Small Business

By Peter Williams

**T**he “boom” in the number of Americans reaching retirement age is driving an increase in the number of small businesses being sold by owners wishing to retire. As a result of this trend, I and my fellow consultants at the University of Georgia Small Business Development Center (SBDC) work frequently with clients wanting our help in the acquisition of one of those small businesses.

I want to discuss three concepts that sometimes get overlooked or receive inadequate attention from buyers operating in “unfamiliar territory.”

In virtually all transfers of ownership of small companies, the buyer finances the transaction with borrowed money – banks, the seller and family members are common sources. Business loans of this kind require an equity injection (down payment) by the borrower, which leads to the topic of return on equity.

It's natural for a first-time acquirer of a business, in the excitement of putting the deal together and completing the loan approval process, to stop their analysis once the loan commitments are received. However, that is the time to take a final hard look at the most important acquisition criterion – estimates of the 5-year and 10-year returns to the owners on their investment. You know the capital structure, you've made reasonable operating projections; so...what's in it for you?

The process of conducting due diligence on an acquisition is analogous to the business planning process for a new business. Although in a way it appears simpler because the business is in existence and presumably has a successful track record, the process of verifying that track record can be complicated.

When combined with the necessity of being forward-looking as an acquirer

– after all, you're excited about how you'll be able to grow your business – the task is a large one. I have seen many examples, though, when asking that one additional question unearthed an issue that would otherwise have been unknown until after the closing and which cast the opportunity in a meaningfully different light. Get professional help, and probe, probe, probe.

The third important but sometimes overlooked issue is existing employees.

If a small business has several employees, especially employees of long standing, they're probably nervous about the change in ownership. They'll have a new boss, and they don't know anything about you, your values, aspirations, vision or plans for the company (or for them). Every situation is unique, but my advice is to meet with everyone as a team to communicate your positive message about the future.

You should also meet with everyone individually to begin to build personal rapport. You want your vision and mission for the company to be well known to the team – they probably have some great ideas they can share with you as well, and at least some of them may be looking at the change in ownership as an opportunity to blossom personally. Take their “temperature” and create lines of communication you can use.

*Peter Williams is a business consultant in the Macon office of the UGA SBDC.*

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# 'Leap Of Faith'

## Dead-on financial projections lead to success for Atlanta Movie Tours startup

Carrie Burns

Atlanta Movie Tours

By Jennifer Giarratano

Moving a small business from startup to growth mode requires a leap of faith, hard work and difficult, strategic decision-making. Carrie Sagel Burns has the “leap of faith” part down, regularly suspending disbelief in thousands of visitors who ride around Atlanta in buses guided by former zombie extras, an actress portraying author Margaret Mitchell or character actors from “The Hunger Games”.

She also knows something about running a small business. So within a year of launching Atlanta Movie Tours, she and her partner were pouring over income projections and developing a growth strategy with business consultant Erica Bracey of the UGA Small Business Development Center (SBDC) at Georgia State University.

Burns comes from an entrepreneurial family. So after college and marriage, she joined her husband in starting a website development company from their renovated loft in Castleberry Hill, on the southwestern edge of downtown Atlanta.

On the side, she found herself helping location scouts who came into the historic industrial/warehouse neighborhood looking for gritty, urban film settings. One of the better-known productions to use the area was AMC’s “The Walking Dead”, which now boasts millions of viewers.

“When friends would visit, they’d ask about “The Walking Dead”, so I’d take them on tours,” says Burns. “One night at a local restaurant opening, I told Patti Davis what I was doing. Patti’s reply was, ‘Let’s start a business.’”



Photo: Dot Paul

They built their first Atlanta Movie Tour around the route Burns had developed in 2012. They scripted it, hired extras and actors as guides and hired a charter bus. “We ran our first tour for media on March 21, 2012, and on March 31 for guests. It sold out,” she says.

She and Davis approached the University of Georgia SBDC in 2013. “We had opened our retail shop in Castleberry Hill,” says Burns. “We were definitely seeing growth and were looking for someone who had the tools to help us run our projections, develop our business plan and put us in touch with the right lenders.”

Burns was familiar with the UGA SBDC and had, in fact, referred other friends with small businesses to the Georgia State office. “This time, we needed help,” she admits.

Their first challenge was to put together aggressive, realistic income projections. “They were running such a new, innovative business that there wasn’t really a road map for them to follow,” says Bracey.

“This impacted the projections. They had to ask, ‘How aggressive can we really be? How many tours can we run?’ There’s not a business like it in the Atlanta market. And because there was nothing else to

follow, it made it more challenging to create, grow and build.”

In 2013 Atlanta Movie Tours had two employees and \$170,000 in revenue. In 2015 it closed with more than \$800,000 in revenue – nearly 300 percent growth – and 24 employees. It was named an Atlanta Magazine Best of Atlanta in 2014 and Creative Loafing Best of Atlanta in 2015 and was awarded two TripAdvisor Certificates of Excellence. And in 2016 Burns purchased her first tour bus.

Burns continues to work closely with Bracey on marketing and strategic planning. They recently worked together to secure a small business loan for working capital that allowed Burns to expand her office, tour offerings and merchandise.

“Erica has been amazing,” says Burns. “Without a strategy, you’re throwing darts at a dart board. I keep going back to those projections and updating them on a regular basis because they are so helpful.”

“Carrie has survived the startup phase and is on a rocket trajectory,” says Bracey. “She has figured out how to make this business work. Now I’m simply assisting her as she manages its enormous growth potential. Atlanta Movie Tours is perfectly positioned to take advantage of everything that’s happening in the ‘Hollywood of the South.’”



# Helping People

Sound business practices help Athens medical practice expand into underserved areas

By Jennifer Giarratano

**D**r. Ram K. and Aru Reddy are in the business of “helping people feel better when they need it the most.” Partners in an enterprise that adds urgently needed medical care to underserved communities in northeast Georgia, this husband and wife team is also steadily adding to the employment rolls of the small cities and towns they serve.

Reddy Urgent Medical Care Centers operate in Athens, Royston, Danielsville, Hartwell and Monroe. They started with four employees at Dr. Reddy’s first practice in Royston in 1984 and now have nearly 90.

“It is good to feel like you’re contributing to your community by offering jobs to so many families,” says Aru.

And through the years, they have frequently turned to the University of Georgia Small Business Development Center (SBDC) for a broad range of assistance, from learning how to do financial projections to help with site location, marketing and employee satisfaction surveys.

They opened their first urgent care center in Royston in 1996 by adding an additional wing to their practice. “We noticed that although our primary care services were doing very well, our patients asked if we could be open later hours,” says Aru.

When they were ready to open their next urgent care center, they called Laura Katz, area director of the Athens office of the UGA SBDC. “We were ready to open a new facility and had narrowed our location down to Milledgeville and Monroe,” says Aru. “She helped us do feasibility studies and, based on those recommendations, we opened in Monroe.”

“Urgent care depends on drive-by traffic,” says Katz. “After they picked a couple of addresses, we looked at the demographics, they pinned down their choices to a couple of locations, and we looked at traffic counts. Then they selected a location.” Katz also helped Aru produce their business plan.

The Monroe center added nine employees to Reddy Urgent Care Centers. And they now treat 600 patients



Photo: Blane Marable

**Dr. Ram K.  
and Aru  
Reddy**

**Reddy  
Urgent  
Medical  
Care  
Centers**

a month, says Aru. “It takes most medical clinics three years to break even,” says Aru. “We are profiting within our first year, and we get great comments from our patients.”

Katz says she believes there are two solid reasons this entrepreneurial couple will continue to succeed in bringing good medicine to more Georgians.

“Dr. Reddy is one of the most empathic, caring people I’ve met,” she says. “They’re both very focused on the customer experience, and they work hard to provide their patients excellent customer service.”

“And Aru is a lifelong learner,” Katz continues. “She and her staff attend our programs, most recently our class on Medical Practice Profit Drivers. She and Ram are always looking for more information, run ideas past me and use me as a resource for their business. Her drive to learn has helped them grow and be successful.

