

First Stop
Business
Information
Center
Of Illinois
2002 Annual Report

Rod R. Blagojevich, Governor
Illinois Department of Commerce and Community Affairs
Illinois Small Business Office

First Stop's Mission:
To provide comprehensive information and technical support to
businesses with questions and concerns about government
regulations, requirements and assistance programs.

March 2003

TO THE GOVERNOR AND MEMBERS OF THE GENERAL ASSEMBLY:

In accordance with the provisions of Public Act 88-0404, the Business Assistance and Regulatory Reform Act (Act), the Illinois Department of Commerce and Community Affairs (DCCA) respectfully submits this calendar year 2002 annual report on the First Stop Business Information Center. As directed by the Act, DCCA's Small Business Office oversees the First Stop Business Information Center, a statewide resource for new and existing business owners who have questions or concerns about state and federal business requirements, business assistance and the regulatory process.

First Stop is integrated with the Illinois Small Business Development Center (SBDC) Network to provide entrepreneurs a seamless array of services. A team of representatives from the business community and the SBDC Network, as well as other state agencies, planned First Stop. Designed and managed with customer service as its highest priority, First Stop seeks to be the foremost resource for information, compliance assistance and advocacy for businesses dealing with government red tape and bureaucracy.

With nearly 100,000 clients served since 1995, First Stop has proven to be effective and successful in working with entrepreneurs, small business owners and organizations that historically view government as an impediment to business growth. It is a fact that small businesses, especially in the leanest of times, create the majority of net new jobs. This being so, it is imperative that government continue to responsibly remove the impediments, lessen the regulatory burdens, and encourage the growth and formation of small businesses in Illinois.

This annual report reflects the 2002 achievements of the First Stop Business Information Center, one of Illinois' finest assets for improving business competitiveness through comprehensive assistance. Please contact my office if you have any questions or need further information.

Sincerely,

Jack Lavin, Acting Director
Illinois Department of Commerce and Community Affairs

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FIRST STOP SERVICES

The cornerstone to the success of First Stop is its personnel and their commitment to providing professional, comprehensive customer service. Listed below are First Stop's primary services.

- **Business Specialists:** The core of First Stop's services is the professionals that handle the thousands of inquiries that come in via the toll-free business help line, e-mail, standard mail and walk-ins. When a business encounters difficulty with the state regulatory process, the Business Specialists serve as advocates for small businesses, working to find a solution that both the business and state agency find mutually acceptable. First Stop staff provides expert guidance in linking pre-business ventures and existing business owners to federal, state and local government resources. The Specialists help dispel the common perception that government is inaccessible to small businesses.
- **Toll-Free Call Intake Center:** Calls into First Stop via the toll-free number are received by highly trained customer service representatives. The call center handles the high percentage of requests for basic information as well as mail fulfillment regarding the business startup kits. A large number of these calls are referred to the Illinois Small Business Development Center Network where clients can arrange an appointment to meet for professional one on one business counseling, assistance in developing business plans, exporting assistance and government contracting opportunities. Requests for in-depth assistance, advocacy and research are seamlessly forwarded to the Business Specialists at First Stop who have the expertise to thoroughly assist the customer.
- **Hispanic Outreach:** As an outreach effort to educate prospective entrepreneurs in Illinois' growing Hispanic population, First Stop has converted its most popular publications, such as the *Step by Step Guide to Starting a Business in Illinois*, to Spanish. In January 2000, First Stop added a bilingual customer service representative to serve its Spanish-speaking clients.
- **Regulatory Flexibility Program:** The "Reg Flex" staff examines proposed rules and regulations affecting the small business community and through impact analysis recommends ways of making the rules more flexible, cost effective or less restrictive for small business. The Regulatory Flexibility Program's 2002 activities are included in this report.
- **Business and Industry Data Center (BIDC):** The BIDC coordinator provides census information and other economic and demographic data to small businesses and entrepreneurs to help them find new markets in order to expand their businesses. Demographic information that is available includes the population, including age, race, and sex, income and the labor force in a given area. Accessible economic information includes the number and kinds of businesses, employment, payroll and sales information. BIDC's 2002 activities are included in this report.

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FIRST STOP PUBLICATIONS

First Stop's publications are an integral part of the services provided to customers. The number and variety of publications has grown through the years reflecting customer demands for information.

