CORNER STORE
BEST PRACTICES TOOL KIT

A Guide to Starting, Operating & Selling a Corner Store

A Project of The Welcoming Center for New Pennsylvanians
in Partnership
with The Food Trust

February 2018
Preface

This Tool Kit is produced through a partnership between The Food Trust (TFT) and The Welcoming Center for New Pennsylvanians (WCNP). Since 1992, The Food Trust has been working to ensure that everyone has access to affordable, nutritious food and information to make healthy decisions.

The Food Trust is a nationally recognized nonprofit and works to promote access to affordable healthy foods. The Food Trust uses a comprehensive approach to provide education and access to nutritious food by partnering with schools, communities, farmer markets and corner stores.

One of the better known Food Trust initiatives includes the Corner Store Campaign to change the school and community environments to support healthy eating among children and adolescents. A nationally known and highly successfully program, the campaign was able to motivate students to choose healthy snacks from corner stores and increase the number of healthy snacks available at the stores.

The Welcoming Center for New Pennsylvanians is a Philadelphia based nonprofit organization focused on immigrant integration, training, education and workforce development. Working closely with government agencies, service providers, employers, business associations and community development corporations, the WCNP promotes entrepreneurship, employment and education among immigrant populations.

This Best Practices Tool Kit provides information and practical tools to help you start your Corner Store. This Tool Kit is designed to help you navigate the process of starting, operating and managing a Corner Store. It also provides a step-by-step process to hand over the business to a family member or a trusted employee. If there is no successor in place and you choose to sell your business, the Tool Kit provides a guide to help you determine the right value for your business and find the right buyer.

Small business owners like Corner Store operators, contribute to the local community's unique identity. As locally involved leaders and role models, Corner Store owners build personal relationships with their customers which helps strengthen bonds within the community being served.

We hope that you find this Tool Kit useful as you think about starting your Corner Store. By following the guidelines and using the resources provided, we are confident that you will have success in your Corner Store and that you will play a transformative role in your community.
Executive Summary
While it can be very rewarding, starting a business is not a simple endeavor. This Tool Kit is intended to guide you through the process of planning, launching, managing, growing and handing over or selling your business. This Tool Kit provides steps that every Corner Store must undertake regardless of the proposed size of the business, location, or the owner’s country of origin. Some of the issues covered in this Tool Kit include:

Pre-Planning: It is important that you examine your motivation for starting a business and choose a business that meets your personal goals, motivation and personal skills. This Tool Kit provides guidance on how to think through the skills and commitment necessary to open a Corner Store.

Planning: Most Corner Stores’ failures can be attributed to poor planning. Careful planning increases your business' chances of success. This Tool Kit provides guidelines for thinking through details in advance and identifying the key activities necessary to establish your business, whether you start from the ground up or buy an existing business.

Growing Your Business Management Skills: As the owner of your Corner Store, it is imperative that you are willing to be open to new ideas and adapt to new information. Acquiring new skills (like learning to use a computer or an inventory system) will go a long way in helping shape the growth trajectory of your business. Adopting new technology, sourcing latest products, improving business processes, and other modifications can give you an edge over your competitors.

Challenges: Understanding challenges you are likely to face and developing strategies to overcome them is fundamental to your success. While it is impossible to anticipate all potential problems that your business will face in the future, many challenges can be expected. Being able to plan for those challenges may prevent complex situations from becoming worse. This Tool Kit provides strategies for identifying potential problems and offers approach to help overcoming them.

Transferring Ownership: The one maxim that holds true for all business owners is that eventually they will exit their business — either on their own accord or involuntarily. Many small business owners spend a lifetime building their businesses and giving it up is highly emotional and always difficult. This Tool Kit provides steps to deal with transferring your business to other family members or selling your business.
Table of Contents

Chapter 1: Thinking of Starting a Corner Store? ................................................................. 6
Discuss the idea with family and friends........................................................................... 6
Talk with existing Corner Store Operators ...................................................................... 6
Understand the general challenges .................................................................................... 7
Determine if opening a Corner Store is for you .................................................................. 8

Chapter 2: Starting a New Business ..................................................................................... 8
Market research ................................................................................................................... 8
Write your Business Plan .................................................................................................... 10
Start-up cost planning .............................................................................................................10
Financing your Corner Store ............................................................................................... 11
Register your business ........................................................................................................ 12

Chapter 3: Buying an Existing Business ............................................................................ 14
What to Consider When Buying an Existing Business - External Review ...................... 14
    Find More Neighborhood Demographic Data ............................................................... 15
    Get to Know the Neighborhood .................................................................................... 15
    Learn About the Corner Store ....................................................................................... 16
What to Consider When Buying an Existing Business - Internal Review ............................ 16
    Understand Why the Business is For Sale ........................................................................16
    Inventory ......................................................................................................................... 16
    Fixtures and Equipment .................................................................................................. 16
    Contracts and Contract Violations ................................................................................. 17
    Sales, Bookkeeping and Tax Records ............................................................................. 17
    Liabilities ......................................................................................................................... 18
    Receivable & Payables ..................................................................................................... 18
    Insurance ......................................................................................................................... 18
    Employees ....................................................................................................................... 18
    Business Valuation ......................................................................................................... 19
    Examples of Retail Business Valuation Formulas Used in Philadelphia ..................... 19

Chapter 4: Operation and Management: Running Your Business ..................................... 20
Key Activities a Corner Store Owner Performs: ................................................................. 20
Key Staff ............................................................................................................................. 21
Bookkeeping/Cash Management ......................................................................................... 21
Point of Sales System (POS) ............................................................................................. 22
Online Presence .................................................................................................................. 23
Website .............................................................................................................................. 23
Visual Merchandising ........................................................................................................ 24
Sales Strategy .................................................................................................................... 24
Customer Service .............................................................................................................. 25
Characteristics of Well-Managed Corner Stores

Chapter 5: Strategies to Expand/Scale Up Your Business
Accessing Additional Capital - Sources of Funding
Expand or Open a New Location

Chapter 6: Capacity
Expand or Open a New Location
Accessing Additional Capital

CHAPTER 7: What to Do When Things Go Wrong: Exit Strategy
1. Key Staff Resigns Abruptly
2. Sudden Arrival of a New Competitor
3. Challenges with Banks
4. Equipment Breakdown
5. Market Changes

Chapter 8: Ready to Retire: Transferring Ownership Within the Family
Succession Planning
Estate planning and taxes

Chapter 9: Ready to Retire: Selling Your Business
Deciding why, when and how to sell your business
Preparing your business for sale
Marketing your business for sale
The selling process
Closing the sale and transferring the business

Chapter 10: Resources
Personal Monthly Budget Worksheet
Personal Net Worth Worksheet
Understand and Analyze Your Competitors

Product & Service Analysis Tool
Competition Analysis Chart
Sources

Corner Stores Best Practices Tool Kit
Chapter 1: Thinking of Starting a Corner Store?

Starting a Corner Store can be a thrilling and satisfying experience, but it can also be terrifying. The thrill can come from being your own boss; having a stable income; and becoming a respected community leader. The scary part is the universe of what can go wrong, the risk of bankruptcy, and the loss of family savings and assets. Therefore, it is imperative to know as much as you can before risking your family savings or money borrowed from the bank or friends.

Starting a new business like a Corner Store requires extensive planning, sufficient capital, and a profitable market. Industry knowledge and business experience can be a plus but are not always necessary. If you have the passion and the willingness, you can also learn about unfamiliar areas along the way as you build your business. The first step in journey is determining if opening a Corner Store is a good option for you. You will want to do some pre-planning and research into what is involved in operating a Corner Store. Here are some starting points:

Discuss the idea with family and friends

The first step is to discuss your business idea with family and friends. They can give you advice that could help you with your decision making process. Family and friends might be able to support you and provide feedback on your business idea. In fact, you can test your business idea by starting with those closest to you, those who know you well. If they like your idea, they could be potential investors or future customers for your business, encouraging you and providing feedback along the way.

Talk with existing Corner Store Operators

Speaking with existing Corner Store owners is an essential part of your exploration. Be sure to include one business that appears to be successful and another business that seems to be struggling. Learning from both will provide you with a better perspective on which business practices to embrace and which practices should be avoided. Talk to at least two to four business owners about their experiences running a Corner Store.

This step is vital since it provides you with a practical perspective on what it takes to operate a successful Corner Store and whether it is the right business for you. As you prepare to meet with prospective Corner Store owners, the following questions will help guide your discussions:

- What does your typical workday look like?
- If you had the chance to start your Corner Store again, what would you do differently?
- What keeps you awake at night?
- What are some of the challenges in operating a Corner Store?
How do you find and manage your suppliers?
What are the minimum daily sales required for your Corner Store to be profitable?
What are the license & permit requirements you needed to start your Corner Store?
Who are typical customers for your Corner Store (age, employment status, etc.)?
Have there been products you assumed would be popular but did not sell?
How long did it take you to become profitable?
Watch for the selection of healthier food options (water, fresh fruits, pretzels, etc.)

Visiting the Corner Stores, observing customer interactions and asking owners questions should expand your perspective into the realities of owning a small retail grocery store.

Understand the general challenges

All businesses face stressful situations that can either encourage or prevent growth. Corner Stores face challenges that impact them differently than other small businesses. The following are some of the most common challenges you are likely to face as a Corner Store owner:

- **High inventory cost**: Corner Store owners have restricted space to maintain inventory and limited funds to buy products. As a consequence, Corner Store operators are forced to pay higher prices than larger supermarkets that are able to buy in larger quantities and keep more expansive inventories.

- **Labor turnover**: If store owners one or two employees, labor cost can absorb a significant portion of running a Corner Store. The cost is an even bigger challenge when there is high employee turnover. New employees require training which takes time and affects the smooth running of the business. Also, because of the small personal nature of the Corner Store, customers become accustomed to your employees. Change in employees can be a challenge in a neighborhood business environment where people know one another and may look forward to seeing a familiar face.