“We give them the quantitative data they need to make sound business decisions, and they keep coming back when they need more information. They’ve learned to rely on their SBDC consultants.”

# Lessons Learned

Knowledge gained in practice rotation program helps veterinarian open own practice

By Jennifer Giarratano

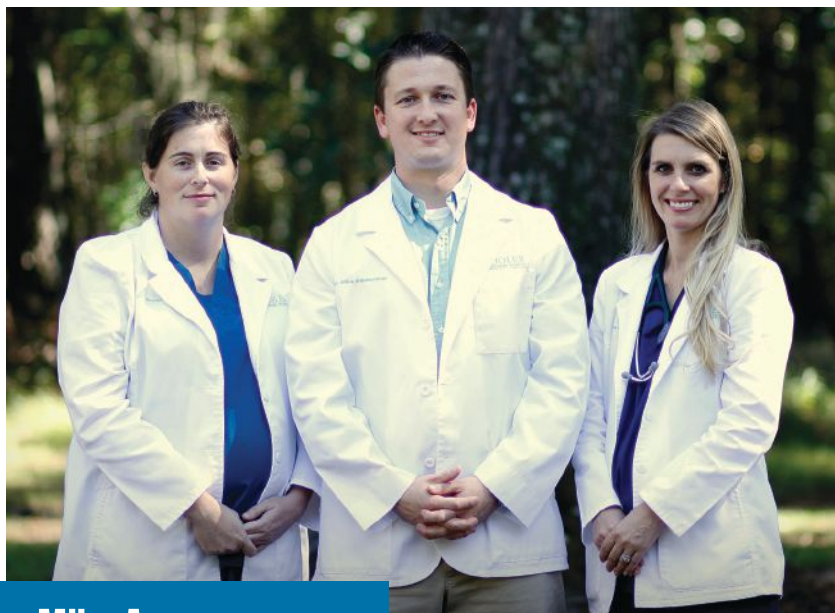
Veterinarian Mike Ammermon was a senior in the University of Georgia's College of Veterinary Medicine when UGA Small Business Development Center consultant Jeff Sanford started teaching fourth-year vet students a new curriculum on core business principles in 2008.

The program, still going strong, includes a practice management rotation that brings these students together with veterinarians who own practices to examine their operations and identify opportunities for improvements.

"A friend, Marcus Harden, and I were the first two vet students to do a rotation with him," says Ammermon. "Through Jeff, we were exposed to a lot of the business side of practice that most people going through medical training just don't receive." Sanford took them to a private practice where they conducted a valuation and told the owner his practice's value if sold.

This experience came full-circle for Ammermon five years later when he and his wife Myra – also a UGA veterinarian from the class of 2008 – decided to open a practice near Savannah.

"We were working in separate practices," says Mike. "Five years out, we had started a family and were trying to figure out how to juggle our careers and kids. We decided it was time to open our own practice. So we explored several ideas. We tried to buy property and build an office, but with no active clients, it was difficult to get financing for such a large loan."



**Mike Ammermon**

Pooler Veterinary Hospital

Mike Ammermon with his wife Myra, right, and veterinary hospital associate Jessica Hood.

The Ammermons had remained in contact with Sanford, who helped them explore various options. "He walked us through the entire process," Mike says.

"We talked many times before and after he got started," says Sanford. "I provided a spreadsheet for new practices that we used to budget his expected expenses. We also discussed his break-even point."

He provided a demographic study on the area to estimate the market for veterinary services. And they discussed staffing a new practice and bookkeeping with QuickBooks.

About two years after they began planning, the Ammermons opened Pooler Veterinary Hospital in a large home they leased and renovated.

Sitting on a couple of acres on a main road, the hospital has been successful from its first year. And along with Mike, the hospital employs two part-time associate vets and five technicians.

"Mike and Myra are wonderful doctors and well-liked. Their growth reflects it," says

Sanford. "And he has good business sense, too. They found a good spot, went in modestly – without much debt – and are growing the practice based on quality medicine and care. And because they planned and spent well, they are starting to see the rewards quickly."

Ammermon agrees. "Our revenues were 25 percent over what we'd projected our first year. And at this point, we're already ahead of our projected revenues. We're still in the growing phase and trying to be cautious, but we feel pretty secure about where we are."

And coming full-circle, Sanford has asked Ammermon for permission to bring a rotation of senior UGA vet students to his practice to analyze his financials and offer feedback.

"Jeff has been very helpful, and we're grateful to the UGA business department for allowing us this service – as a student and a practice owner," says Ammermon. "It is invaluable for a young, potential practice owner. We hope that they continue it."



# Simplifying Pays Off

Careful pre-planning helps complex industrial business secure an SBA loan

By Jennifer Giarratano

**R**od Meyer had worked in Minneapolis 25 years with the market-leading industrial x-ray imaging equipment company, rising to vice president of sales and leading a tenfold increase in capital sales, before the company was sold and narrowed its product line.

“The new company decided to focus on standard x-ray imaging systems. This decision opened an opportunity for us to start a company doing the same things I’d been doing, serving customers in the North America market who needed custom x-ray imaging systems,” he says.

Meyer’s sterling reputation among his customers and his willingness to strike a deal with his former employer to sell its standard equipment helped him decide to found Pinnacle X-Ray Solutions Inc. in April 2014, after he had moved to Suwanee.

But he had no capital equipment for his startup. So he went to the Bank of North Georgia to apply for a Small Business Administration loan.

“We needed to get capital equipment into our facility to perform demonstrations, applications and inspection services,” says Meyer. “The local bank led me to the University of Georgia Small Business Development Center (SBDC) to get help writing a business plan that I could take to the SBA to get the loan.”

And that’s where Meyer met business consultant Benny StaRomana, a consultant in the Gwinnett office of the UGA SBDC.

“It became clear that the bank would not approve the loan unless there was a solid document its officers could make their decision by,” says StaRomana. “He needed to simplify a complex business model in a way they’d understand.”



Photo: Dot Paul

**Rod Meyer**

Pinnacle X-Ray Solutions Inc.

During their first few meetings they focused on understanding and articulating Meyer’s business model. “After that we could comfortably generate his financial projections, which had to stand scrutiny by the most astute financial managers,” says StaRomana. “It was a pretty high bar to meet to get the bank’s approval,” he says.

StaRomana felt that an important part of the approval strategy was to get a face-to-face presentation with the bank before the application was submitted. So he arranged the meeting and coached Meyer on preparing for and making his presentation.

“Ultimately, Benny is the SBDC for us,” says Meyer. “He was very familiar on how the bank and the SBA required the business plan to flow with the financials. We took our original plan and modified it, with his guidance, to show the banks what they needed to see. After our two-hour presentation, the bank officers said they had never seen a better presented, well-put-together plan than what Benny and Pinnacle had presented to them.”

Pinnacle X-Ray Solutions received an SBA loan of up to \$1.35 million that has allowed the company to purchase large capital equip-

ment. Pinnacle started with 5,500 square feet of manufacturing space in September, which has grown to 12,000 square feet in less than a year.

The loan has also enabled Meyer to hire additional professionals for mechanical and electrical engineering positions. “We started out with two employees and now have six, with plans to add up to three more people by the end of the year,” says Meyer. “We are doing phenomenally well.”

StaRomana says that Meyer had no previous entrepreneurial experience before he “got a crash course” in managing his first business – from marketing to operations to administration and overall management – as he prepared his business plan and presentation.

“Rod is a model to other entrepreneurs in that being open-minded to advice and coaching is important to all small business owners,” StaRomana says.

Meyer agrees. “To get to the next level, you need help. We are very grateful for all the work the SBDC has done for us through Benny. And I recommend that any small business contact the UGA SBDC to see how they can help.”

# Opportunity Calls

## Consulting and persistence move Carrollton manufacturer from manager to owner

By Jennifer Giarratano

**A** lost promotion gained metalworking foreman Toby Nichols an invitation to buy a business. He did not seek the opportunity, nor did he originally want it. But when he did his homework, he realized owning Chapman's Steel, a Carrollton metal fabrication and machine shop, would eventually pay off.

