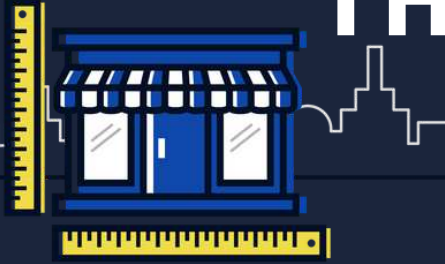


THE BUSINESS LEAD



FALL 2023

OPEN FOR BUSINESS

PREPARE FOR A SBA LOAN

For many startup entrepreneurs, the U.S. Small Business Administration (SBA) is a good fit for funding. The federal government has a vested interest in encouraging the growth of small business. As a result, some SBA loans have less stringent requirements for owner's equity and collateral than do commercial loans, making the SBA an excellent financing source for startups.

Of course, that doesn't mean the SBA is giving money away. In fact, the SBA does not actually make direct loans, instead, it provides loan guarantees to entrepreneurs, promising the bank to pay back a certain percentage of your loan if you are unable to. Read how to prepare to apply for a SBA loan on page 2.

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To subscribe to the Business Lead Newsletter, contact City Hall at cityhall@caledoniamn.gov or call 507-725-3450

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TIPS FOR APPLYING FOR A SMALL BUSINESS ADMINISTRATION (SBA) LOAN

If you're looking for financing for your business, loans backed by the Small Business Administration (SBA) can be a good place to start. However, it can be daunting with so many different types of SBA loans. Below are some basics to improve your chances of qualifying for funding through an SBA-approved lender:

Improve your credit score: Having great credit scores, be it personal or business, will significantly increase your chances of approval. Check your credit score but remember, there are three major credit reporting agencies, so be sure to understand which agency's score you're looking at when reviewing your credit data. Often reports come with a list of reasons why you didn't achieve a perfect score, such as having an imbalance of types of credit, paying a bill late or having a delinquency on your account. No matter what your scores are, you can take measures to boost them such as paying bills on time and keeping balances low.

Verify Business Size Qualifications: The SBA has pretty strict definitions of what does and does not count as a small business. They've accordingly developed a size standard, which is generally calculated by your number of employees or how much your company makes annually varied by industry. General requirements include that your business is a for-profit company, is U.S. based operation, and is a SBA approved industry.

Invest in Your Business: SBA lenders want to know that you've put money into your business, because it's one of the strongest signs that you really believe in its potential. The less you invest, the less a lender will be willing to invest, so invest what you can.

Keep Finance Reports Updated: A lender will likely want to review your profit and lost statements as well as your projected financial statements so ensure finance reports are prepared and kept up to date monthly.

Define How Funding Will Be Used: Determine how you will be using the loan. Will it be used as working capital, or do you need it for a specific project such as purchasing fixed assets like equipment and supplies? Your lenders will want to see that you have an actual plan for the money you're seeking.

source: www.entrepreneur.com



Business Credit Scores

SBA lenders want to know that your business can repay its debts, and do it on time. Your business credit may be part of this evaluation. In fact, the FICO LiquidCredit Small Business Scoring Service (FICO SBSS) is a business credit score used by the SBA to pre-screen applicants to its 7(a) loan program for loan amounts up to \$350,000.

This score can evaluate personal credit data for all owners with ownership of greater than 20 percent, as well as the business-credit data of the business itself. It may even include financial data for the business.

Applicants who fail to meet the minimum score requirement may find it more difficult to get approved. (The SBA minimum FICO SBSS score is 140, and many lenders want to see a score of 160-165 or above.)

RETAIL MERCHANDISING TIPS FOR SPECIALTY SHOPS

The promoting and sale of goods in a retail specialty shop can be challenging. See below for some tips to help soar sales.

Make Merchandise Accessible: No matter what products you sell, you can make them more appealing and accessible with targeted merchandising. Make sure your displays include a way for the customer to experience the product. For example, in a toy store have an area where the product can perform, such as a remote operated toy that customers can interact with.