- **Demographic shift**: Demographic change in the neighborhood could impact a Corner Store’s profitability. These shifts could be favorable or unfavorable, depending on how your target customers change over time. For example, let’s say that your Corner Store is located in a neighborhood with many senior citizens who are your daily customers. If a local university decides to build dormitory housing for their students in the neighborhood your Corner Store serves, you will be faced with an entirely different customer base, with varying product preferences and shopping patterns. You will need to respond to the market changes that might include finding new products and services that are appealing to this new audience. If you don’t respond to demographic changes, you may need to change your location or close your business.

*Corner Stores Best Practices Tool Kit*
**Determine if opening a Corner Store is for you**

Once you have talked with Corner Store owners and understood the general challenges, the next step is to ask yourself the following questions:

- Is owning and operating a Corner Store a good fit for me and my personality?
- Am I able and willing to work the long hours required?
- Do I have the disposition to interact with customers every day?
- Can I handle the daily operation of operating a Corner Store?
- Do I want to devote the time and money required to plan and start a Corner Store?
- Do I have the capital needed to successfully start a Corner Store?

It is vital to find out if the type of business you are planning to start is compatible with your personality traits. How you answer the above questions will give you an insight into the demands of operating a Corner Store and if you might be successful at it and enjoy the process, as well.

Once you have decided that a Corner Store is a good fit, you need to make one more decision - what is the best way for you to start your new business? There are three options for starting a new business. First, you can build an entirely new business from the ground up, which gives you the most control. Second, you can buy an existing business, which provides you with more structure but less flexibility to make changes. Third, franchising is an option which provides support and guidance but provides less control.

**Chapter 2: Starting a New Business**

To start and build a new business from the ground up, you must follow the following steps:

**Market research**

Market research is a method of collecting, analyzing, and interpreting information about a service or product in a particular market or industry. Undertaking market research should help you understand your target customers, your competitors, and the overall landscape of your industry. Do your homework and know your industry including trends, government regulations, and technological advancements that could have both long and short-term effect on your business.

As a part of your market research, you need to select the best location for your Corner Store. Where you locate your business will determine how successful your business will be in the future. Consider the following factors when choosing the right business location:

- **Demographic research:** Conduct research about the neighborhood population who live around the area where you plan to start your business. Your research should provide a clear picture of target population regarding of age, race, household income, family size (much of
this available in latest U.S. Census figures). You can visit your local library to find this type of
data or, you can look it up online. This information is vital to understanding whether the
community is a good fit for your business. Ask yourself questions such as the following:

- What are the demographics of the neighborhood (age, gender, income, employment
  status)?
- How many other Corner Stores and other types of stores are in the area?
- Are there schools nearby?
- What is the traffic flow? Are you close to a SEPTA station or bus stop?
- Are there enough customer demand for my product selection?
- Can the neighborhood income support my prices? (Note: see what other stores charge for
  similar items)
- Is the location right for target market? (Note: if many elderly reside in the area, is the
  store easy to access, will you need railings, ramps, etc.)
- Does the target population need my products or services? (Note: if there are young
  families, do you carry diapers, baby wipes, baby foods)
- Are customers looking for fresh food options?

- **Location and zoning:** You should check with your city or county to make sure that your type
  of business (retail Corner Store) is permitted in your preferred location. Zoning regulations
determine how property can or cannot be used for specific businesses.
- **On-site observations:** Get to know the community. Walk around the neighborhood at
different times of day to evaluate foot traffic near your target location. Talk with people in the
community, ask general questions and hear their descriptions of the area. Getting to know the
community and talking with potential customers will help you understand some of the needs
of the residents and where the opportunity exists to start your Corner Store.

**Identifying potential threats:** Look for variables that might impact your Corner Store. For instance,
a neighborhood might have high volume foot traffic, but if illegal activities such as drug selling,
weapons, or other threatening situations are present, they can impact your ability to operate a
successful business. Look for police crime reports for the target neighborhood and talk with people in

-- **Identifying competition:** Examine the 0.5-mile radius from your intended business
location for potential competition. Find out your competitors’ strengths and weaknesses.
Answer questions such as the following:

- How is your business different from your competitors?
- What are the competitors core values and relationship to the community?
- How could your competitor impact your business?
Write your Business Plan

Planning is essential to success when starting a business. As an entrepreneur, you must know the consequence of your decisions before you make them. The number one reason most businesses fail is lack of planning. Thus, it is crucial to have a well written Business Plan to guide you through your journey and help you to finance your business. Having a comprehensive Business Plan helps you think carefully through each step of starting your business so you can prepare for success. Below is a general list of questions that need to be addressed in your Business Plan:

- What is your mission for your business?
- What products or services are you offering?
- How do your products and services meet your target customers’ needs?
- What are the demographic, age, race, and income of your target customers?
- How are you different from your competitors?
- How will you market your services or products to your customers?
- What are your strengths and weaknesses? (Note: be honest!)
- What are the opportunities and threats for the business?
- What is your management experience regarding the business?
- What will be your start-up cost?
- Calculate the estimated revenue for the first three years

A thoughtful and strategic Business Plan that covers all aspects of your endeavor can increase the chance of success and avoid unwanted surprises down the road.

Start-up cost planning

Start-up costs are one of the areas that catch entrepreneurs by surprise. In many cases, the start-up costs are underestimated. Even before your business opens its doors, you will need to pay bills. Knowing the total of your future monthly expenses is fundamental to operating a Corner Store. Calculating the start-up cost and comparing it to estimated profit helps you understand the feasibility of launching a Corner Store. A well-estimated, careful calculation of your start-up cost will help you know how much capital you need if you plan to look for funding. Below is a list of general start-up costs for a Corner Store. Some of the cost may or may not apply to your specific store:

<table>
<thead>
<tr>
<th>Rent</th>
<th>License and permitting fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>Advertising and marketing</td>
</tr>
<tr>
<td>Inventory</td>
<td>Creating a website</td>
</tr>
<tr>
<td>Equipment and supplies</td>
<td>Insurance</td>
</tr>
</tbody>
</table>
Important Tip:
Understanding the start-up cost is one part of the puzzle. Knowing how long it will take your business to be profitable or break even is another essential component. The longer it takes your business to be profitable, the more expenses you need to pay on the front end. As a small business owner, you need to consider not only the start-up costs, but also your personal expense requirements. For example, you may need to pay for your home rent, food, gas, health insurance, car payment, and other items necessary to take care of your family. You will need to be able to sustain your personal expenses until the time when there is enough profit from your business to allocate to your salary and your personal expenses. Please go to Chapter 10 of this Took Kit for tools that can help you calculate your start-up cost.

Financing your Corner Store
Financing your Corner Store can be challenging if you do not personally have money to invest. However, this should not prevent you from starting a Corner Store. There are several ways to fund your business. Some common ways include family and friends, Crowdfunding (the practice of obtaining needed funding for a new business by soliciting contributions online), micro lenders, and banks.

Family and friends
For many Corner Store operators, funding their small store begins with a personal investment and borrowing money from family and friends who support their idea and want to help or be investors in the company. This could be the simplest way of attracting funds to start your Corner Store. Your family and friends may share your goal and want to be supportive. However, you may risk your personal relationship with loved ones if the business fails to be profitable. And this is one more reason you should serious about thoughtful and careful planning!

Crowdfunding
Another way to fund your Corner Store is to use an online crowdfunding platform. There are several crowdfunding platforms with different goals tailored to specific industries or projects. People and investors use these platforms to either invest in your business idea or support a specific worthy goal. Some platforms charge fees plus interest when you receive funding from people. Other sites work as a nonprofit, with minimal transaction costs to help you achieve your dream. Here is a list of some popular crowdfunding platforms:
- Kiva: https://www.kiva.org/
- Crowdfunder: https://www.crowdfunder.com/
− Gofundme: https://www.gofundme.com
− Kickstarter: https://www.kickstarter.com/
− Indiegogo: https://www.indiegogo.com/

Microlenders
Seeking loans from a microlender institution is another option to fund your small business or start-up cost. Some microlenders are organized as non-profits to help small businesses or minority-owned businesses secure funding for their endeavors. Depending on the state or city that you do business in, you can find micro-lending institutions to kick-start your business. Micro-lending institutions have simpler and more straightforward processes to lend you money compared to banks. Here is a list of microlenders in the City of Philadelphia.
− FINANTA: http://finanta.org/
− PIDC: http://www.pidcphila.com
− The Enterprise Center: http://www.theenterprisecenter.com
− Entrepreneur Works: http://www.myentrepreneurworks.org/
− WORC: http://www.worc-pa.com/

Banks
You may be able to secure a loan from a bank to start your Corner Store. However, you may find it difficult and expensive to borrow from a bank. Banks offer loans with specific criteria, under strict conditions and at varying rates. As a start-up, you may need to provide evidence that your business can make or is making money. Sometimes, if you have an exciting, solid business idea, a bank may want to invest or lend money. Your personal credit also needs to be in good standing with the bank.

Once you determine the best way to fund your start-up, it is time to make things official and register your business.

Register your business

Choose a business name
In considering your business name, keep the following criteria in mind. A business name should:
− appeal to the type of customers that you want to deal with
− generate positive emotions for your target customers
− be short, simple, and easy to pronounce

You should have two or three name options in case the business name you want already exists. Once you choose the name of your business, search for it on your state website to make sure that the name does not overlap with another business name. (This step also helps you avoid unnecessary application
In Pennsylvania, you can search for the name of a business on https://www.corporations.pa.gov/.

You might see fictitious names as you search. A fictitious name does not give your business name protection. If you choose a fictitious name for your business, someone else can pick the same name for their business. Fictitious names are commonly referred to as DBA “Doing Business As.” For more information about fictitious names and registration, visit SBA website linked here: https://www.sba.gov/business-guide/launch/choose-your-business-name-register.