"The previous owner learned about the promotion and asked me and my wife to meet him for dinner. He said, 'I want you to come in and learn the business and buy it from me,'" says Nichols. He was asking \$2.1 million for the company and Nichols had savings of the \$150,000 in his 401K.

"I was doing well where I was, but didn't think I could pay for a business that size," Nichols says. "I looked at the financials and was not 100 percent sold." But he also recognized the opportunity. "So for two months I left my other job at the end of the day and worked nights at Chapman's before I decided to give ownership a shot," he says.

In August 2013, he began working with a local bank to secure a loan for the purchase. Banker Brian Hill suggested he contact Todd Anduze, area director for the UGA Small Business Development Center at West Georgia College, for help putting his loan package together.

"I had to come up with business projections, a business plan and things I wasn't used to doing," says Nichols. "We immediately got on it, and he helped me tremendously."

"We helped Toby develop projections based on historical data. He had a feel for the operations of the company, and we explained the 'why's' for the projections," says Anduze. "He was coming into this business as a manager, not necessarily as an owner. Transitioning to owner was big for him."



**Toby Nichols**

Chapman's Steel



Photos: Matt Fortson

Anduze helped Nichols complete the loan package, the business plan and three-year financial projections. He also consulted with him during the lender evaluation.

The bank denied the loan in March 2015. "After I'd worked with Todd over a year trying to get all the information together, they said I didn't have enough money to do the loan," says Nichols. "By then, Brian had moved to United Community Bank and told me, 'come to me, and we'll work it out.'"

Nichols gave Hill the loan package that April. They closed on the loan June 30. Nichols was able to purchase the company for \$1,750,000 and retain its eight employees. He has since promoted a shop supervisor so he can focus on marketing and customer retention.

"It's hard to change from manager to owner, but I've learned from the SBDC that to be an effective leader, I need to delegate authority and hold others accountable," he says. "And in seven months we've turned a profit, which is hard to come by when you're starting out."

Anduze has since worked with Nichols to develop an employee safety manual. He conducted a mock OSHA inspection and helped Nichols understand what the company needed to do to be OSHA compliant. They have also worked on operating logistics and an employee handbook.

"Todd has been a ton of help. Any time I've had to call him, he's pretty quick to call back," says Nichols. "Now he's helping me develop from manager to owner, to delegate authority and hold others accountable."



## A 4-Year Hit!

Sound financial planning at launch lands funding and sale for Kennesaw startup

By Jennifer Giarratano

Tech-savvy entrepreneurs develop a good idea into a startup company that they nurture into a multi-million dollar acquisition target almost overnight. This is the stuff dreams – and movies – are made of today.

Yet RazorInsights co-founder Reed Liggin knew that taking a company from vision to sale requires a firm knowledge of business fundamentals and expert consulting support. So when he and his partners sought seed money for their hospital electronic health records business, they contacted Consultant Andy Fried at the University of Georgia Small Business Development Center (SBDC) at Kennesaw State University for help.

Four years later, Liggin contacted Fried again to express his gratitude for his advice and assistance, announcing that the SBDC had helped put them in position to launch, grow and ultimately sell the company to Athenahealth for an eight-figure price tag.

“I couldn’t have done it without you,” he told Fried.

Liggin and his partners had originally planned to build an electronic health record system to serve small hospitals. But as the market dynamics changed, they ended up building a major system that supports activities from billing to medical records to clinical health departments.

“We continued to modify and adapt our original business plan as market forces changed and wound up with a system that serves 32 departments in a hospital,” says Liggin. “Small business owners should anticipate that their business plans will change.”

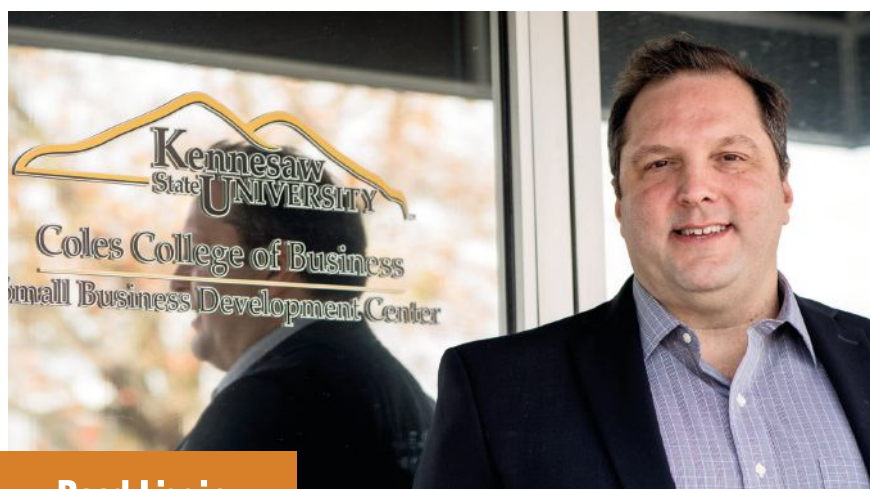


Photo: Dot Paul

Reed Liggin

RazorInsights

RazorInsights signed its first hospital client a month after launching in December 2010 and ended up with 25 hospital clients in 14 states before the company was sold in January 2015. Sales before its purchase were \$4.5 million. Employees had grown to 60 in the U.S. and another 60 in a development office the company had opened in India.

After the sale, Liggin joined Athenahealth as head of sales for its hospital technology division. He says he learned several important lessons while working with the UGA SBDC.

“Andy had the experience to validate my initial thoughts as to whether we had a viable business model,” Liggin says. “He showed us how to put together a business plan in a professional way that would attract investors. They want to see the startup layout completely, with financial projections, executive summary, overall business proposition and cash flow estimates. He was really skilled at helping us put all of our information together to present it to investors so

that it made sense and was in the format they look for.”

After they accepted a first round of private equity money in 2012, the private firm became deeply involved in the company, he reports, allowing them to lessen their reliance on SBDC services. But they remained in contact with Fried.

Liggin says he believes that no matter a startup founder’s level of experience, there are many benefits to partnering with the experts at the UGA SBDC.

“Even if you think you know exactly what to do, it’s very beneficial to have them involved,” Liggin says. “Their experience and their contacts are phenomenal. I wouldn’t do a startup any differently now. The SBDC was spot on.

“I may start another company someday and will go back to work with them then. Even though I know everything I know now, it was great working with the SBDC to put our plan together and to have an experienced set of eyes on what we were doing, what we were thinking and how to approach whatever market we would go into next.”

# Learning To Run

## Business essentials steer Cumming auto parts company into the fast lane

By Jennifer Giarratano

**B**rothers Kevin and Randy Redd make Ford and Chevy street cars both fast and “fly.” Their uniquely designed Concept One high performance pulley systems mount on an engine and drive all of its belts, improving power and maximizing performance.

In 2001 they began selling their systems and other product lines to hot rod muscle car enthusiasts through their Cumming business, Redd Manufacturing and Machining.

“My brother and I grew up pumping gas and washing windshields. We’ve enjoyed cars all of our lives,” says Kevin. His father owned an Amoco station that he transitioned into a Goodyear Tire and Service Center. In the early 1990s, he sold the center and built a business restoring old Corvettes.

While working on the cars, Kevin had an idea for an adapter part for their wheels and had it patented. He then decided he needed to learn how to make it and attended Lanier Tech to study machining. Randy was studying mechanical engineering at Southern Poly in Marietta. They needed machines, though, to make the part.

“We had ideas, but no money to buy the machines,” Kevin says. “We started designing and making racing parts for a guy in

Kennesaw, got the cash flow to buy some machines, and started our business working nights and Saturdays.”

By 1996 they were designing and manufacturing parts for their own company full-time. By 1997 they had turned to the Gainesville office of the University of Georgia Small Business Development Center (SBDC) for ongoing training and consulting support.

