

Jun 2011

IL Small Business
Development Center (SBDC) &
International Trade Center (ITC)

at
Southern Illinois
University Edwardsville
Monthly Connection
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<http://www.illinoisbiz.biz/>
<http://www.sba.gov/>



U.S. Small Business Administration



<http://www.siue.edu/business/>



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Monthly Connection

Letter from the Director to the Community

Dear Friend,

Welcome to the Illinois Small Business Development Center located on the campus of Southern Illinois University Edwardsville and the East Saint Louis Higher Education Center. Since our inception in 1984, the office of the SBDC has a tradition of supporting small business development in the Southwestern Illinois Region.

As our centers are uniquely paired with the SIUE School of Business, we are positioned to deliver high quality services to our clients. Both centers operate with a qualified staff of graduate students, business specialist and faculty members which deploy in-depth assistance to clients respectfully. In addition, we are supported by the U.S. Small Business Administration (SBA), Illinois Department of Commerce and Economic Opportunity and the IEN Network.

I invite any business owner, pre-venture or existing, to register for one of our monthly Small Business Basics Workshops or visit either office for one-on-one confidential session.

Sincerely,

Kwa Mister

Director of the Illinois Small Business Development Center

Small Business Basics Workshops & Other Events

"Starting a Business in Illinois" in Edwardsville,

Thursday, Jun, 9th (3pm – 5pm)

"Starting a Business in Illinois" in East St. Louis.

Thursday, Jun 23rd (3pm – 5pm)

Workshop Information

Small Business Basics Workshops

This workshop is highly recommended for any prospective business owner and encouraged for any existing business. It covers the following topics: an orientation to Illinois SBDC services, financing options, business plan development, organizations in our area that assist with taxing and licensing, and overview of other requirements for starting a business in Illinois. After you attend Starting a Business in Illinois Workshop, you may continue your relationship with the Illinois SBDC at SIUE by setting up an appointment with a counselor. For more information or further assistance, please call 618-650-2929 or 618-482-8330, or visit

<http://www.siue.edu/business/sbdc>

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Websites of the Month

www.opm.com

www.entrepreneur.com

www.business.gov

Lending 101 Workshops

These workshops are presented by Loretta Holmes with Associated Bank (East St. Louis) and by Theresa Ebeler with Bank of Edwardsville (Edwardsville), and will focus specifically on commercial financing, small business bank loans and preparing for financing. For more information or further assistance, please call 618-650-2929 or 618-482-8330, or visit <http://www.siue.edu/business/sbdc>

Entity Selection Workshops

This workshop is generally held directly after the Small Business Basics evening workshops. It is presented by Todd Sivia, a local attorney, and will focus specifically on the forms of business ownership in the state of Illinois. For more information or further assistance, please call 618-650-2929 or 618-482-8330, or visit <http://www.siue.edu/business/sbdc>

Websites of the Month

- [US Office of Personnel Management](http://www.opm.gov)

www.opm.gov



- Information and resources for small business

www.entrepreneur.com

Entrepreneur

- Small Business Articles

www.business.gov

Business.GOV
THE OFFICIAL BUSINESS LINK TO THE U.S. GOVERNMENT

Avoiding the Profit/Loss Blues

How small businesses can watch their bottom line more closely

by Christopher Freeburn

Small business owners quickly learn about the necessity, particularly in this economy, of having a well thought-out business plan, doing the right amount of market research, and keeping excellent records. Good bookkeeping and adherence to proper account forms and standards often distinguish small businesses that succeed from that fail.

Part of the importance of maintaining good financial records is that it permits the business owner to see exactly where his or her business stands at any given point, to observe in detail its strengths and weaknesses, and to make sound judgments about the business's likely future results. This allows the business owner to quickly address problems in the business and plan accordingly for changing market conditions.

Among the most important financial metrics that a small business owner should pay strict attention to is the business's profit/loss, or P/L, statement. Simply defined, the P/L statement compiles the business's cash inflow and outflow over a specified period of time, deducting the latter from the former to tabulate the business's net profit or loss for the period. P/L statements provide a far better indicator of a business's overall health than other financial statements—like cash flow, for instance—because P/L statements show, directly, the business's overall viability. Putting together a P/L statement

P/L statements have a specific and simple format. Since the underlying formula for determining profit or loss is straightforward—revenue minus expenses—the P/L statement just adds up those items that bring revenue into the business, and then those that take money out of the business, and performs a little subtraction. The proper components of a P/L statement are as follows:

- **Sales revenue.** In this section of a P/L statement, the business should identify any source of revenue for the firm. Revenue can be stated in aggregate, but it is often more useful to breakdown various sources of revenue if the business includes more than one geographic area, industry, or income stream. (A business might lease out equipment or space, for example, in addition to selling goods or services.) On the P/L statement, the various categories of revenue are listed and then added together to create a subtotal.
 - **Gross profit/loss.** This figure is determined by simply subtracting the cost of sales from the sales revenue. If the difference is positive, the business is making money and records a gross profit; if the result is negative, then the business is losing money. A gross profit/loss percentage may then be obtained by dividing the gross profit/loss by the total sales revenue.
- Expenses. Into this section go all the overhead costs of running the business that are not specifically related to producing the goods or services that the business sells. These include the salaries of employees not directly working to produce the business's products, rent, utilities, insurance, distribution, marketing, office supplies, accounting and legal expenses, maintenance, and any taxes paid by the company.