Choose a business entity type
After choosing your business name, it is time to register your company and decide on legal entity type. It is important to consider business needs, legal issues, and tax consequences when choosing a legal structure for your company. Generally, there are four common types of legal structure for an organization: sole proprietorships, partnerships (general or limited), limited liability companies, and corporations. For more information about the legal forms of an entity, visit http://www.dos.pa.gov/BusinessCharities/Business/Pages/default.aspx or consult an accountant or a business lawyer. After you choose the legal structure of your company, fill out the necessary forms to send to the Department of State. Required forms depend on your entity type and may include Articles of Incorporation or a Certificate of Organization & Docketing Statement. In Pennsylvania, forms should be sent to:

Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
P.O. Box 8722
Harrisburg, PA 17105-8722

To learn more about different forms and legal structures of the entity type in Pennsylvania, visit: https://www.epa.gov/resources-small-businesses.

You can also refer to “Starting a Business in Pennsylvania,” a beginner's guide distributed by the Pennsylvania Department of Revenue, to learn more about starting and forming a legal structure for your business. You can access the guide at the following link: http://www.revenue.pa.gov/formsandpublications/formsforbusinesses/documents/rev-588.pdf.

Get a federal and state tax number
Usually, it takes from one to three weeks to get confirmation of your business registration. Once you have received registration confirmation, it is time to apply for an Employer Identification Number (EIN). An EIN is a unique ID number for your business for tax purposes issued by the Internal
Revenue Service (IRS). There are different methods you can choose to apply for an EIN, but it is easiest to apply online. It only takes five -10 minutes to get your EIN. For more information on different types of methods to apply for your business EIN, visit the IRS website: https://goo.gl/PMbQDU

Apply for any necessary licenses and permits
Depending on your business type and the city of operation, you may need to apply for several different licenses, permits, and/or a city tax ID. Many Corner Stores serve food to their customers; if you are planning to serve food, you must comply with the Department of Public Health’s rules for handling food. Serving food requires different licenses, permits, and/or certifications. For information about requirements for food related businesses in Philadelphia, visit the City of Philadelphia’s official website link to download the guide to starting your food business: https://business.phila.gov/media/A-Guide-to-Starting-Your-Food-Related-Business.pdf.

Chapter 3: Buying an Existing Business

A second option for starting your Corner Store is buying an existing business rather than starting from scratch. Buying an existing business gives you more control, but it does come with several unique challenges.

Buying an existing business is exactly what it sounds like. The buyer typically takes over full ownership of an operating business. The biggest advantage to having an existing blueprint is that it can includes an established customer base, defining operating expenses, and the potential of fully trained employees. Almost any kind of business can be purchased or sold. With an existing business, you typically assume complete control over its direction. Planning for your new business, even if it is an existing business that you purchase, is just as important as it is for a business you might start on your own. For example, with no set vision, infrastructure, or external guidance, your Corner Store could struggle as you figure out the best way to operate it. It is also worth noting that buying a business can cost you more than if you were to start your own business. If you are not sure about buying a business, consult a business broker. While a broker may charge a fee of roughly 5% to 10% of the total purchase, it is worthwhile to work with an experienced business broker to find a business that fits your needs.

What to Consider When Buying an Existing Business - External Review

The sale of a Corner Store can often be an informal process, involving people within the same family. However, regardless of who the buyer or the seller may be, the purchase must be beneficial to both
parties. Whether you plan to buy the business alone or purchase through a broker, do your homework by reviewing and verifying relevant information about the business you are considering. If you are interested in buying an existing business, here is a checklist of items to consider:

- Inquire about the unforeseen challenges within the industry.
- Conduct research to determine the regulations that may affect the business in the future.
- Check on required licenses and permits. You will need to secure all of the necessary licenses and permits from the current owner or apply for them yourself. Find out which federal, state, and local permits & licenses you'll need to run your business.
- Confirm the zoning requirements. Verify that your business follows all the basic zoning laws in the area.
- Environmental concerns: If you are buying the property along with the business, it is important to check (or have someone check) the environmental regulations in the area.
- Verify the value of the business. There are many different methods to determine a fair price for the purchase of the business. Here are a few:
  - **Capitalized earning approach**: This method refers to the return on the investment that the investor expects.
  - **Excess earning method**: Like the capitalized earning method, except it separates return on assets from other earnings.
  - **Cash flow method**: This method is typically used to determine how much of a loan the business' cash flow can support.
  - **Tangible assets (balance sheet) method**: This method values the business by its tangible assets.
  - **Value of specific intangible assets method**: This method compares buying a wanted intangible asset versus creating it.

**Find More Neighborhood Demographic Data**

It is helpful to learn about the types of customers to expect in terms of age, income, spending habits, etc. This information should help you to determine what products and services to offer, along with marketing strategies to utilize, and what types of opportunities for growth to pursue. Subscribe to the local paper and area mailing from churches, schools and other organizations. Check out access to healthier food options like fresh fruits and vegetables as this might be a community need to be further explored.

**Get to Know the Neighborhood**

Learn about possible competitors and seek areas for growth. Talk to other businesses about the neighborhood regarding issues with safety and their daily experiences with customers. This
information should help to inform what you should expect from the community if you decide to buy the business.

**Learn About the Corner Store**

There are several ways to find out more about a business. You can ask the neighbors, search for online complaints, check with Better Business Bureau (BBB), or spend time observing the business.

**What to Consider When Buying an Existing Business - Internal Review**

Once you decided that the business is a good fit for you, it is time to look more closely into the business operation. Consider the following:

**Understand Why the Business is For Sale**

Ask the owner why he is selling the business. Is the business having financing issues? Make sure that it is not something that can adversely affect the business.

**Inventory**

Inventory includes any product that is for sale, along with any product that is stored within the business to be sold. Check the inventory for any expired or old items and look for products with a short life cycle. Determine if the price for the products is based on a fair market value. Ask questions about the inventory's turnover on a weekly, monthly, and yearly basis. Find out if there is a contract with a supplier for any inventory stocking or replenishment.

Keep in mind that you do not need to accept the value that is assigned to the inventory. Another way to look for inventory value is to look for the book value of the products. However, it does not mean you should accept the book value if you think the products seem overpriced. The value of any inventory should be based on a fair market value. Point out any damage of inventory or concern you may have and discuss it during the negotiation process. After all, inventory is a part of the assets and you should pay for it based on a fair market value.

**Fixtures and Equipment**

This includes all furniture, machinery and fixtures, along with building and office equipment. Secure a complete list of the equipment and the model numbers from the seller to determine their depreciation. Ask for the “book value” of the assets and find the current value of the equipment. Find out if any of the equipment and the building (or parts of it) are leased or owned. Understand the regular maintenance cost of the building and the costs of the equipment to keep the facility functioning properly.
Contracts and Contract Violations
There are many legal documents and contracts to consider such as the purchasing contract, employment contract, lease agreement, and others that could legally bind you to the business. It is important to go over the lease agreement and get to know the property owner. In some cases, dealing with the property owner can be difficult, so make sure that the owner of the property is informed when (preferably before) the business changes ownership. It will help you understand the property owner’s expectation or any change in the lease agreement in the case of new ownership. Sometimes, not knowing the details of a contract or neglecting an inspection of the business property can have serious consequences. Make sure to read the full contract and lease terms if you decide to rent or buy the location. Ask questions and talk to a lawyer if anything in the contract is unclear. Inspect the property for any damages or maintenance issues before signing the contract.

Important Tip: A key piece of equipment to have in a Corner Store is the Electronic Benefit Transfer (EBT) that is commonly referred to as an ACCESS machine. It is used for redeeming Supplemental Nutrition Assistance Programs (SNAP) benefits, formally known as Food Stamps.

- For a Corner Store, having an EBT machine is important and contributes to a large amount of sales in low-income neighborhoods. You will need to comply with the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) policy to use an EBT machine. The inability to accept payments through an EBT machine for your business can significantly affect the sales and profits of your business. Therefore, check with the USDA FNS office to find out if the business EBT machine is currently in compliance with the law, and there is no investigation or court filing about misuse of the machine. It is important to know that fruits and vegetables as well as meats fish and poultry and dairy products can be purchased by using SNAP benefits. Furthermore, if there is a lottery machine for the business, make sure to contact your state about the rules for using lottery machines and the license privileges involved.

Sales, Bookkeeping and Tax Records
It is important to look at the tax returns of the business and compare them with their bookkeeping records. Use your skills or ask an accountant to look for discrepancies. It is important to find out if the business is in good tax standing and there are no penalties for failure to file any business taxes. If you do not know how to undertake this comparison, it would be prudent to hire a trustworthy accountant.

Review the sales records and evaluate the figures weekly, monthly and yearly for at least two years. Break the sales figures down by product categories for both cash and credit sales. This information should provide insight into the current business activity and sales patterns and help you understand the business cycle. However, sometimes the sales records from a retail business may be difficult to
collect. Many retail businesses commonly use the traditional way of keeping sales records in different books; sometimes they don’t keep sales records at all. Either way, your decision should be based on what can be proved.

Liabilities
Request to view all of the business’s liabilities. Find out if the owner has used the company assets to secure loans either for the business or personal use. Evaluate if there is a lawsuit against the business or if there is lien on business assets by creditors. If you are not sure, talk to your attorney or CPA.

Receivable & Payables
Check for all accounts receivable by 30, 60, and 90-day periods. Look for the creditworthiness of clientele. If the clientele's accounts receivable are outstanding beyond 60 days, you may need to use a stricter credit policy to collect the business receivables. Keep in mind the longer the receivable time, the hard it is to collect. Since Corner Store businesses are limited in terms of working capital or inventory, they normally don’t sell on credit. Thus, you might see fewer accounts receivable compared to larger grocery stores. Like accounts receivable, accounts payable act on 30, 60, and 90-day time periods. Check to see if the company is behind on its payables. Knowing about the accounts payable and receivable helps you understand how cash flows in the business.