“Even though we grew up with our dad running small businesses, we were craftsmen – an engineer and machinist – and we needed help learning how to run our own,” says Kevin.

The brothers initially worked with consultant Ron Simmons, now a district director, who coached them on reading and understanding financials and how to do different types of cost accounting. “We originally helped them set up shop and do their basic accounting,” says Gainesville Area Director Bruce Cutler.

Through the years, the Redds took advantage of several SBDC courses including FastTrac®, Maximum Money and the SBDC Business Health Check. They also received ongoing consulting advice on adding product lines, accounting support, market research, marketing, social media and website improvements.



Christina Gaines Photography

### Kevin and Randy Redd

Redd Manufacturing  
and Machining

“The SBDC taught us how to pay attention to the numbers by picking out a few we want to watch,” says Kevin. “For me, it was watching our weekly and monthly production, which helped me make sure we’re getting out and meeting the goals we want to meet.”

Sales began to accelerate in 2010. “We were making good products and learned about marketing, how to advertise and use social media,” says Kevin. Their systems are featured regularly in online trade publications like [hotrodonline.com](http://hotrodonline.com), [streetlegaltv.com](http://streetlegaltv.com), [SuperChevy.com](http://SuperChevy.com) and [rodauthority.com](http://rodauthority.com).

The Concept One line leads Redd Machining and Manufacturing’s success, with seven full-time employees and more than a million dollars in annual sales. They also added a part-time marketing person. The company was recognized with the 2015 Entrepreneurs-Masters of Innovation Award from Featherbone Communitiversity in Gainesville, for which Cutler had nominated them.

“If we come upon something we need to do, we’ll certainly call Bruce,” says Kevin. “Over the years when we ran into something, the SBDC was good about being there. I feel they have been a great help and are always accessible.”



# Working 'On' Not 'In'

Digital entrepreneur sharpens own business practices by teaching

By Jennifer Giarratano

**G**arrett Massey's web development startup, Eyesore Inc., is in its fourth office since its 2007 launch, a historic Coca-Cola bottling facility in downtown Griffin. With nine full-time staff and annual sales showing 50 percent growth for 2015, the company would seem to consume all of his time and energy.

It does not.

Massey has mastered the art of working on his business rather than in his business after training and consulting with the University of Georgia Small Business Development Center (SBDC). And while expanding his firm's services, staff and sales, he has grown from a student in the SBDC's FastTrac Growth Venture® course to an instructor for Maximum Marketing® and a UGA SBDC event sponsor.

"I attended one of the very first Maximum Marketing® classes that Kyle taught in Griffin," says Massey. Consultant Kyle Hensel is now the area director for the UGA SBDC's Savannah office. "Later I would travel with him to places including Dublin and present material on search engine optimization at his courses. Kyle wanted someone working in the technology business to make these presentations to SBDC clients."

While teaching, Massey learns. "While my industry experience really helped me teach the SEO components of the course, my participation helped give me a good idea of what entrepreneurs know and need to know," he says. "And in working with the SBDC as a marketing professional, it has been good to be reminded that we need to be marketing ourselves. A lot of small businesses tend to overlook that ongoing marketing and networking."

Eyesore creates and manages web content and marketing to drive sales and increase exposure for companies and nonprofits. The firm now spends half of its time in web development, maintenance and support, and the other half in its newer service, developing custom web applications and mobile apps.

Massey works on his budgeting, cash flow and reviewing year-end numbers with consultant Alisa Kirk, area director with the UGA SBDC at Clayton State University.

"Eyesore is expanding quickly, and Garrett has made some strategic decisions about how to grow," says Kirk. "He has called me in to help him look through his financials and understand the work he'd have to do to sustain a new hire. We've also talked about his deciding his best role in the business, like networking and signing new contracts, then finding people to fill his other roles."

"Garrett understands that when you're going to expand, it makes sense to plan for it financially rather than to just expand and see what happens."

"It's good to have an objective point of view, someone expert looking over your



Photo: Dot Paul

**Garrett  
Massey**

Eyesore Inc.

shoulder," says Massey. "I organize data on a daily basis, but working with Alisa and Kyle has been beneficial. They have forced me to look at the big picture, at what's going to happen in the next year and the next five years, at what areas to expand and what areas to cut back, and in making more strategic decisions."

"The most important thing I've learned from the SBDC is that without an appropriate budget and financial plan, you're in the dark, no matter what you think you know. Without financial goals in place, you're churning and churning without necessarily moving in the right direction. The next thing on my agenda is to reach out to Alisa as we close down our budget year."

Eyesore also sponsored the Georgia SBDC Digital Marketing Program in Savannah in February.

"Garrett has developed Eyesore into a high-impact company with jobs and sales, and he continues to support the programs of the SBDC," says Hensel. "He will do well."

## A Taste Of Success

Photo: Dylan Wilson



Jason Reott

Georgia Peach World

By Jennifer Giarratano

Travelers driving north and south on Interstate 95 will pass 24 billboards inviting them to stop and purchase mouth-watering products like “Fresh Georgia Peaches” and “Georgia Peach Ice Cream – Exit 58” at Georgia Peach World and the Eulonia Country Store in Townsend.

The young entrepreneur behind the bold, simple marketing campaign, Jason Reott, is running more than a fruit stand. He is building a rapidly growing Georgia peach retail empire grounded in both the knowledge of what his customers want and smart business practices learned at the University of Georgia Small Business Development Center (SBDC) in Brunswick.

“People love buying fresh Georgia peaches. They taste great,” says Reott. “And people traveling on I-95 want a year-round attraction that will give them a taste of southern hospitality. But they don’t want to spend all day in Georgia; they’re just passing through.”

Reott first sold peaches in Macon during the summer. Along with his father Joel Reott, he thanks David Lewis, area director of the UGA SBDC in Brunswick, with helping him move his business off the back of a truck and into year-round stores.

He first approached Lewis in 2013. “We wanted a year-round business,” says Reott. “We wanted to employ people. So I went to David and told him I wanted to open a country store. That was my business plan.

“I didn’t know how to make paychecks, pay sales taxes or run a retail business,” he

### Sound business practices move Georgia peach retailer from stands to stores

continues. “David taught me how to do all of these things. I would visit him two times a week, and he moved us up to the next level. With his help we were able to hire people, do QuickBooks, walk through payroll and taxes and take care of all aspects of the business, rather than being just a bunch of kids selling peaches on the side of a road.”

“Jason is a very innovative guy,” says Lewis. “At first, we showed him how to set up his payroll and worked on compliance with payroll taxes and sales taxes. Later, he was trying to get a beer and wine license to sell peach wine, and we helped him through that process.

“A lot of money runs through his business, so we helped him look at financial controls and he put better technology in place. We helped him get a state trademark for Georgia Peach World. And when he eventually bought his brother out of the company, we helped him work through the purchase.”

As online sales began to grow, Reott turned to Lewis for help. “Jason needed a better strategy for online shipping and what to charge, so we helped him come up with options and a strategy about what he should consider when he’s shipping,” Lewis says.

“Our stores are an experience,” says Reott. “Tourists actively looking for southern hospitality are finding us on Trip Advisor.” And

these searches are producing results. “We’ve doubled our sales the last two years and are on track to double them again this year.”

Reott sells peaches and products made with peaches – cider, bread, fritters and homemade ice cream, among others – only from Georgia. “Farmers Robert Dickey and Walter Wainwright, both UGA grads, showed me I could do anything with this business. Both are instrumental in ensuring that we have enough Georgia peaches.”

Georgia Peach World and the Eulonia Country Market sell 500 to 600 cases of Georgia peaches per week, at 25 pounds a case, to an average 325 paying visitors every day. They have 19 full-time employees.

“The most important thing I learned from the SBDC is that there are resources available for people who want to make their business bigger, but don’t know how to,” says Reott. “I just brought my idea to David and told him the things I thought I needed. He showed me what I really needed and helped me plan how to find the easiest, fastest way to make the business happen.”

