



## Ask SCORE for Business Advice

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### **Column Title: Not Everyone Should Go in Business**

The Green Bay SCORE Chapter's database from the past few years lists well over 1,000 clients. Many are aspiring entrepreneurs who came to a counseling session with an idea or a dream. For the majority, the meeting was the end of the process.

While that might sound like a discouraging statistic, Bernie Howaniec, the new Wisconsin District Director for SCORE, believes it is one of the most important functions of SCORE counselors. Howaniec thinks that it is vital to be honest, and to ask questions that will allow clients to understand their risks.

For SCORE counselors, helping clients prevent financial ruin is as important as providing assistance for a successful start-up. Counselors are not dream-crushers; they want to aid the client in seeing the whole picture.

One of the most common reasons for discouraging an entrepreneur is lack of financing. SCORE can't provide start-up funds, and clients who come in with an idea but no means of funding are encouraged to start saving. The Small Business Administration (SBA) does offer loan guarantees, but these loans still require a supporting lender and equity from the borrower. If a client has a start-up cost of \$100,000, the SBA will likely require an excellent business plan and \$15,000 to \$20,000 down.

We are often asked about alternative sources of financing such as investors. This option is rare, and business owners who find investors may be looking at an unwelcome intrusion in their business and unfavorable payment terms. The best decision is to save for a start-up, and wait until the funds are in hand.

Even if funds are available, the financial projections (or lack thereof) may indicate future problems. A client once presented projections that showed sales of \$125,000. He thought this sounded great until it was pointed out that he hadn't figured in debt service or a salary. With those expenses added, he was looking at a business that would operate at a substantial loss.

Underestimating expenses is common. So is overestimating sales. We have seen projections that show a business tripling sales within a year. Numbers like this will make a banker distrust the entire business plan.

We've had clients say that they want to run a business, but they have no idea what type. While they might not be opening a business soon, we consider this a good time to start gathering information. It's important to know from the beginning what is required. Sources of information are provided, and clients are often referred to other educational programs. We can help with the process, but it's up to the entrepreneur to come up with the ideas.

SCORE counselors love to see the enthusiasm of potential business owners. Maybe the time isn't quite right, but for those with an entrepreneurial spirit, a first session could be the start of a journey that will lead to the realization of their dream.

If you'd like to talk about your business idea, contact the Green Bay Chapter of SCORE. Visit [www.greenbayscore.org](http://www.greenbayscore.org) or call Cindy Gokey at 920-496-8930 for information.

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