Insurance
Find out what type of insurance policy the business carries and whether it is transferable. If not, then it will be your responsibility to get a new policy that meets your needs. Consult your insurance broker to help you choose the best policy for your type of business. Every business has risks, so make sure you shield your business well against any potential risks. *Business insurance is essential.*

Employees
Obtain a list of the employees and their responsibilities in the Corner Store. Identity key staff and talk to them about their job satisfaction and whether they will stay with business or leave. For a Corner Store with food service, the key employee could be the person preparing food. It can often be difficult to find a replacement in the kitchen, especially if the food is local to a specific culture. It can affect the business sales if customers in the community do not receive the food they are accustomed to purchasing. Thus, it is vital for the Corner Store to keep its key employees and make sure they are happy with their roles…and that they are performing well.

Facility Inspection
As the prospective buyer of a business, you will need to make sure that the facility meets all safety and health requirements, including whether or not it has been inspected. If you see any potential safety concerns, contact Occupational Safety and Health Administration (OSHA) to assist you with an inspection. It is much better to err on the side of safety.
**Business Valuation**

How much do you need to pay for a business? It is not always easy to come up with a fair business valuation that works for the buyer and the seller. Hence, it is important to come to a common ground that works for both parties.

Here are some of the commonly used methods for evaluating businesses for sale:

- **Capitalized earning approach**: This method refers to the return on the investment that the investor expects.

- **Excess earning method**: Similar to the capitalized earning method, except it separates returns on assets from other earnings.

- **Cash flow method**: This method is typically used to determine how much of a loan the business's cash flow can support.

- **Tangible assets (balance sheet) method**: This method values the business by its tangible assets.

- **Value of specific intangible assets method**: This method compares buying a wanted intangible asset with creating one instead.

Whichever method you use, make sure that it gives both parties a fair value.

**Examples of Retail Business Valuation Formulas Used in Philadelphia**

According to Daniel Rodriguez, owner of Romano's Grocery Store (Philadelphia), the formula for valuation of a Corner Store comes from the daily sales revenue. “If a store sells for $100,000, it should generate at least an average of $1,000 in sales every day. In other words, for a Corner Store to be worth $100,000, it should at least make $365,000 annually or more.” According to Rodriguez, “Corner Stores generally make between 30 % to 40 % in gross profit.”

According to Elbys Amancio, owner of Amancio Dollar Outlet, a benchmark for Corner Store valuation is if the store sells for $200,000, then the store should generate more than $2,000 daily. In addition to...
business revenue, one is purchasing the business’s reputation and goodwill. The reputation and goodwill depend on the seller’s terms as well as the buyer’s willingness to accept the cost. It is a tricky part of the business valuation, and you will want to make sure that if you pay for the reputation of the business, you can make your money back plus the profit before the lease comes up for renewal.

Jorge Martinez has been in the Corner Store business for more than 20 years. He has bought and sold several businesses. Currently, he owns Martinez Food Market at 1328 West Somerset Street. He asserts, “I would not buy a store that does not make $12,000 a week.”

To learn more about buying a small business and finding places to buy or sell a business, please refer to http://www.bizbuysell.com/buyer/guide/buying-a-business/.

Chapter 4: Operation and Management: Running Your Business

Key Management

Operating a successful Corner Store is challenging, from hiring and training staff, to managing inventory, controlling cash and costs and marketing your products. This is demanding work. But if you have a committed team to support you, your life will be a bit easier. Your employees are the face of your business to your customers. We have all experienced a rude or inattentive clerk and these encounters ruin the experience and practically guarantee lost customers. Your focus is to find the right team to take care of your customers. As the owner and manager, your job is to develop your team. If staff management is something unfamiliar to you, it would be important to acquire some training on how to manage the team and the business. Work with a human resource consultant or your local SCORE chapter to help you develop employee policies and make sure your staff receives the training they need to be successful (especially in food prep). As a Corner Store owner/manager, you will need to develop a variety of skills in basic management and operations.

Key Activities a Corner Store Owner Performs:

Retail businesses normally have between one – five employees and some of the key activities carried out at a Corner Store include:
− Shelving or stocking inventory
− Sourcing and procuring products
− Customer service
− Sales and marketing
− Preparing and serving food for those that have kitchens
− Managing finances

**Key Staff**

In many cases, the owner or the family members either run Corner Stores. They perform all or some part of the operational activities of running their stores, including sourcing products, cooking, cleaning, bookkeeping, and answering to customers at the register. However, there are Corner Stores that also rely on key staff members to keep the business running smoothly. Key staff people often know all your customers and what they buy. Also, your customers know them and rely on them to provide a consistent positive buying experience. According to Corner Store owners interviewed in Philadelphia, the key employees are the cooks and cashiers for a Corner Store. Providing hot and cold food service is often part of Corner Stores. If your customers come to you because they like your food, then make sure to keep your cook satisfied. For some Corner Stores the cashier is the key staff for the business. Owners can get very busy, so having someone whom you can trust to handle your money and interact with customers is critical for your success. Losing your key employees could adversely affect your business.

**Bookkeeping/Cash Management**

While struggling to manage all the minute-to-minute demands of their business, business owners often let bookkeeping tasks slip away. Nonetheless, accurate bookkeeping can mean the difference between staying in operation and closing due to cash flow problems or tax troubles. When you fall behind in your accounting duties, it is time to rectify the situation before your Corner Store becomes the victim of one of these common accounting problems:

− *Losing money:* If you are to sell anything on credit, have a system that allows you to know who owes you money and when to collect it. However, this will not be a problem if you do not accept credit and operate as a cash only business.

− *Underestimating how you spend money:* Every item you spend money on counts and must be recorded and tracked. Whether they are small purchases, recurring bill payments, hidden charges or interest charges, all add up quickly. According to Dennis Najjar - Co-Founder of AccountingDepartment.com. “Failing to keep track of these ‘extra’ expenses can result in a large discrepancy between the money you think you have and the actual funds available to your business. Many business owners also forget to track small purchases made with petty
cash, an omission that leaves the door open for less than prudent use of the petty cash account.”

− *Paying more in taxes:* If you don’t keep accurate records of your business expenses, then you will have difficulty getting all refunds due to you and paying more in taxes. Make sure to keep all your records and receipts of all purchases, petty cash expenses and others because without these you cannot claim these expenses.

− *IRS audit:* The IRS looks for certain “red flags” when deciding whether to audit an individual or business. One of these flags is consistently showing a loss for a period of three years or more. Inconsistency in your records regarding loss and profitability can catch the eye of someone in the IRS and trigger an audit. To avoid this situation, be as truthful as you can and do not let anyone advise you otherwise. Being honest with the IRS is essential.

− *Payroll and sales tax penalties:* As a business owner, it is up to you to track taxes associated with payroll and any goods you sell that are subject to a sales tax. It is your responsibility to pay these taxes and failure to do so can land you in deep problem with IRS.

− *Wasting time:* Keep clean records of your business financial operations and save time. Because failing to do these will cause you bigger problems and more time later.

**Important Tip:** Running a small business is complicated enough without the stress of dealing with regular accounting tasks. Hiring an experienced bookkeeper takes the burden off of you and reduces your financial and tax problems and saving you time.

**Point of Sales System (POS)**

The Point of Sale (POS) refers to the area of a store where customers pay for their purchases. This could be an electric cash register or an integrated computer system that records the data that comprises a business transaction for the sale of goods or services. Most Corner Stores use a cash register to keep track of sales daily, and they send copies of all receipts to their accountants for tax purpose. The process is time-consuming, and it increases the accounting cost for a Corner Store. Having a Point of Sale system can decrease the accounting cost while it improves inventory management of the business.

A POS system is the best tool for helping a Corner Store owner manage and assess his/her business. While it can be as simple as free software that runs on any PC, or an online based system like QuickBooks or Square, to a fully integrated system with mobile POS capabilities, a POS system generates valuable data that can help you operate a profitable business. Key features you should look for in a quality POS system include ability to generate sales data, manage inventory; loyalty programs; gift cards/EBT, customer relationships and experience, payroll and time tracking, and reporting. Your small business consultant should be able to advice you based on the size of your business and growth strategy on what POS system will serve your business best.

*Corner Stores Best Practices Tool Kit*

22
Online Presence

Having an online presence can help bring traffic to your Corner Store. It is a fact that many people use search engines to locate products and services. Google has taken the lead in helping businesses gain visibility on Google maps and it is a free service that allows you to share important updates, and helpful information about your business. You can register your business at: https://www.google.com/business/.

Website

"The first reason why your company needs a website, even if your business has five employees or less, is because that is where so many of your potential customers are looking much of the time. Therefore, if you want to engage them, you must be online. If you operate a small business that does not have a website, according to Susan Ward\(^1\) here are six reasons you should be on the internet:

- "People use the Internet like they used to use the phone book: I used to tell small business owners that it didn't matter if they had a website if most of their business was local. But now almost everyone uses the Internet to get information - even local information. Potential customers are using their Smartphones and tablets to decide where to go and what to buy.
- A website gives your business legitimacy: People expect businesses to have their own websites, just as they used to expect businesses to have a real physical business address. Not having a business website often raises concerns in customers’ eyes.
- A website gives you another marketing channel: Having a website gives you an automatic Internet presence. Think of it as an online billboard. Instantly you have another chance to introduce people to your products and services and another way for people to find you.
- A business website gives you another opportunity for data collection/lead generation: For instance, getting people to write their email addresses on pieces of paper and handing them in at a physical storefront is hard. But getting people to type their email address into a box on a website is much, much easier - especially if they perceive that they're getting something for it, such as a newsletter, a special report or an eBook. And once you have the email address, you have another way to reach your potential customer.
- Ecommerce spending is increasing every year: In the U.S., ecommerce spending was $341.7 billion in 2015 and Forrester Research Inc. predicts that online shoppers will have spent $385 billion in 2017. Retail ecommerce sales are forecast to grow at a fast pace in the coming years, going from 396.7 billion U.S. dollars in 2016 to just over 684 billion US dollars in 2020. This is a space you cannot miss to be if you want to be competitive.