“Jason will continue to do well,” says Lewis. “He has an innate knowledge of who his customer is, how to reach them and how to stock his store with what they want to buy. And any time he has a question or wants a second set of eyes, he calls me.”



# Focus The Key

Comprehensive business coaching leads online machinery startup to growth

By Jennifer Giarratano

At age 15, Carl Davis opened an eBay account to sell household items, a hobby he continued while studying chemistry at the University of Georgia. Upon graduating, he worked in chemical manufacturing. But he never lost his interest in online sales.

One day, Davis's employer asked him to resell the company's random surplus equipment. "These items sold quickly, and a light bulb went off in my head," he says.

His knowledge of the opportunities in this area led Davis to form his own online sales business, The Equipment Hub, at home in Decatur in the fall of 2011. "I knew manufacturing companies often put old machinery in the corner and let it sit. It had no value to them."

Davis got started by making cold calls before going to his manufacturing job. On his second day, he found his first client. He took photographs of the equipment, posted them on eBay, and they sold. "The first sold for \$5,000," Davis says. "He paid me \$750 and I thought, 'Wow! That was the easiest money I ever made.' After that, I knew I had to do it full time."

That December, Davis went to UGA SBDC consultant John Ernst for advice on forming a corporation. "We walked through my business plan, and John challenged me on thoughts about the process that were incorrect. He's good about that," Davis says.

"Carl is a startup. I've helped him with everything," says Ernst. In addition to reviewing the business plan together, he helped Davis develop a competitive advantage list and marketing lists of potential clients with distinct profiles using Reference USA. They worked on using QuickBooks for accounting, website design and function, and vendor relations.

When Davis's brother, Mark, came on as a 50-50 partner in 2012, Ernst talked to them about running different parts of the organization. "In partnerships, it helps if you have very narrowly focused duties. They tend to last longer," Ernst says.

The company grew from Davis's basement to a leased warehouse in Tucker. A year later they moved to a larger warehouse in Stone Mountain. All the while, Ernst advised

**Carl & Mark  
Davis**

The  
Equipment  
Hub



Photo: Dot Paul

Davis on his expansion plans, hiring and job descriptions, and getting a line of credit.

"John has given us a lot of generalized business advice. But the most important thing I've learned from him is to focus," says Davis. "From the very beginning, I could sell any kind of machine, but I was struggling to get traction. John kept telling me I had to focus on key areas. That was great advice."

This focus narrowed with the guidance of three semi-retired machinery dealers. "Bumpy and Charlie were 84 and 83 years old. When we met them in 2012, they had hundreds of thousands of dollars of metalworking equipment in their warehouse, but couldn't sell it. All of their contacts were retired or dead," says Davis. "They let us broker all the equipment."

They sold it all in record time, providing them with the experience and knowledge they needed to pursue this niche.

In January 2013 they had a similar experience with a woodworking machinery dealer. "We were becoming known as the internet pros in the machinery business," Davis says.

For 2012 the brothers posted \$201,252 in revenue for their company. The Equipment Hub now has six employees and is planning to hire another. They expect to post over \$2 million in sales and are looking at warehouse spaces ranging from 50,000-100,000 square feet to move their operation into.

"It's crazy to think how our initial \$20,000 investment is now worth millions," says Davis. "We have an unbelievable team, and I feel the sky is the limit. I feel we could do \$10 million next year. We're going to grow to \$100 million in sales, and I have some creative ideas on getting to that point."

Davis also credits Ernst for helping him work through the processes necessary to run a profitable business.

"You'd be crazy not to take advantage of something like the SBDC. What an awesome thing," he says. "Paying for a business consultant is very expensive. John is extremely knowledgeable. I think of him as a partner. I don't think I'd be where I'm at now if it wasn't for him."

## Finding A Niche

Market research eases expansion for Midtown Atlanta industrial firm

By Jennifer Giarratano

**D**hiren Patel is a seasoned business owner. An electrical engineer who started his career in the innovative AT&T Bell Labs, his first solo venture was AmTech Electronics India Limited, which he launched in India in 1991.

When he decided to expand into the U.S. market, he and his family moved to Atlanta and opened an Atlanta Bread Company, funding their new company off the profits. They opened AmTech Drives in 2007. “We slowly got started with no additional funding,” he says.

AmTech Drives provides the major control systems for manufacturing automation. “These motors are fundamental for all industries. They increase automation and help the U.S. compete with the world market,” says Patel.

However, the company also competes against major suppliers. “It’s difficult for our small business to compete with giants like Siemens, Rockwell, etc. Major companies say they have the complete line of products. We have only a few, so we were having a difficult time keeping our contacts within the industries,” says Patel.

Patel decided to expand the company vertically as an industrial supply house that provides multiple components, explaining, “When we go to sell our product, they don’t need drives every day. But they do need parts.”

Patel drew up a business plan and took it to his lender, Mona Jadav, at SunTrust Bank. He needed a \$550,000 line of credit to expand into a larger facility. She recommended he contact the UGA Small Business Development Center (SBDC) in Gwinnett for guidance and support.

“Dhiren and I first met in May of 2015,” says Mark Butler, area director of the SBDC Gwinnett office. “He needed help in validating market potential, assessing competition, choosing new software and confirming his financial projections. He had already written a formal business plan but wanted to go through the process again.

“His differentiator in the market is his knowledge of the pieces and the parts he sources. But he needed more

**Dhiren Patel**

AmTech Drives /  
AmTech Industrial Supply



Photo: Dot Paul

**Ben Patel works with his father Dhiren in family business.**

information on the wholesale and retail sides of the business. We looked at the industry, major players and other market intelligence.”

“We’ve been in the business 30 years, so we understand how to manage our financials and how to start and grow the business,” says Patel. “At the same time, we wanted to minimize our risks. I wanted Mark to assist us with a marketing study, using his experience and information to assess our idea and our plan.”

“Mark confirmed the market potential, that we were going in the right direction, and that our approach in going to the market was right. We were able to get the SBA funding through SunTrust because the UGA SBDC’s third-party business plan and marketing information helped the bank have more confidence in our plan.”

AmTech Industrial Supply LLC launched in August 2015. By October, Patel had moved both companies from 3,000 square feet of leased space in Doraville to a 40,000-square-foot building the company now owns near Georgia Tech.

“We have doubled our employment, and will continue to hire staff as we go,” he says. “We have a very aggressive goal of expanding in this business nationwide, in multiple locations.”

In September, AmTech Industrial added \$35,000 in sales, which grew to \$45,000 a month later. By January 2016 they jumped to \$200,000.

“Working with Mark is a great experience. He gives us honest feedback rather than what we like to hear,” says Patel. “In business, we need valid data and feedback. Mark’s knowledge helped me visualize the market, and his tech background helped me understand and grasp quickly what we were doing and what we needed. As a small business owner, I think the UGA SBDC is an excellent partnership between industry and the university. It helps small businesses survive and grow.”

“Dhiren wasn’t going to make a bad decision,” says Butler. “He knows how to make a business work.”

And there is more work to do. “The distribution channel growing the most for firms in Dhiren’s space is the online channel,” says Butler. “Three to five years from now, that’s where his sales will be coming from. So we are working more on the marketing side with him.”



# Thinking Big

Sound business planning produces runaway sales in global markets

By Jennifer Giarratano

**R**oswell equipment makers Andal and Balu Balasubramanian are feeding the foodie revolution now raging from coffee shops to craft breweries: an explosion of bean-to-bar dark chocolates. And their equipment empowers chocolate makers to control the process every step along the way, from the single origin, ethically traded cocoa bean to the final chocolate bar.

After working with a team of experts from the University of Georgia Small Business Development Center, they are pioneering the popularity of this New American Chocolate, also called two ingredient chocolate.

Cocoa Town LLC sells affordable cocoa grinders, roasters and power crackers that make small-batch and medium batch chocolates. Cocoa Town not only designs, develops, manufactures and distributes this equipment, but also trains chocolate makers in the bean-to-bar process and business.