Implement Cross-Merchandising: Identify items that would go well together and put them in a single display. Customers are likely to purchase a pair of shoes or a purse for example, that are paired with an item of clothing such as a dress.

Be Creative with Window Displays: Utilize window space to grab a potential customer's attention. Displays should be themed, well light, colorful, and free of clutter.

Place Items at Eye-Level: Eye-level is buy-level. Place key items on shelving units at eye-level and use stackable display cases to raise merchandise and showcase sale or specialty items.

Offer Categories of Merchandising: Think of your merchandise in three different categories; prestigious merchandise, promotional merchandise, and the bread-and-butter merchandise. Both the prestigious and promotional merchandise make up about 20% of your sales where as the main merchandise generates the most profit. Even though the lower sales products do not sell at the same rate as the main product, customers notice them and their presence is part of your branding.

Keep Inventory on a Cycle: Seasons are three months long and consumption habits for specialty items follow seasonal trends. Keeping 90 days of inventory as a specialty store retailer should be the norm and will ensure you have the product in stock when your customers want it.

source: www.thebalancesmb.com and www.vending.com

Pricing Merchandise

Experiment with Pricing: If you purchase an item wholesale for \$5.00 you may need to sell it for \$10.99 to turn a profit. But you can start with an initial mark-up of \$11.99 and then drop it later to \$10.99 to see if it really affects the rate of sale. By repricing and tracking sales, you will be able to figure out what price customers are willing to pay.

Bundle Pricing: To move inventory quickly, package or bundle several products together and sell them for less than what they would sell for individually. A successful bundle pricing strategy involves profits on low-value items outweighing losses on high-value items included in a bundle.

Multiple/Discount Pricing: Multiple pricing and discount pricing occurs when items are priced at a discount if multiples are purchased at one time. For example, buying one pair of socks for \$5, two pairs for \$8 would be considered to be multiple pricing.

Psychological Pricing: Is pricing that encourages shoppers to think items are priced lower than they are or that they are getting a good deal. For example, pricing a product at \$1.99 instead of \$2.00 or \$4.99 instead of \$5.00 leads to the theory that customers put a greater emphasis on the lower digit of a product price, so \$1.99 seems like a much better deal than \$2.00 even though the actual price difference is minimal.

source: www.fitsmallbusiness.com



BUSINESS SPOLIGHT

Established in 2023 by Elsie and Lee Babler, and housed in a former historic livery and blacksmith shop, The Crooked Quarter features a variety of timeless antiques, elegant trinkets, vintage furniture, boutique merchandise, local souvenirs, apparel and more.

Artist, crafters, and vintage and antique hobbyists are invited to display their merchandise on consignment and inventory is a constant change ensuring new and exciting goods are always available.

In addition to the store, The Crooked Quarter hosts a Farmers Market May through October including vendors with fresh produce, handmade products, baked goods, and vintage items. Live musicians provide entertainment and activities for the kids as part of the fun.



HOW TO HOST A SOCIAL MEDIA GIVEAWAY

Social media giveaways can be a great way to boost engagement and increase brand awareness, especially during the holidays. However, be sure to pay attention when designing your incentives. Follow the tips below for a successful event:

Set the goal from the start: Defining your ultimate goal will help determine the format of the giveaway and the social media channel to use. Goals could include increasing follower count, promoting a new product or service, improving brand attentiveness, or expanding an email listing. Select your primary purpose and build your campaign toward that outcome.

Choose the channel wisely: With your goal in mind, choose which social media channel or channels will be the best fit to host your giveaway. If you want to increase your following for example, request entrants to follow your page or profile to enter. This is especially popular on Instagram. Just remember to review and follow any platform rules to prevent your campaign from being deleted.

Partner with other brands: Team up with a like-minded brand to cross-promote your giveaway and raise the stakes by looking for other merchants whose products compliments yours. Pick a brand that may have a similar audience and put together an incentive that showcases both brands. For example, an event photographer could connect with a cater and offer a wedding package giveaway.