\(^1\) Susan Ward: "6 Reasons Every Small Business Should Have a Website" appearing on "The Balance Online edition of February 2017"
“Webrooming” can lead customers into your store: If you have a brick-and-mortar store, investing in building an online presence such as an ecommerce website can increase your offline store’s profits thanks to the growing popularity of webrooming, where customers research items online before purchasing them in-store. Over 90 percent of global purchases are still happening offline, proving that webrooming is still most people's shopping preference,” [https://www.thebalance.com/reasons-small-business-website-2948414](https://www.thebalance.com/reasons-small-business-website-2948414).

For a Corner Store, it might not necessarily mean selling items online. However, being online and having a social media presence is an opportunity to interact and be engaged with your customers. It can help your business gain visibility and grow. Therefore, improving your attractiveness on social media such as Facebook, Instagram, and Pinterest can help you build a loyal customer base that shares the same values, thereby growing your business. Plus, having an organized website and a presence on Google Maps can give your business a positive image. Your online presence can help you understand and respond to your customers, which will give you a competitive advantage over your competitors.

**Visual Merchandising**

According to marketing expert Hannah Wickford, “Merchandising is the art of staging a store to encourage consumers to purchase more products.” Therefore, you should make sure that your store is welcoming to the customers, the store sign is clear, the store is clean, and products are shelved properly. Avoid crowded shelves and leave a reasonable space for customers to walk through to avoid rubbing each other’s backs and falling inventory. To learn more about proper product shelving, go to [www.chron.com](http://www.chron.com) or click on the following link: [http://smallbusiness.chron.com/grocery-store-merchandising-techniques-19386.html](http://smallbusiness.chron.com/grocery-store-merchandising-techniques-19386.html).

**Sales Strategy**

To improve revenue and maximize sales per customer, learn and use a variety of selling techniques. The following are some selling techniques that can help you improve your sales:

- **Cross-selling**: This is the art of getting the most out of the traffic that comes to your Corner Store. One way to cross-sell is to put complementary products on the shelf or showcase them next to each other. When customers look for a product and they see another product that goes well with it, it is very likely that customers buy the complementary product as well. For instance, toothpaste and toothbrush, coffee and donuts, or razors and razor blades are examples of complementary products.
▪ **Social media:** According to Dean L. Lawson⁵ “Social media continues to be an important motivator of retail sales, especially for younger consumers. Often, the purchase process starts by seeing a product on social media, especially on visual sites such as Instagram or Pinterest. Pearson suggests raising your social media profile by rewarding your customers for social behaviors. For example, you could hold a contest on social media and award a gift card to the winner; reward customers for checking in at your store or sharing your posts; or encourage customers to share photos of their purchases from your store. Enhance your social presence by advertising on social media, which enables you to directly target your specific customer base.”

▪ **Discounts and promotions:** Another way to increase sales is to provide discounts on slow products or items that have bigger margins if sold in bulk. This will provide value for your customers and move items faster. For instance, if you sell a can of tomato paste for $3 and it has a 50% profit margin, you can post a discount label on the shelf (2 for $5) to move out the item faster while making more of a profit compared to the individual sale.

▪ **Loyalty Programs:** Customers are choosing retailers who provide an incentive to be loyal to the store over ones who do not have a loyalty program. Loyalty programs can be used on holidays such as Mother’s Day, or in partnership with local nonprofits, community organizations, and schools to raise awareness or promote community causes. Many studies prove that a customer will spend more money with a retailer who has a loyalty program.

**Customer Service**

Forced to do more with less, Corner Stores that have managed to survive and even thrive have recognized one key factor: You can’t always compete on price, but you can compete on service. And the best thing about great customer service is that providing it doesn’t cost anything. When your competition is scrounging for customers, you must hold yours close, and that starts with attentive customer service.

▪ For a Corner Store, customer relationship is personal. Today’s retail business owners should know that cutting costs will not save a business. When customers visit your business, they need to feel valued. They don’t expect rock bottom prices everywhere, but they do expect good treatment. According to Daniel Kehrer⁶: Here are 10 tips that can help you improve your customer experience and build stronger relationship with the community you are serving. **Happy employees create happy customers.** Employee satisfaction translates to improved customer service. Employees who like their jobs and care about the business they work for are more likely to go the extra mile for a customer. Creating that feeling in your employees will pay you back exponentially.

---

⁵ Dean L. Swanson [www.seminnesota.score.com](http://www.seminnesota.score.com)

⁶ Daniel Kehrer | Jul 21, 2011 | 10 Commandments of Great Customer Service
Always respond quickly. Your customers are busy, too. They shouldn’t be left wondering what kind of service they are going to receive or when. Attend to your customers as soon as they walk inside your store. Additionally, answering inquiries, returning phone calls, and responding to messages or other contacts on Facebook or other social media should be part of a daily routine, (but not while waiting on customers)!

Make it easy to do business with you. Never make customers jump through hoops to buy something from you. Have a return policy that is easy to understand and puts customer interests first. Provide refunds quickly and efficiently.

Keep customers informed of what’s happening. When customers know what’s happening with an order or request, they can enjoy doing business with you. For example, if you are handling a return and typing information into a computer, you might say, “I’m entering the date of purchase and product number, so we can make sure to give you the maximum refund possible.”

Use technology to provide good service. Today’s technology offers every small business the means to provide service more quickly and efficiently. Business owners sometimes assume that customers don’t like to be communicated with online. And for some that might be the case. But most people appreciate the ease that online communication provides.

Make your customers feel valued. Understand that every one of your customers is special. As the late business guru Peter Drucker said: “The sole purpose of business is to serve customers. Make sure your employees understand this, and that above all else they must focus on making customers feel valued and appreciated.”

Remember, disgruntled customers won’t just complain; they will tell others not to shop there. If you don’t take time to provide excellent service, customers won’t take time to tell you how to improve your business. Unhappy customers will tell many others about their bad experience. And in this age of social media, the ripple effect can be damaging and quick.

Provide special training for employees. Employees who interact directly with customers are critical to your business. Their attitudes, communication skills, and style of service are what customers associate with your business. Make sure they are trained to handle the potentially stressful task of working with customers and particularly demanding customers.

Make sure the first customer is happy before moving on to the next. Customers value quick service just as much as they value quality service. But you cannot sacrifice one for the other. It is important to make sure that one customer is satisfied before you move on to the next. That can be as simple as asking, ‘Is there anything else I can do for you today?’

Compensate for mistakes. Never shortchange your customers. If a mistake was made or some other circumstance is preventing you from providing the best level of customer service, find a way to make it up to your customer. Give employees the latitude to provide customers with solutions when they cannot satisfy a need.
• **Listen:** The best market research to determine what new products to bring in and how to improve customer experience comes from listening to your customers (verbal/non-verbal cues). Ask your loyal customers for feedback. Feedback allows you to see the areas that need improvement that you would not have known otherwise.

• **Hours of operation:** Setting hours of operation that works for the majority of your customers is part of customer service. For example, residents who commute to work cannot shop if the store closes before they return home. According to interviews with Corner Store owners in Philadelphia, the peak hours for a Corner Store are 12:00 PM to 2:00 PM and 3:00 PM to 7:00 PM in the afternoon. (Note the time when children are dismissed from school.) However, this could be different based on location and customers.

**Characteristics of Well-Managed Corner Stores**

In our interviews and discussion with Corner Store owners in the city of Philadelphia, we found that well-managed Corner Stores have the following characteristics:

- They open early and close later in the evening. The usual operation hours are between 7:00 AM and 9:00 PM.
- They have a well-integrated Point of Sale (POS) system accepting all major cards and have ability to process EBT and loyalty cards.
- They have loyal employees (cook and cashier) whom they can trust with work.
- They keep their stores clean and tidy.
- They know what products to source and which one to keep stocked.
- Respond to customer needs and helping the community as part of their commitment to the neighborhood that they do business in. (Note: offer to help support of local team or youth group)
- They offer some type of food services; either cold or hot including different types of sandwiches or hoagies.

**Chapter 5: Strategies to Expand/Scale Up Your Business**

Scaling a business can be very profitable and challenging. Before embarking on a business expansion, take time to plan on how big you want to grow and what steps will be required to get there. Also consider all the challenges that expansion brings and your ability to manage them.

**The following are key considerations:**

- **Evaluate Increased Sales vs. Costs of Expansion.** Business expansion and increased sales often pose a chicken-and-egg dilemma. Make sure there are enough customers to sustain your expansion. And that the new products have a healthy profit margin to ensure
profitability. Otherwise you might end up in a situation where you have more sales and other related expenses but limited profit or none at all.

- **Conduct market research and make a sales forecast for expansion.** Take into account that potential increase in sales may be tempered by other factors such as the industry outlook, business cycle fluctuations, and local economic forces in your sales region(s).

- **If you are relocating a significant distance, consider the possibility that you may lose some of your existing customers if your business is dependent upon geographical proximity to your customer base.** Depending on the type of business, cost for expansion may include the following: estimates for leasing new building space (and possibly paying off an existing lease); renovations; additional staffing; additional manufacturing equipment, machinery, vehicles, office equipment, and furniture; additional inventory; moving expenses; increased utilities, and additional property taxes. Perform a breakeven analysis to determine whether expansion is likely to provide the expected return on investment.

- **Determine whether financing is required.** If expanding your business requires money, financing will be needed unless your Corner Store has sufficient savings to cover the costs of expansion. Contact your microlenders or bank to determine if they can lend you the money before you start implementing your expansion. If you start your expansion and run out of money halfway, you might end up losing everything. Established businesses tend to have collateral in the form of assets and accounts receivable when they approach a bank for a loan.