“People often think of Belgian, German or European chocolates, but those have less than 20 percent cocoa mass,” says Andal. “Our customers use only cocoa and sugar, which makes a more healthful chocolate.”

Their goal is to empower entrepreneurs everywhere to open their own craft chocolate businesses.

“We have the opportunity to change the whole game,” agrees Balu. “People are coming from all over the world to learn about this new chocolate. And with the help of the University of Georgia SBDC, we are now selling our products in more than 70 countries.”

Andal and Balu first approached the UGA SBDC in 2007, when they first set sight on a world market. At the time, their equipment sales were targeted to metro Atlanta’s Indian retailers and restaurants.



Photo: Dot Paul

**Andal and Balu Balasubramanian**

Cocoa Town LLC

“We found our grinder machines could be modified for making chocolate, so we started looking at the specialty chocolate-making process. The customers wanted to make healthier chocolate but lacked the proper equipment to scale up. So we found and developed small and medium-scale machines that can be used to grind cocoa beans into chocolate,” says Andal.

Balu admits that their early focus on R&D prevented them from using the UGA SBDC consultants effectively, at first. “But in 2011 we went full-speed to the SBDC,” he says.

After working with SBDC consultant Antonio Barrios, who taught them how to draft a business plan, they tapped into a team of SBDC experts: International Trade Center Director Rick Martin; Consultant Robert Andoh, who helped them streamline their QuickBooks; Kennesaw Area Director Drew Tonsmeire for digital marketing; and Sharon Macaluso for strategic planning. They now also work with University of Georgia food sciences faculty.

“They learned they needed stronger historical financial information to help do their financial projections,” says Barrios. “Their work on the business plan helped them understand their cash flow and how to manage their inventory.”

“Our business model is now more like a car manufacturers,” says Balu. “We do the R&D, get all of our components on special order, put them together and ship.”

Martin taught them how to develop international market opportunities. “They were looking for organizations that would offer business and

financial support in markets largely in South America, Asia and Europe,” he says.

They also went through the SBDC’s ExportGA training program, where they were assigned a team that included a UGA international business student intern and trade specialists – one each through the Georgia Department of Economic Development and the U.S. Commercial Service.

“With what we learned in ExportGA and from Rick, we’ve seen big growth in our international markets,” says Balu.

Prior to working with the SBDC, Cocoa Town operated out of a 1,500-square-foot warehouse with three employees. The company now fills 7,000 square feet and employs four full-time employees, two part-time employees and two summer interns from the Technology Association of Georgia.

“As a result of their international business strategy, Andal and Balu have met the key experts in their industry. Now they are known as international experts in the chocolate industry and are invited to make presentations at shows around the world,” says Martin.

In fact, while this story was written, the Balasubramanians were presenting at chocolate conventions in Peru, Ecuador and Brazil.

“Most who start small businesses think small,” says Balu. “The UGA SBDC experts help us think bigger than we are and how to put strategies in place that use the opportunities we’ve found to grow really big.”

And they will return to the UGA SBDC for help. “Our growth will be fast in the near future, and we have to prepare,” he says.



## Michael Chalmers

Chalmers Workforce Solutions  
Spherion Staffing

# 'Eye-Opening'

Strategic planning helps successful  
Byron franchisee move forward

By Jennifer Giarratano

**M**ichael Chalmers enjoys helping people reach their full potential. A Kennesaw State University graduate with an MBA in human resource management, he also grew up in a home where entrepreneurship was a way of life. So after graduation, he moved to middle Georgia to work with his father, a Ford Motors franchise owner.

When a recruiter called asking if he'd be interested in working for Spherion Staffing's corporate office, he says he liked the idea. "I didn't know a thing about the company, but my father had just sold his business. I thought it could be a good opportunity," Chalmers says.

Chalmers joined Spherion in 2006. "By 2009 we began some conversations about purchasing franchise rights, and we came to agreeable terms," he says. He opened Chalmers Workforce Solutions DBA Spherion Staffing with a staff of three, including himself, in 2010.

Today his holding company is the force behind a rapidly growing Spherion Staffing empire. And from the beginning, he has

worked with the Macon office of the University of Georgia Small Business Development Center (SBDC) to help his business – and his employees – reach their full potential.

"The first thing I did when I considered being a small business owner was go to see the UGA SBDC," he says. "The franchise I was thinking of buying was already operating. But I needed their help talking through the financials, looking at market trends and tweaking my business plan."

The Byron office serves five middle Georgia counties and operates in another three. Chalmers has since opened another Spherion retail office in Huntsville, Ala., and three customer-specific, on-site locations in McRae, Dublin and Huntsville.

Now his 12 full-time employees facilitate the hiring of up to 500 temp employees a week. Revenues have grown anywhere from 15 to 20 percent, year-over-year, except for a brief slowdown in 2013, he reports. "We hopped right back up in

2014 and 2015, and our revenues the first two months of this year are about 15 percent over last year's."

Chalmers knew he needed to do some strategic planning for his business after he'd attended the SBDC's GrowSmart® program. "Initially as a small business owner, it's a lot about you and what you want, what you see the future being and how you want the company to go," he says. "To grow, at some point you have to turn that over to the people you trust."

Lisa Rackley, a business consultant with the UGA SBDC's Macon office, brought fellow SBDC consultants Peter Williams from Macon and Rob Martin from Albany for the one-day planning session, which they conducted off-site.

"Michael's growth was coming so fast that we needed to look at how it had already impacted his team and how to move forward," says Rackley. "He recognized his growth was happening very quickly, so he wanted to share the planning with his team and let them help."

Effective communication is the key, she says: "Make sure your people know where you want to go, understand their concerns and challenges, and come in with a solution. Michael concentrated on getting his people on board and being part of the team, and he wants them there as they move forward."

The session was "eye-opening," says Chalmers. "I have a tremendously valuable team, and to hear them say things about the company they love and want to retire in allowed me to sit back as owner and say, 'I've got a clearer picture of the direction we should go.' It helped define who we are as an organization and who we can be in the future."

Chalmers says he often picks up the phone to run his thoughts by Rackley and SBDC Area Director Josh Walton. "The SBDC team is fabulous," he says. "They'll give you advice and information, but they're not there to make your decisions about your business. They're a valuable resource for anyone in business."

# Inspired By 'Zombieland'

Target market expansion puts Atlanta rubber and plastic supplier in the right hands

By Jennifer Giarratano

**M**ovies can transport a viewer into another world, if only temporarily. In 2009 Nelson Burke spotted some props in a Georgia-produced movie that transformed his business. By 2015 his new focus had led The Engineer Guy to more than \$3 million in sales.

"Zombieland" was a turning point. It was the first time I was able to connect a scene in a movie with something we provided," he says. "The pride in that was incredible. It was the moment of awakening for me. I was finally able to connect the dots and say my company had a positive effect. I wanted to do it all the time, now."

Burke had started The Engineer Guy in 2003 with \$5,000, a cellphone and a desk in his attic. He enjoyed working in mold making and casting materials for industrial uses, and knew he would eventually start a business. So when he was laid off, he "parlayed a severance package into taking a shot at following my dreams," he says.

The Engineer Guy soon became an official distributor for Smooth-On liquid rubber and plastic materials used in arts and film, construction, aerospace, marine and industrial prototyping. The store, near the Hartsfield-Jackson Atlanta International Airport, now carries Kryolan Professional makeup and special effects items.

When he decided his company's future was in film, he contacted the UGA Small Business Development Center (SBDC) at Clayton State University and met Area Director Alisa Kirk. "I went because I was getting older and smarter," he says. "We ended up in a dialogue that got me thinking I should ask her for help."

## Nelson Burke

The Engineer Guy

He attended SBDC GrowSmart™ in 2012. Hair and makeup business expert Judiffr Pearson had just joined the UGA SBDC and led the final exam session. Six months later, Burke came to her for strategic advice on how to compete with West Coast suppliers.

"I consulted with him about expanding his inventory," says Pearson. "All film productions, even special effects departments, need standard beauty items as well as specialty items. We studied real invoices filled by competitors and discussed just-in-time fulfillment, setting up corporate accounts with salon product manufacturers and hiring in-house experts to provide product knowledge."