Match the reward with the effort: The goal of your giveaway is to motivate your audience to do something: share your story, join your email list, follow your account. The prize you are offering should match the relative effort you want your followers to make on your behalf. Offering a free coffee if someone posts, shares, or comments is probably asking to much. Offering to win a month of free coffee, however, might be more enticing. You want to make sure the giveaway is exciting and meets your customer's needs.
source: www.uschamber.com



Old Buildings Renewed

The property featured at 121 S. Marshall St. was historically called Boiler Avenue, a two-block section that ran from Main St. south along S. Marshall Street to the Courthouse Square. During the early 1900s the businesses located along this block included a meat market, barber shop, plumbing and electrical businesses, harness shop and The Caledonia Journal building. In 1877 a major fire occurred in the center of this square city block and several buildings burned down. It can be assumed the building at 121 S. Marshall was built after this fire.

In the early years it was owned by John V. Meyer who had a farm implement business. Meyer also ran the building next to it (about where the VFW is now) as a grocery store. Around 1907 Hubert Frank bought out the grocery business and in 1915 John and Peter Frank, brothers of Hubert, bought the implement business and called it Frank Bros. Implement Co. Sometime in the 1930s the implement business became Sommermeyer Implement Co.

In 1959 the building and adjacent lot was purchased by Warren Bissen for his electrician business - Bissen Electric. He sold Hotpoint appliances out of his store. The Bissen family sold the building in 1999 to George B. (Jeb) Griffith and it was used for one of his Winnebago Software locations. In subsequent years it housed the Caledonia ECFE/Preschool and then Hiawatha Valley Mental Health. The building was purchased in 2017 by Greg Weichert and then sold in 2021 to J. & P. La Crosse Properties, LLC. It is currently the location of Warrior Nutrition.

Warrior Nutrition 2023



source: Houston County Historical Society

Pictured Right:
The 121 S. Marshall building is just visible on the left of the photograph next to Frank Groceries. Early 1900s



Upcoming Events

Caledonia Chamber of Commerce Networking Event: September 14 from 5:00-6:30pm at the Caledonia Gallery 115 E. Main St. Open to the public.

Bluff Country Collaborative Student Exploration Day: September 21 9:00-2:30 Caledonia Middle/High School 825 N. Warrior Ave. Showcase your business! Register by calling or emailing MaryAnne (Youth Workforce Navigator) 507-251-4388 bccnavigators@gmail.com

Caledonia Chamber of Commerce Lunch and Learn: October 11 at The Well 214 E. Main St. 12:00-1:00pm Come learn more about Bluff Country Collaborative. All Caledonia businesses are welcome to attend!

Fall Fest: October 21 10:00am-2:00pm in the City Auditorium. The event is hosted by the Caledonia Public Library. Hot Air Balloon Rally: October 20-22 located behind the Middle/High School 825 Warrior Avenue. Watch for lift off times. Free for all!

Mainspring Vintage & Makers Market: October 21 8:00am-3:00pm 404 E. Main Street Unique vintage and handmade goods.

Winter Parade: Friday, December 1, 2023 Main Street in downtown Caledonia.

BUSINESS DEVELOPMENT



The City of Caledonia Holiday Pop Up Shop Incentive initiative is a response to current building vacancies in downtown Caledonia. This program was designed in partnership with the Caledonia Economic Development Authority and invites community members with business ideas or businesses that wish to expand their offerings to temporarily trial their business concept to introduce a new product line, test a new market or generate awareness for a product or cause. The project is funded in part through a grant awarded by Southern Minnesota Initiative Foundation. To learn more call City Hall at 507- 725-3450



The Caledonia Chamber of Commerce June Lunch and Learn was hosted at The Well. A cold lunch was catered by Elsie's Restaurant and Catering. Guest speaker and Outreach Specialist Dee Slinde with Workforce Development Inc. shared information about what programs WDI offers. In addition to workforce training programs, WDI offers information in the areas of job fairs/hiring events, job posting services, labor market information, and wage subsidy contracts. To learn more, contact Dee at dslinde@wdimn.org