**Below are some additional factors to consider**

- **“Are qualified staff available?** Ask almost any business owner and they will tell you that one of their main problems with business growth (or even maintaining their existing businesses) is hiring and retaining qualified staff. If you are unable to obtain experienced staff to handle growth, you may need to train new employees, which is a significant drain on resources. If qualified full staff is unavailable or expansion is temporary, contractors or part-time employees may also available to fill the gaps. Another option for expansion that can solve the hiring problem is to take over or merge with an existing business if qualified staff exist and can be retained. Keep in mind that in some jurisdictions you may be required to provide health insurance or other benefits if the number of employees exceeds a statutory threshold. In the U.S., the Affordable Care Act ("Obamacare") mandates that larger businesses (those with more than 50 full time equivalent employees) offer certain types of health benefits. Also, business with more than 50 staff under certain terms of employment are required to following the Family Medical Leave Act (FMLA).

- **Management:** Another issue to consider when scaling a business is the increase in management duties and responsibilities. Dealing with more clients and supervising additional staff will occupy more of your time and energy. Given that the typical solo
entrepreneur does everything from product development to marketing, learning how to delegate is a necessity when growing a business. Opening additional business locations can be particularly challenging if your presence is vital to the success of the business. Customers that are accustomed to your personal attention may be reluctant to form relationships with unfamiliar employees or partners. Moreover, finding qualified personnel to manage other locations may be difficult.

- Personal Circumstances: Running a small business involves enormous sacrifice—long hours, stress, and fatigue can take a toll on personal relationships, health, and family life. When deciding whether to expand your business, you may wish to consider the additional demands on your time and the potential impact on your personal life and well-being.

Accessing Additional Capital - Sources of Funding

There are several ways to scale up and grow your business. Each way will require at least some form of capital. Here are some ways to explore funding sources.

Foundation and Government Grants
To seek capital for expanding your business, you may wish to explore foundation grants that are available to small businesses. Foundations have specific grants for different purposes with certain requirements based on their goals and missions. Start searching foundations that offers grants to help smalls businesses [http://bit.ly/2EPRBZ6](http://bit.ly/2EPRBZ6).

You can also find government grants at federal, state, and local levels to help you expand your business. Various government agencies fund programs to help you start and grow your business. Some of these programs are targeted toward women-owned business, minority-owned businesses, and start-up stage businesses. Investigate your city website for business support programs. Below are some links with more information about grants available for Corner Stores. There are many more and you should conduct a wide search for more opportunities:

- [https://www.valuepenguin.com/small-business/small-business-grants](https://www.valuepenguin.com/small-business/small-business-grants)

Microlenders/Banks
Seeking loans from a microlending institution is another option for your small business. Depending on the state or city in which you do business, you can find microlending institutions to help with your business expansion plan. Microlending institutions have simpler and more straightforward lending processes compared to banks.

---

Another way to access capital is to investigate bank programs and their requirement for business loans. You can explore options with your existing bank. If the bank sees a steady growth in your business, you will have a good chance of securing funds for your expansion, especially if you have an existing line of credit for your business. It is generally easier for banks to lend you money once you have surpassed the start-up stage and are ready to grow expand your business to the next level.

**Angel Investors**

“If your business is incorporated or you intend to incorporate as part of the expansion, then you have the option of raising capital via equity financing. Equity financing involves selling shares in the business to angel investors, who are usually family or friends of the business owners(s), wealthy individuals, or, increasingly, organized groups of investors who provide financing for small businesses. Typically, the amounts invested are less than $500,000 and the terms are favorable to the business owner. Angel investors do not normally involve themselves in the management of the business but expect a significant rate of return (25 percent or more) on their investment.”

Angel investing is about profit, so you will need a Business Plan showing that your expansion will be profitable. Additional funding sources can be found here: [http://nextplex.com/philadelphia-pa/resources/funding-sources](http://nextplex.com/philadelphia-pa/resources/funding-sources).

**Expand or Open a New Location**

As a Corner Store owner, you can choose to increase your business by either expanding the current operation of the business or opening a new location. Here are some options to expand your current business:

- **Sell online** - As a small business owner, you might have a busy schedule that will not allow you to open and manage a new location. However, you can start to explore selling some of your items online. You can choose to sell these on your own website or on other commerce platform such eBay or Amazon. It is an opportunity to leverage your existing business to gain experience about the online business. This approach would not require much capital. It could increase your sales and you might end up finding new ways of selling products.

- **Start delivery services** - If you sell food, signing up for food delivery services such as UberEats and GrubHub are other potential ways to reach to broader range of customers. This could be a new approach to maximize your revenue.

- **Buy, rent, lease new equipment** - Buy or lease equipment is another decision you might consider. Sometimes, buying new equipment is not the best way to expand your business. Look for facilities or a business that would like to lease their space or equipment when not in use. You could save money and offer additional services while being more profitable.

---

Market/promote your business - Another way to expand your business is to promote it. As a Corner Store owner, you might think it is too expensive to promote your business. However, there are low cost options to consider. For example, if your small business store is located near a school, get to know the school management and offer discounts to students and parents on healthy products. This low or no-cost strategy might attract more customers without requiring costly advertising.

Chapter 6: Capacity Building: How to Improve Your Skills and Knowledge

Improving skills and gaining up-to-date knowledge is key to business success. This applies especially to Corner Store operators. However, many small business owners find it difficult to find resources to help them improve their skills and knowledge. There are many programs offered through government agencies, non-profits, and community development organizations to help small businesses. As a business owner, you should to take advantage of all these resources to expand your business knowledge and learn from others who may have more experience and training.

A good place to start is your city’s website for small business support services. The city website usually has good information about programs that help small businesses. If you find it difficult to navigate the city website, you can contact your local Department of Commerce. The Department of Commerce is a resource center that can guide you within existing programs specifically for small businesses. You can also search through the listings of local community colleges; some of the universities have programs for small business owners as well. Finally, research online about local community development corporations or non-profit organizations that offer programs for small businesses. These organizations offer a variety of services either for free or for a small fee and are usually funded by the city, state, or federal government.

Here is a list of organizations that provide business trainings and lending programs for small businesses like Corner Stores in Philadelphia:

- SCORE Philadelphia Chapter: [https://philadelphia.score.org/](https://philadelphia.score.org/)
- FINANTA: [http://finanta.org/](http://finanta.org/)
CHAPTER 7: What to Do When Things Go Wrong: Exit Strategy

Business, like anything else in life, is full of turns and twists. Even some of the best-planned businesses will likely face challenges that can have catastrophic effects. Here is a list that includes unexpected events and some tips on what to do or, at best, implement strategies to limit the impact those events could have on your business in the future.

1. Key Staff Resigns Abruptly
   Problems that this can create:
   - Loss of their history with the Corner Store and their skills
   - Inability to be as responsive to customers due to loss of capacity
   - Loss of their input and leadership
   - Experience a sense of betrayal

   What to do about it:
   - Don't blame yourself
   - Focus on finding out why they want to leave, and if you cannot convince them to stay be ready to step in and fill the gap
   - To protect yourself, make sure the employee leaves behind all company property
   - Fairly re-distribute the workload amongst remaining employees
   - Check with people you know to help identify the candidates that might be appropriate
   - Consider offering short-term higher pay to a temporary employee

   What to do to limit the damage:
• Make sure to train all staff to be nimble and help with different tasks in the Corner Store (beyond their assigned position)
• To avoid your key staff from defecting to competitor nearby considering a non-compete clause in employment contract
• Join a network or an affinity group to keep track of owners of Corner Stores
• Join a local business association or chamber of commerce
• Balance the amount of responsibility you put on one person
• Check if it is possible to take out key staff insurance policies
• Keep communicating with your staff, making them aware of your future plans, this may generate loyalty

Opportunities to consider:
• Time to reshuffle of roles and responsibilities amongst remaining staff
• An opportunity to promote a long deserving employee
• A chance to bring new energy and ideas through a new staff person
• Can be a great opportunity to bring in a new product and test the market

2. Sudden Arrival of a New Competitor

Problems that this can cause to your business:
• Loss of sales
• Product confusion amongst customers
• Potential loss of staff
• Reduced availability of raw materials

Working through it:

Keep your customers by offering:
• Discounts
• Match competitors’ prices
• Credit terms
• Loyalty rewards
• Improved customer service

Keep your suppliers by offering:
• Advanced orders
• Faster payment

Corner Stores Best Practices Tool Kit
• Larger orders

Keep your staff by offering:
• Small salary increases or additional day off
• Training
• For long-term staff, shares in the business

**What to do to limit the damage:**
• Build up brand loyalty by providing (affordable) extra goodies and quality customer service to long-standing customers
• Monitor competitor’s prices regularly but try as much as you can to compete on value and not price
• Adjust prices to match competitors as much as possible
• Secure long-term supply arrangements with key suppliers
• Ensure that your salaries match or are better than competitors

**Opportunities to consider:**
• Find ways to collaborate with the competitor
• Consider selling to your competitor
• Introduce new products and services
• Buy new equipment or start online store
• Introduce technology such as point of sale system to help streamline your operations
• Consider moving to a new market

3. **Challenges with Banks**

**Challenges your Corner Store can face:**
• Refusal of loan/overdraft applications
• Poor credit rating shared with other lenders
• Early repayment of existing loans/overdrafts

**Working through it:**
• Recognize that this is not a relationship of equals. The bank has money, you need it. They hold the power. Their failure to approve a loan is not personal, it is business.
• Open discussions with an alternative bank about transferring accounts, loans and overdrafts. Sometimes, smaller local banks (not parts of chains) may be more willing to make a loan.