Burke also had an idea to create more market value with an annual event called Goo-Con. "Nelson was clear on his desired outcome, but he needed help with logistics, scheduling and promotions. We navigated that process for his first event," she says.

Goo-Con provides product training and a small business session led by Pearson.

"Goo-Con allows us to provide our clients an opportunity to learn from the very best people," says Burke. "We also help them understand there are good business practices they should follow. Some don't even know you can track your business mileage. It's this kind of stuff that can make an artist profitable." The last Goo-Con had more than 300 attendees.



Christina Carnes Photography

Burke also makes himself available to the UGA SBDC. "He is a businessman at heart," says Pearson. "It's good to have people like Nelson educate others on the opportunities that exist because of the Georgia Film Tax Credit, which attracts a lot of productions."

From 2012 to 2015, The Engineer Guy grew from seven employees to 11 and increased sales by 76 percent, to \$3.1 million. Burke is now working with Pearson on a strategic plan to grow the company to \$5 million in sales.

"The most important thing I've learned is accountability," says Burke. "You cannot expect to realize the sort of success you wish to have unless you follow good business practices."

"I give Judiffr and the SBDC office a lot of credit for helping me. I wasn't going to allow myself to fail, therefore it was important to me to become accountable to them, and it worked."



# Take Your Business to the Next Level

You might think that an Australian-born ginger farmer, a stay-at-home parent building her business from a pimento cheese recipe, a world-class manufacturer of personal watercrafts and all-terrain vehicles, and the emerging unmanned aerial systems industry in Georgia have nothing in common, but that isn't exactly true. While you probably won't be able to buy a WaveRunner in the dairy aisle any time soon, the aforementioned businesses do share one common trait: all of them – small and large alike – have partnered with the Georgia Centers of Innovation.

The Georgia Centers of Innovation are a value-added service of the Georgia Department of Economic Development that provides businesses the technical industry expertise, collaborative research, and strategic partnerships needed to help the state's strategic industries connect, compete and grow. With focused Centers of Innovation in agribusiness, aerospace, energy technology, information technology, logistics and manufacturing, the Centers provide specialized assistance to almost any Georgia business in need of additional support. Through recognizable industry events like the Georgia Logistics Summit, to helping the state uncover opportunities related to cyber security and alternative energy, the Centers understand industry trends and are able to quickly help Georgia companies find the right partners and resources for optimal success.

When Australian-born Ross Harding decided to try his hand at growing ginger in Georgia, he turned to the Center of Innovation for Agribusiness for help. Knowing the climate in the Savannah area's similarities to his native Brisbane, Harding looked to the Center of Innovation for Agribusiness to connect him with researchers at the University of Georgia and determine just what kinds of ginger would grow best in Savannah's sandy soil. From there, the Center helped Harding apply for and attain a USDA Value Added producer grant which would prove crucial to the farm's early market success. Now in its fourth year, Verdant Kitchen has caught the eye of some of America's most influential personalities. Chief among those is Oprah Winfrey, who in November 2015 named Verdant Kitchen's ginger syrup and ginger infused honey two of her "Favorite Things." According to Ross Harding, Verdant Kitchen "wouldn't be where [they] are" without the Center of Innovation for Agribusiness. He goes on to state that the Center "gave [his company] the ability to generate early sales through markets, programs and events, and have been a resource for connections and knowledge since."

Far from being a newcomer to the market, in 2015 Yamaha Motors Manufacturing realized a research and development



Photo: Area-1

need to develop a lighter weight material that could retain the strength and appearance properties already familiar to their WaveRunner line of products. For this herculean task, they turned to John Zegers and the Center of Innovation for Manufacturing. Zegers, in turn, looked to the Georgia Institute of Technology and its manufacturing institute. With funding assistance from industry partners and the Federal Government, the Center of Innovation for Manufacturing was able to facilitate more than half a million dollars for a project that now allows Yamaha to develop new material on a molecular level, while simultaneously giving Georgia Tech students a unique tool to better equip them for the future of manufacturing.

Already ranking in the top five in the nation in most aspects of aerospace, Georgia is no stranger to the skies. The Center of Innovation for Aerospace is here to make sure it stays that way. Steve Justice and his staff help companies make the connections they need to remain competitive in the constantly-shifting aerospace industry. One area that is making waves unlike any other is Unmanned Aerial Systems, commonly called drones. Recently, the Center of Innovation for Aerospace assisted companies like AREA-1 develop their unmanned system to test cutting-edge aerospace technologies. The Center also helps companies reach for the stars as the commercial space launch and operations sector finds its place in Georgia's robust aerospace industry.

Whether a small-food processor or a multinational manufacturing conglomerate, the Georgia Centers of Innovation exist for businesses in Georgia and have the tools you need to take your business to the next level.



# A History of Small Business Success

Over the course of 283 years, Georgia has grown to house more than 10 million people. What started as a rural state, has flourished into an economical epicenter for both the Southeast and the nation.



IACT Health of Muscogee County was named one of the five 2016 Small Business ROCK STARS by the Georgia Department of Economic Development and the Georgia Economic Developers Association

Georgia offers an unmatched business-friendly environment which is reflective upon its top-notch workforce, collaborative public-private sector efforts, high-quality educational institutions and world-class infrastructure.

At the root of this success and advancement, you will find a population of small business operations that are anything but small. Representing the majority of Georgia's economic makeup, small businesses contribute greatly to the economy, and they are a leading reason that Georgia is the No. 1 state in the nation in which to do business for a third consecutive year (Site Selection, 2013-2016).

Currently, there are 865,649 registered establishments in Georgia. Of those, 99.8% employ less than 500, 97.6% employ less than 100, 94.6% employ fewer than 50 and 77.7% employ fewer than ten. As evidenced by these statistics, you can see Georgia is home to companies in an array of stages.

## What can GDEcD do for you?

To accommodate the needs of Georgia's small businesses and entrepreneurs, the Georgia Department of Economic Development (GDEcD) has resources and a dedicated team to help companies get off the ground, grow, finance, learn, connect, market and innovate.

If you are looking to start a small business, there are a variety of factors to consider, and GDEcD's small business team prompts small business owners to think about the following things:

1. What steps do I need to take to operate legally?
2. Do I have a team in place to carry out my idea/day-to-day logistics?
3. How will I finance my business?
4. Is my business plan as strong as it can possibly be?
5. Am I bankable?

But, it does not stop there. To see these projects come to fruition, the Department can help connect you to one-on-one consultations and business training.

Finding capital in growing your company should not slow you down. If you are looking for financing, GDEcD can inform you about state lending programs, non-traditional lenders and applicable tax credits.

Perhaps, your small business is closer to operating at full capacity. GDEcD also provides informative resources to help companies with basic set-up including tax requirements, labor laws, licensing and permitting.

Already pushing out product? Let GDEcD help take you to the next level by helping you find manufacturers, suppliers and international partners that are eager and willing to streamline your process and expand your product into new markets.

## Georgia Small Business ROCK STARS

To provide a platform for all Georgians to further support this thriving industry, GDEcD and the Georgia Economic Developers Association (GEDA) host an annual luncheon to recognize stand-out, Georgia companies as "Small Business ROCK STARS." This past year, of the 69 nominations submitted, reviewed and vetted by a panel of judges, the following companies were recognized for being outstanding, unique and impactful small businesses:

- ViziTech USA-Putnam County
- D&J Plastics-Quitman County
- IACT Health-Muscogee County
- Creature Comforts Brewing Company-Athens-Clarke County
- Reformation Brewery-Cherokee County

Do you know a thriving small business that you consider a Small Business ROCK STAR? Nominate them or yourself at [www.georgia.org/rockstars](http://www.georgia.org/rockstars).

## Take Action

Wherever you are in your business development process,

GDEcD wants to help you and has the means to do so. Visit [Georgia.org/SmallBusiness](http://Georgia.org/SmallBusiness) or contact the GDEcD Small Business Development Team today.