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Article of the Month:

[“Avoiding the Profit/Loss Blues”](#)

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[Avoiding the Profit/Loss Blues](#)

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How small businesses can watch their bottom line more closely

by Christopher Freeburn

However, it's important to note that many businesses exclude a few items from their expenses to calculate another net income metric known by the acronym EBITDA. This term, which stands for earnings before interest, taxes, depreciation, and amortization, is often used to compare the profitability of various companies without having to account for differences in accounting methods or financial investments. Net profit/loss. This figure is determined by subtracting the expenses noted above from the Gross Profit/Loss subtotal. It is entirely possible for a business to have a gross profit, but a net loss, meaning that the sales revenue is sufficient to cover the creation of the products sold by the business, but insufficient to cover the administrative costs of running the business. Depending on the situation, this can suggest that administrative costs have been allowed to run too high.

The value of P/L statements

P/L statements are important for small businesses because they cast a clear light on the enterprise's actual financial functioning. It is possible for some small business owners to become too devoted to measuring cash flow, sales numbers, or other financial indices of the business, while forgetting the most important data of all—whether or not the business is actually making money. Keeping a close eye on the P/L statement will bring that into sharp focus. Many small businesses actually lose money during their initial years of operations. Building sales revenue is not an instantaneous process for many firms and prudent entrepreneurs often anticipate several years of net losses before the business starts making a profit. Nonetheless, P/L statements allow entrepreneurs to examine the underlying engine of their business in a structured and efficient manner. For a business to succeed in the long run, it must produce profits eventually and the only way to know if your company is profitable is to be watching your P/L statement.

Defining Yourself: Power Branding for Your Small Business

As a small business, you can think of endless reasons that you don't need to worry about branding. You may tell yourself:

"Branding isn't necessary for small businesses." "I'm too busy." "I can't afford it."

You tell yourself these things, and yet you still feel a little uneasy. You know that your business needs an identity. So what do you do? First, it's important to understand what branding is and is not.

Branding is not a logo. Branding encompasses much more than a symbol, name or web design. However, once you establish your brand, a logo is crucial as its visual representation. It helps to accelerate company recognition, which speeds up customer engagement with your brand.

Branding is the personality of an organization. A good brand provides a clear and memorable sense of what your business stands for. It can bring to mind product attributes, or it can reflect buyers' values. A powerful brand has brand equity, which brings you customer loyalty, trust and an emotional connection to your company. Some examples of brand equity are name awareness; perceived quality of goods and services; and assets like patents and trademarks. This doesn't mean there has to be a public face to your organization, like Virgin's Richard Branson. Having a persona-driven brand can cause complications if you're looking toward an eventual exit strategy.

Branding is not your marketing materials. Although the development of marketing materials often forces a small business to do some self-reflection, this is putting the cart before the horse. Ideally, you would have a clearly articulated brand for your small business long before you invest in expensive printed materials. It's a lot easier to rethink an intellectual concept, like a brand, than to redesign your marketing brochure.

Branding is reflected in all communications about your company. When you do create marketing materials, your brand and company vision should be translated into distinct messages and clear positioning in relation to your competition. Ideally, these messages will appear in all of your promotional materials, including collateral, publicity, the company website, and social networking efforts. Particular attention should be paid to the last two points:

Branding and Your Website

A company website is a must today, particularly for small businesses. Yet, if executed poorly, your website can drive away more customers than it attracts. There are some important things to remember when using a website to facilitate branding:

- Reinforce familiarity with your brand by being consistent with your brand name and domain name.
- Capture loyal visitors by making sure that Web copy is short and catchy and "chunked" into easily digestible sections. Don't just repurpose the text of your marketing brochure online.
- Speak to your different audiences by segmenting your website into distinct areas.
- Boost product qualities and benefits so that visitors feel they are still getting what they would in person, i.e. the ability to touch and feel your product.
- Replicate the total experience associated with your brand in your web presence.

Complement product offerings with service experiences, including ratings, reviews, recommendations, message boards and proprietary advice.

Branding and Social Networking

You may think of social networking as a communications vehicle for companies that only serve young, hip audiences. While this was true a few years ago, now everyone from baby boomers to grandmothers are embracing Facebook, YouTube and Twitter. These inexpensive communications channels, particularly if they link consumers to a thought leadership vehicle like a blog, are essential in building customer relationships. In fact, blogs are particularly important for small businesses because they are a means to pass along content that demonstrates your company's knowledge and expertise. If customers have a sense of who you are and whether they can trust you, you will be paid back with loyalty and repeat business.

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*"Defining Yourself: Power
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Workshop Flyer



Get Started the Right Way by Attending A “Starting a Business in Illinois” Workshop!

“Starting a Business in Illinois” in Edwardsville, Thursday, Jun 9th (3pm - 5pm)
“Starting a Business in Illinois” in East St. Louis, Thursday, Jun 23th (3pm - 5pm)

Pre-registration is required for all workshops.

The Edwardsville workshop will be held in the Willow Room, on the second floor of Morris University Center (MUC). Attendees for Edwardsville should parking in

Visitor Parking Lot B to avoid parking tickets.

The East St. Louis workshop will be held in Building D, Room 2002. Attendees should parking in

Visitor Parking Lot B to avoid parking tickets.

**To register or for more information, call the
Edwardsville SBDC at (618) 650-2929,
Or the East Saint Louis SBDC at (618) 482-8330
You may also register online at www.siue.edu/BUSINESS/sbdc.**

When attending the workshops, please use Visitors Parking Lots on campus to avoid parking tickets

We are on the web!

www.siu.edu/business/sbdc



Click on link below!!

<http://www.facebook.com/home.php#/pages/Edwardsville-IL/Illinois-Small-Business-Development->



Contact Information

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