**What to do to limit the damage:**
• Maintain relations with more than one bank
• If negotiating a loan, read the small print! Be sure there are no early repayment fees which may make refinancing difficult
• Maintain good personal relationship with your lender and share with them your business success and challenges

Prospects to consider:
• Explore online banking options
• Consider alternative financing models
  • Peer to peer
  • Crowdfunding
  • Microfinance
  • Asset based financing
  • Warehouse receipt financing

4. Equipment Breakdown

Problems that can affect your business:
• Loss of production
• Staff sitting idle
• Loss of sales

Working through it:
• Search for alternative production capacity
• Consider purchasing a new machine/equipment which might be cheaper than waiting for a repair
• Move idle staff on to other tasks

What to do to limit the damage:
• Sign a maintenance contract
• If available, buy machinery/equipment breakdown insurance
• Make arrangement with a competitor to allow use of each-other’s machines/equipment in the event of breakdowns
• Train your staff in multiple functions

Opportunities to consider:
• Buying or leasing new equipment
• Consider having the machine/equipment completely overhauled or upgraded rather than just repaired
5. Market Changes

Problems that this can cause to your business:
- New regulations often add costs
- Exchange controls affect movement of funds
- New technology threatens to destabilize current business practices

What to do to limit damage:
- Join a business association or community organization or chamber of commerce – they are often consulted about proposed changes to regulations and will keep you informed
- Become an active participant with your government at all levels. Contact your elected officials for updates on trends and market change, they like to hear from small businesses like Corner Store operators
- Join a network and articulate what you want in your industry. Become an activist in favor of/against the action that could be taken

Opportunities to consider:

According to Charles Darwin, “It is not the strongest of the species that survives, nor the most intelligent, but the most responsive to change.”

Chapter 8: Ready to Retire: Transferring Ownership Within the Family

Succession Planning
As an entrepreneur and Corner Store operator, you need to plan for the future. After years of entrepreneurship, you may look forward to the day when you can retire, secure in the knowledge that the business you have built is safe for another generation. But planning to hand over the family business requires a succession plan.

“Multi-generational family-controlled businesses have long been part of the American dream, and some have proven highly successful; think Wal-Mart or Anheuser-Busch. However, business succession is no simple family matter. According to the Small Business Administration, 90% of U.S. businesses are family-owned. But only 30% succeed in the second generation. Just 15% make it to the third. Succession planning for your business needs to be developed years before the handover takes place. Succession often fails because of poor planning and a lack of mentorship. Sometimes a successor fails due to unwillingness or inability.”

---

6 Tiare Rath “Creating a Succession Plan for Your Business” August 2016 The Balance
Developing a comprehensive strategic plan is necessary for a successful transition of business ownership or leadership change. The plan must contain a distribution of assets, a method of passing control, and a structure for maintaining and promoting family harmony. No matter how big or how small your business may be, succession planning is important. Small Corner Store owners can transfer ownership of their business by choosing successors (heirs) within the family or they can choose someone outside of the family. Either way, you must plan. Here are some points to consider when developing succession plan:

Make up your mind
- Develop a clear vision for the future of the business and decide whether you want to transfer the ownership to a family member(s) or to an outsider
- Actively consult with other major business partners or stakeholders in the business about your decision
- If you decide that family ownership is a better option to continue the business, determine which family members can and are willing to take over

Preparing family/employee
The first move after your decision to transfer ownership to a family member(s) should be sharing your vision for the business with the family member(s) affected. Discuss the pains and joys of changing leadership. Listen to concerns and create a common understanding among family members as much as possible. Plan and implement training and a monitoring mechanism for successors (heirs) as things progress. It is sometimes difficult to have all family members agree on a company’s future and potential roles of each person in the business. This happens when siblings or family members have different interests and desired future paths. For example, for a Corner Store, if the children pursue other studies and do not see themselves in operating a business like a Corner Store, family succession might be impossible. Another situation could be that family members or siblings do not agree on roles and responsibilities. In either of these cases, you may decide to look for an outsider to operate the business. Or you could split the business among family members or siblings to unify the family as much as possible.

Preparing the business
As you explore the transition of the Corner Store to a new leadership team, you should also prepare your current staff. Let your managers or employees know about your decision and request their support to facilitate this transition.

Developing successors
If your children are the successors, discuss their roles in the business and make sure everyone is clear on his/her responsibility in the business both at present and for the future. Provide support and training for each successor to improve their capacity in the business. Help each define realistic goals
and provide mentorship. As you move forward in executing your succession plan, let the family members take risks appropriate to their age and skill. Help your potential future owners build authority in the business.

**How to select top leadership**

One of the most difficult tasks of transferring ownership for family business is to choose a family member for the top leadership role in the business. Do not be trapped in your emotions as a parent. You could favor one sibling or family member over another for personal reasons. But this choice might not be the right candidate for leadership of the business. You could risk the future of the business and regret not giving the responsibility of the business to the right person. Therefore, think about challenges the business is likely to face in the future and base your choice on the performance of the candidates as they cycle through different positions in the business. Remember, the final decision is yours. Therefore, understanding the consequences of your decision is vital to the survival of your business.

**Transferring control and ownership**

Transferring the business is not merely the changing of leadership. It is passing on the control and ownership of the company. Experts say that succession planning will be effective when the successor has some sort of ownership of the business. Ownership and control of a business are critical to a successful transition. If you cannot find the right candidate within your family, look for potential outside candidates.

**Taking charge**

One important area to focus on is to help the successor establish authority. If the successor does not have the respect of others in the business, that person should work hard to earn that respect. It is vital that family members and partners share common vision with the new leadership to form an effective management team. Furthermore, you should support the new management in developing mechanisms that assist in resolving conflicts. Help your successors take pride in their achievement and take responsibility for their own actions.

**Letting go**

As a founder or owner, your business is your baby and you have built a strong emotional connection with it. This makes letting go the most difficult part. Sometimes, delaying too long to pass on the business to the successor could be devastating to your business. If you wait too long, your successors could leave the business. If you feel that you cannot leave your job, be honest. Prepare your new leadership team by transferring knowledge and skills that are needed for the business. Instead of waiting too long just because you love your business, mentor and delegate to your successors as you gradually prepare for your retirement.


**Estate planning and taxes**

The act of preparing for the transition of someone’s wealth, assets, debt, and life insurance after his/her death is called *estate planning*. As you think of your retirement, you should also prepare for your estate planning. An estate plan must be made and signed by the person that possesses the estate (the owner). The estate plan is not merely a document on how your wealth and assets should be distributed among heirs. Indeed, your estate plan should help keep the harmony in the family beyond mere financial concerns. Talk with your attorney and advisor about your estate planning. Here are some points worth considering:

- **Fairness or equality.** As a parent, you want to share your love equally among your children. Hence, you may be tempted to share your wealth equally among your children. The question is whether it is most fair to divide wealth equally among heirs. You might have a child that has worked 20 years for you to build your business and another one that has not participated in the business for a single day. Ask yourself what is fair and think twice before you make your decision. At the end of the day, fair may not mean equal.

- **Personal liability protection.** Businesses face challenges and things go wrong. You want to protect yourself and family from losing everything. It can be a devastating situation for families when creditors go after your personal assets or when an accident endangers your business and family assets. Talk with a business attorney to help you reduce risk and find ways of protecting your personal assets. This might mean getting insurance, forming a corporation instead of operating as a sole proprietorship, or both.

- **Estate taxes.** Talk with your attorney and adviser to see if establishing a trust can save money on taxes when transferring the ownership of the business and wealth. A trust allows a person to legally transfer the title of his/her assets and wealth to another person while he/she is still alive.

**Chapter 9: Ready to Retire: Selling Your Business**

**Deciding why, when and how to sell your business**

As an entrepreneur, your Corner Store is your baby and selling it could be a tough decision. Your decision to sell your Corner might be based on many factors including starting a new business, exhaustion from the workload, or wanting to move to a different location where you cannot take your business. Whatever the reason to sell your business, you need to first assess the condition of your business. Is your business ready for sale? Will someone pay money for your business? Considering the following factors can help you figure out if your business is attractive to buyers:

- **Sales & Profit:** Have the sales and profit of your business consistently increased for the last three years? Is the rate of costs increasing proportionally to your sales and profit?
• **Products & Services:** Are the product and services you offer unique?
• **Location:** Is the location of your store key to bringing customers in? Is there good foot traffic in the neighborhood where your business is located?
• **Financial Condition:** Does the business have more assets than liabilities?
• **Reputation:** Does your business have a good reputation in the market? Does the business have a strong social media presence?
• **Clientele:** Do you have a loyal customer base?

You must assess your business and decide if it is ready for sale. Try seeing yourself from the buyer’s point of view: what would make a business attractive to you if you were a buyer?

After assessment, you must decide whether your business is ready for sale immediately or if areas need improvement to be sold later. Knowing which option works best for you will depend on your motivation and goals. For example, if you need to sell your business immediately, you should expect to receive a lower price or plan to liquidate the business assets. If you are flexible with your timeline for sale, you could get a higher price. If you offer to provide financing for your business, you would expect to attract more buyers. Therefore, define your motivation and prioritize your sale objective.

Based on your motivation and selling objective, you can consider different approaches to selling your business. Here are some common options. Choose an approach that best fits your objective:
• Sell your business to an existing partner
• Sell your business to an employee
• Sell your business to an individual
• Sell your business to a competitor
• Liquidate your assets

**Preparing your business for sale**

Once you decide to sell your business, you have two options: Offering your business for sale in its current condition or investing additional resources to make needed improvements in order to make the business more attractive to buyers. Once you have chosen the best option, prepare an action plan to help the sale process. Both options require an action plan.

If you decide to improve your business and sell it later, develop an action plan to guide the improvements. Here are some questions to help you with preparing your pre-sale improvement plan:
• Do I have all of the documents for the business? (Lease agreement, partnership agreement, required licenses, permits, tax return or bookkeeping records, etc.)
• Does the business need any physical improvements? (Sign, façade or design, etc.)

*Corner Stores Best Practices Tool Kit*
• What is the financial status of the business? (Current receivables, payables or loans that need to be paid, etc.)
• What equipment do I need to change or repair?
• Does the business maintain a positive cash inflow?

As you work to improve your business, make sure to prepare all necessary documents. Furthermore, determine if you would like to have a consultant or a broker who can guide you through your business sale process.