# A Quick Look at Gwinnett County's Newest City: Peachtree Corners

As Gwinnett County's largest city, Peachtree Corners is a regional technology hub about 30 minutes north of Atlanta. The city is vibrant and growing, with leadership focused on comprehensive, well-conceived planning and meaningful development.

One unique aspect of conducting business in Peachtree Corners is the low cost. There is a zero millage rate in Peachtree Corners which means no municipal property taxes—either for commercial or residential property. No other city in the metro Atlanta area can make this claim.

Easy access to I-85 and a quick drive to the world's busiest airport, Hartsfield-Jackson Atlanta International, make Peachtree Corners especially attractive to international companies, corporations and small businesses. Many occupy Technology Park/Atlanta, a campus of low-rise office buildings nestled in a wooded, 500-acre parcel between two major thoroughfares.

In addition to the 40,000 people who call Peachtree Corners home, the city is the headquarters of numerous technology and life sciences companies, including IT services company 5Q Partners, and the transdermal research and development company, 4P Therapeutics. It is also the regional headquarters of large, national and international companies including Comcast, Level 3 and United Arab Shipping Company.



Here are some quick facts about Peachtree Corners:

- No city taxes
- Excellent schools
- Highly educated workforce
- Affluent community
- Robust property values, and a
- Record of success.

As a new city, Peachtree Corners is alive with activity and momentum. In the next few years, a new mixed-use town center will open on Peachtree Parkway, new housing options will emerge and additional parks and trails will be created. While the downtown business center is bustling, the waters of the Chattahoochee on Peachtree Corners' northern boundary provide a place to unwind and rejuvenate the soul.

## Peach State Federal Credit Union and NOWaccount Help Small Businesses Accelerate Growth and Improve Business Credit

"Last year we had four government contracts at one time and, needless to say, cash flow was a huge problem. It almost put us out of business," said Steve Jones, founder of Meanders River Restoration.

At any given moment, U.S. small businesses hold more than \$1.2 trillion in trade credit for their commercial and government customers, funding both the cost and risk of this credit on their balance sheets. With the bulk of their capital tied up in accounts receivables, small business growth is stymied, and as a result, many "grow" out of business rather than "go" out of business.

However, the fact that large customers cannot pay faster does not mean that small business suppliers cannot be paid faster.

"This year we signed up for NOWaccount," explained Jones. "We submitted an invoice on Friday and the money was in our account on Wednesday. That was just unbelievable."

Peach State's NOWaccount program is the first payment solution that enables small businesses to get paid their actual revenue immediately and in a way that is not a loan or factoring, but rather feels like and costs the same or less than

accepting a credit card for payment. With NOWaccount, small businesses are funding growth with their own cash flow from operations, which in turn enables them to more safely and cost-effectively access other financial tools such as lines of credit and SBA loans.

"I've grown to where I am today because of using NOW," said Matthew Watkins, CEO of LogoSurfing. "I've been able to fund new customers by tenfold in the last 18 months through NOWaccount, and our D&B score is through the roof. That never would have happened without the interactions we've had with NOWaccount."

To learn more, visit [peachstatecu.nowaccount.com](http://peachstatecu.nowaccount.com) or call Ryan Hawk at 770.580.6029.





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## IgniteHQ

Where Inventors Go

North Georgia's premier tech incubator IgniteHQ provides inventive entrepreneurs with everything they need to fuel solutions and successful ventures on a global scale. In partnership with Kennesaw State University and supported by Cobb Chamber, IgniteHQ offers first rate mentors, educational programs, training sessions, facilities, partnerships and access to capital – everything you need to build your idea into a full fledged startup!

Our entrepreneurs are working on inventions in agritech, biotech, clean tech, cyber security, engineering, gaming, the Internet of Things and much more – work that promises to improve our communities both here and abroad.

IgniteHQ is seeking people who want to be a part of our growing inventor community. Now is your opportunity to mentor or sponsor the next generation of entrepreneurs! Have an idea or invention of your own? Let us help you realize your dream.

Learn more at [www.ignitehq.co](http://www.ignitehq.co) or email Catherine Pearson at [catherine@ignitehq.co](mailto:catherine@ignitehq.co).

## The Reality of Running Small Businesses

Starting a business isn't for the faint of heart. Being your own boss offers rewards, but challenges as well. Transitioning to running your own company brings changes that you need to navigate, and that your family and friends also need to adjust to. As you prepare to start your business, keep these things in mind so you can more easily transition into the brave new world of entrepreneurship.

Without a steady paycheck, you might find it challenging to keep up with expenses. When you're starting out, revenue will take time to ramp up, so prepare to make some sacrifices. And remember, if you decide to run your business from an office in your home, you'll face a whole new set of distractions.

Starting a small business requires a significant amount of time and effort. Many entrepreneurs work harder and for longer hours than before. Finding ways to maintain a comfortable work/life balance are challenging.

SCORE mentors are available to help. Also consider talking with others who have walked the same path and can offer insight and experience.

For more information about starting or operating a small business, call 1-800-634-0245 or visit SCORE at [www.score.org](http://www.score.org).



# University of Georgia SBDC Offices

[www.georgiasbdc.org](http://www.georgiasbdc.org)

## **Albany**

### **UGA SBDC**

125 Pine Avenue, Suite 142  
Albany, GA 31701  
229-420-1144

## **Athens**

### **UGA SBDC**

#### **Chicopee Complex**

1180 E. Broad Street  
Athens, GA 30602-5412  
706-542-7436

## **Atlanta**

### **Georgia State University**

#### **UGA SBDC at**

#### **Georgia State University**

75 Piedmont Ave., Suite 700  
Atlanta, GA 30303  
404-413-7830

## **Augusta**

### **UGA SBDC**

1450 Greene Street, Suite 3500  
Augusta, GA 30901  
706-721-4545

## **Brunswick**

### **UGA SBDC**

501 Gloucester Street, Suite 200  
Brunswick, GA 31520-7014  
912-264-7343

## **Carrollton**

### **UGA SBDC at the**

#### **University of West Georgia**

105 Adamson Hall  
Carrollton, GA 30118-4130  
678-839-5082

## **Columbus**

### **UGA SBDC**

3100 Gentian Boulevard, Suite 119  
Columbus, GA 31907  
706-569-2651

## **DeKalb**

### **UGA SBDC**

2296 Henderson Mill Road,  
Suite 404B  
Atlanta, Georgia 30345  
770-414-3110

## **Gainesville**

### **UGA SBDC**

906 Interstate Ridge Drive, Suite B  
Gainesville, GA 30501  
770-531-5681

## **Gwinnett**

### **UGA SBDC**

2530 Sever Rd., Suite 202  
Lawrenceville, GA 30043  
678-985-6820

## **Kennesaw**

### **UGA SBDC at**

#### **Kennesaw State University**

KSU Center, Suite 500  
3333 Busbee Drive  
Kennesaw, GA 30144  
or (Mailing Address)  
1000 Chastain Road, #3303  
Kennesaw, GA 30144-5591  
470-578-6450

## **Macon**

### **UGA SBDC**

4875 Riverside Drive, Suite 202  
Macon, GA 31210  
478-757-3609

## **Morrow**

### **UGA SBDC at**

#### **Clayton State University**

2000 Clayton State Boulevard  
Morrow, GA 30260-0285  
678-466-5100

## **Rome/Dalton**

901 N. Broad Street, Suite 320  
Rome, GA 30161  
706-622-2006

## **Savannah**

### **UGA SBDC**

111 East Liberty Street, Suite 200  
Savannah, GA 31401-4410  
912-651-3200

## **Statesboro**

### **UGA SBDC at**

#### **Georgia Southern University**

58 East Main Street, Suite D  
Statesboro, GA 30458  
912-478-5995

## **Valdosta**

### **UGA SBDC at**

#### **Valdosta State University**

Harley Langdale Jr. College  
of Business Administration  
Valdosta, GA 31698  
229-245-3738