**Important Tip:** Do your research on similar businesses in your area to better establish an asking price. Ultimately, the price of the business depends on its cash inflow.

**Marketing your business for sale**

There are several ways to market your business for sale. Corner Stores are usually marketed for sale through mutual contacts, word of mouth and referral, in local ads or online platforms. For example, you can use your local newspaper or community group newsletter. Whichever way you choose, make sure that sensitive information about the business is not shared. This could turn away potential buyers if they feel that important information is revealed. Be sure to put in place a screening system for your marketing campaign to eliminate unqualified buyers. This will save you time and help you focus on potential buyers.

Here are some online platforms that specialize in business sales:

• [https://www.bizbuysell.com/](https://www.bizbuysell.com/)
• [https://www.businessbroker.net/](https://www.businessbroker.net/)

**The selling process**

It can take time to sell your small business. If you have a prospective buyer in place, you will require two - three months for due diligence, followed by the transfer of ownership. Otherwise, it could take six-12 months.

The first decision in the selling process is to screen buyers who responded to your advertisement. Many potential buyers fall into the following categories:

• Unrealistic shoppers: they are not ready or they do not have the financial capability.
• Competitors: they want to see what is available and gather information.
• Opportunists: they look for opportunities to take advantage of your situation by offering a low price.
Therefore, to prevent from wasting time and avoiding the trap of competitors or opportunists, preparing the following checklist could help you:

- Prepare some qualifying questions to help you decide true potential buyers
- Check the information that a buyer provides is accurate
- Find out about a buyer’s financial capability
- Decide if they meet your minimum requirement to buy the business
- Follow up with qualified buyers shortly after inquiry

After you have done your screening and decided on potential buyers, it is time to show your business and build trust. Here is a list of things to consider before you show the business to the prospect buyers:

- Set the initial meeting with the buyer in a broker’s office or somewhere other than your business
- Sign a confidentiality agreement with the buyer
- Assess and see buyer’s interest for the business
- Find out if the buyer has bought or owned businesses in the past
- Show the business to the buyer after fixing its physical conditions

The next step is to schedule a follow-up meeting. Find out the issues that might be obstacles for the purchase to happen and try to find solutions. If the buyer has lost interest, end the discussion. The intention to buy the business should first be shared during your conversation with the buyer. Do not start a discussion about the price and terms immediately - instead, you should ask the buyer to put everything in writing to share with your accountant or broker. Once you receive the buyer’s purchase proposal, review it carefully and seek advice from your broker. You should also discuss the payment structure with your accountant and ask about the tax implications.

After reviewing the purchase proposal and discussing it with your accountant or attorney, you will then either accept the proposal or propose a counter offer and negotiate the terms. Once you have come to an agreement on major issues, such as price, payment structure and timeframe, you will then draft a detailed purchase agreement. Make sure to examine the buyer’s financial ability if you provide financing for the business as part of the purchase agreement.

**Accepting the offer**

After adjusting for all changes in the purchase offer, both the seller and the buyer negotiate a purchase agreement.

The next step is to do the due diligence. In this stage, as a seller of the business, you need to provide all necessary documents while the buyer is doing investigation of the business. You, as the seller, need to help the buyer access the information he seeks.
Closing the sale and transferring the business

After accepting the purchase offer, the next step is to talk with your attorney to draft a sale agreement (or the buyer’s attorney may draft one). To learn more about what to include or should be covered in a sale agreement, please refer to Guide to Selling Your Small Business by Barbara Findlay Schenck: http://www.bizbuysell.com/seller/guide/selling-a-business/.

You should know the legal and tax implications of a cash pay-off, financing, or a combination of both. Discuss each option with your accountant. Set a day to close the sale with the buyer. The closing should be done in an attorney’s or a broker's office. Read the purchase and sale agreement carefully. Ask questions and clarify any part in the agreement if you do not understand. Once you have understood all terms in the agreement, it is time to sign and close the deal.

The final stage is providing operating information, such as a supplier list, keys, operating manual, computer passwords or anything that is relevant to the operation of the business or belongs to the business. Furthermore, it is time to introduce the new owner to the staff, customers and connect the new owner with the suppliers.

**Important Tip:** A sole proprietorship form of business dissolution automatically occurs when the business transfers ownership. If your business is formed as a LLC or Corporation, you will need to dissolve it and notify the IRS. Depending on the state where you formed your business, you may need to file articles or a certificate of dissolution.

**Chapter 10: Resources**

**Personal Monthly Budget Worksheet**

The purpose of this worksheet is to help you understand your personal financial situation. Only include personal income and expenses in this budget.

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Once we start the business</th>
<th>Reason for the Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERSONAL INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly employment income</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>My spouse’s monthly employment income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PERSONAL INCOME</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PERSONAL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed monthly payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent or mortgage payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal car loan payment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home/renters insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other payments (credit card, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total fixed monthly expenses</strong></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other monthly personal expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food (at home and in restaurants)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clothing (purchasing and cleaning)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical &amp; Dental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities (gas, water, electricity, trash, sewer)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phone</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child care</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Corner Stores Best Practices Tool Kit*
## Personal Net Worth Worksheet

Your personal net is the difference between what you own and what you owe. If you own more than you owe, then you have positive net worth. The higher your positive net worth, the better, as it is one of the things your banker will use to decide whether to give you a business loan. To calculate your net worth, fill in the worksheet below. Be sure to include everything in your combined household.

### WHAT I OWN (MY ASSETS):

**Cash and Equivalent Assets:**

Cash in savings  
Cash in checking  
Investments  
Life insurance cash surrender value  
Other  

Total Cash and Equivalent Assets $_____

### FIXED ASSETS (AT FAIR MARKET VALUE)

If you had to sell the following on short notice, how much could you get?

**Vehicles**  
**Property (house and land)**  
**Furniture and appliance**  
**Equipment**  
**Other assets**  

Total Fixed Assets: $_____

---

<table>
<thead>
<tr>
<th>Education (fees and supplies)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto maintenance, gas, parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household maintenance, supplies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment, gifts and travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MY TOTAL ASSETS
(Total Cash + Total Fixed Assets) $_______________________

WHAT I OWE (MY DEBTS):
Credit card balances
Bank overdraft balance
Personal line of credit balance
Car/truck loan balance
Balance owed on personal loans
Balance owed on mortgages
(on house and land)
Loans from friends and family
Taxes due
Other debts:
MY TOTAL DEBTS $_______________________

___________MY TOTAL ASSETS (from above)
___________SUBTRACT: MY TOTAL DEBTS (from above)

___________ REMAINDER = MY NET WORTH

Source: The personal monthly budget and personal net worth are copied from the book Plant It: An Entrepreneur Guide to Success by Neighborhood Development Center.

Start-up Cost Worksheet
Use this worksheet to calculate your business start-up costs.

<table>
<thead>
<tr>
<th>Business Name</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investor Funding</strong></td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>$</td>
</tr>
<tr>
<td>Partner</td>
<td>$</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td></td>
</tr>
<tr>
<td>Friends and family</td>
<td>$</td>
</tr>
<tr>
<td>Bank</td>
<td>$</td>
</tr>
<tr>
<td>Micro lenders</td>
<td>$</td>
</tr>
</tbody>
</table>

Corner Stores Best Practices Tool Kit
46
### Understand and Analyze Your Competitors

Understanding your competitors and how you can differentiate yourself in a competitive environment is key to any business success. The charts below should help you compare your business in terms of product, service, and price with similar Corner Store in the neighborhood. This should help you understand the potential areas of improvement and opportunities for your business.

**Product & Service Analysis Tool**

Write “Yes” or “No” for each answer in the chart for your competitors and your store. Then compare your services and products offered with those of your Corner Store competitors.

<table>
<thead>
<tr>
<th>Other</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Funding</strong></td>
<td>$</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>$</td>
</tr>
<tr>
<td>Licenses</td>
<td>$</td>
</tr>
<tr>
<td>Permits</td>
<td>$</td>
</tr>
<tr>
<td>Website</td>
<td>$</td>
</tr>
<tr>
<td>Rent</td>
<td>$</td>
</tr>
<tr>
<td>Salary</td>
<td>$</td>
</tr>
<tr>
<td>Utilities</td>
<td>$</td>
</tr>
<tr>
<td>Business Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Telephone</td>
<td>$</td>
</tr>
<tr>
<td>Supplies</td>
<td>$</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Advertisement</td>
<td>$</td>
</tr>
<tr>
<td>Printing/Flyers</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$</td>
</tr>
<tr>
<td><strong>Assets Needed</strong></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td>$</td>
</tr>
<tr>
<td>Equipment</td>
<td>$</td>
</tr>
<tr>
<td>Cash balance on start</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Assets Requirement</strong></td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Funding - Total Expense - Total Assets Requirement</strong></td>
<td>$</td>
</tr>
</tbody>
</table>
Once you have completed the table, think about what you have learned and answer the following questions:

- Which services and products do your customers value?
- Which of the above product or service generates the highest sales for your business?
- How do you rank each category in terms of generating profit?
- What products or service do your competitors offer that you think is complementary to your products?
- How is your business different from your competitors?

**Competition Analysis Chart**

Rank your business and competitors from 1-10 (1-poor, 10-best). This should help you understand your business position compared to your competitors.
Once you have ranked yourself and your competitors in each section, look for areas of improvement for your business. Answer questions such as:

- What are my core competencies?
- How can I improve my weaker areas?
- How can I capitalize on my competitors’ weaknesses?
- How is my business viewed from the customer’s point of view?
- Which area is critical to the success of my business?
- How is competition affecting my business?
- What can I do differently to attract more customers?

The Welcoming Center for New Pennsylvanians and The Food Trust are confident that by carefully reading through this Tool Kit and considering the information offered, your Corner Store will have a promising future!

###

Corner Stores Best Practices Tool Kit
49
Sources