- Starting a Business in Illinois handbook: This 42-page booklet is the core of the business startup kit First Stop sends out and is heralded by the business community as one of the most useful publications of its kind. It features answers to the basic questions and issues facing new business ventures, including a business feasibility checklist; a business plan outline; listings of essential state, federal and local agencies; and, much other useful information. It is the most downloaded document offered on DCCA's web site and more than 25,000 hard-copies are distributed annually.
- Directory of Business Profiles, Requirements and Assistance Programs: This comprehensive database of more than 450 profiles of state business permits, licenses, certifications and assistance programs have been enhanced to include profiles of the top 100 most popular business startups. It is available on DCCA's Internet web site (www.illinoisbiz.biz) in an easy-to-search application, or by calling First Stop through its toll-free business help line.
- Financing Matrix: New in 2001, this comprehensive and popular document lists in an easy to understand format the variety of state and federal small business financing programs that are available. The Financing Matrix is available on DCCA's web site and in hardcopy.
- Illinois Child Care Resource Guide: As a part of the DCCA Small Business Office's highly successful Day Care Initiative, First Stop collaborated with other state and federal agencies, the Illinois State Treasurer's Office, the University of Illinois at Champaign-Urbana, and the Illinois Network on Child Care Resource and Referral Agencies to create this valuable resource guide. The guide is a four-part publication:
 - **A Guide for Family Providers** outlines the steps necessary for family providers to start a home child care program
 - **Developing Center-Based Programs** outlines the steps necessary for starting a center-based child program
 - **Options for Employers** outlines available options for companies assisting employees with child care
 - **Developing Community Programs** outlines the steps necessary for developing community child care programs
- Child Care Start-up Profile: This 29-page booklet, written and produced by First Stop, is a straight-forward guide for starting a day care. It is separated into two sections, one geared toward those hoping to establish a home child care business and the other for those establishing a larger scale child care center.
- Proposal Writing Guide: To meet the demand from individuals interested in starting a nonprofit organization but having no resources to turn to, First Stop offers this 52-page booklet to help nonprofit community program developers and planners with the basic elements and concepts in planning and preparing winning proposals for project funding.

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- Step by Step Guide to Starting a Business: This brochure, an abbreviated version of the Starting a Business handbook is less expensive to reproduce yet provides a concise and colorful publication useful in mass marketing activities such as small business expositions, mailings to chambers of commerce, libraries, county clerks and other similar venues.
- eCommerce Business Start-up Profile: This booklet, a combined effort by Braddock Communications, Inc., the College of Business and Technology at Western Illinois University and First Stop, gives prospective and existing business owners guidance when starting or expanding their business into the e-commerce arena.
- Restaurant Startup Profile: This 46-page booklet is a combined effort by the Illinois Institute for Rural Affairs at Western Illinois University and the Illinois Department of Commerce and Community Affairs. It is a resource to facilitate startup or help existing restaurant owners operate more profitably.
- Grocery / Convenience Store Profile: This 38-page booklet is a combined effort by the Illinois Institute for Rural Affairs at Western Illinois University and the Illinois Department of Commerce and Community Affairs. It is a resource to facilitate startup or help existing store owners operate more profitably.

NEW FOR 2002

- The Business Start-Up Expert: This business card sized compact disk is First Stop's effort to create innovative, cost effective ways to make information readily available to its customers. This business card disk literally replaces hundreds of pages of small business information. The Expert is a virtual business start-up library.
- Business Management Guides: Through a partnership with New Ground Publications, First Stop and the Small Business Office have made 3 management guides available via DCCA's web site. These management guides are:
 - A Simple Guide to Your Company's Financial Statements
 - The Small Business Owner's Guide To Financial Control
 - Understanding Commercial Lending: The Question and Answer Guide
- Winery Profile: This 67-page booklet, released in May 2002, is a combined effort by Southern Illinois University Small Business Development Center, Illinois Grape and Wine Resources Council and the First Stop Business Information Center. This profile complements the State's current efforts to increase a growing industry in Illinois and to boost tourism.

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FIRST STOP CLIENT ASSISTANCE PERFORMANCE

What has the First Stop Business information Center accomplished in 2002? Below are numerical as well as testimonial measures of First Stop's performance. Based on the 2001 clients served (15,251), First Stop projected an increase to 16,000. However, First Stop recorded its highest ever total in number of clients served 19,554. The astonishing 23 percent increase may be linked to the rapid downturn in the economy and the subsequent failure of tech related businesses and massive layoffs from larger companies. Those put out of work began seeking self-employment and new business opportunities.

Client Activity Measures	CY2002	CY2001
• Total First Stop Client Activity	19,554	15,251
• Business Startup Kits Issued	7,997	7,588
• Sources of Financing Cases	2,329	2,530
• Licensing and Registration Cases	6,072	2,682
• Regulatory Assistance Cases	195	44
• Market Research Cases	194	139
• Government Contracting Cases	192	197
• International Trade Cases	25	57
• General Business and Other Cases	2,550	2,014

Top 5 Business Type Information Requested

1. Childcare	385
2. Restaurant	328
3. Non-Profit Organization	152
4. Home-Based Business	102
5. Trucking / Transportation	86

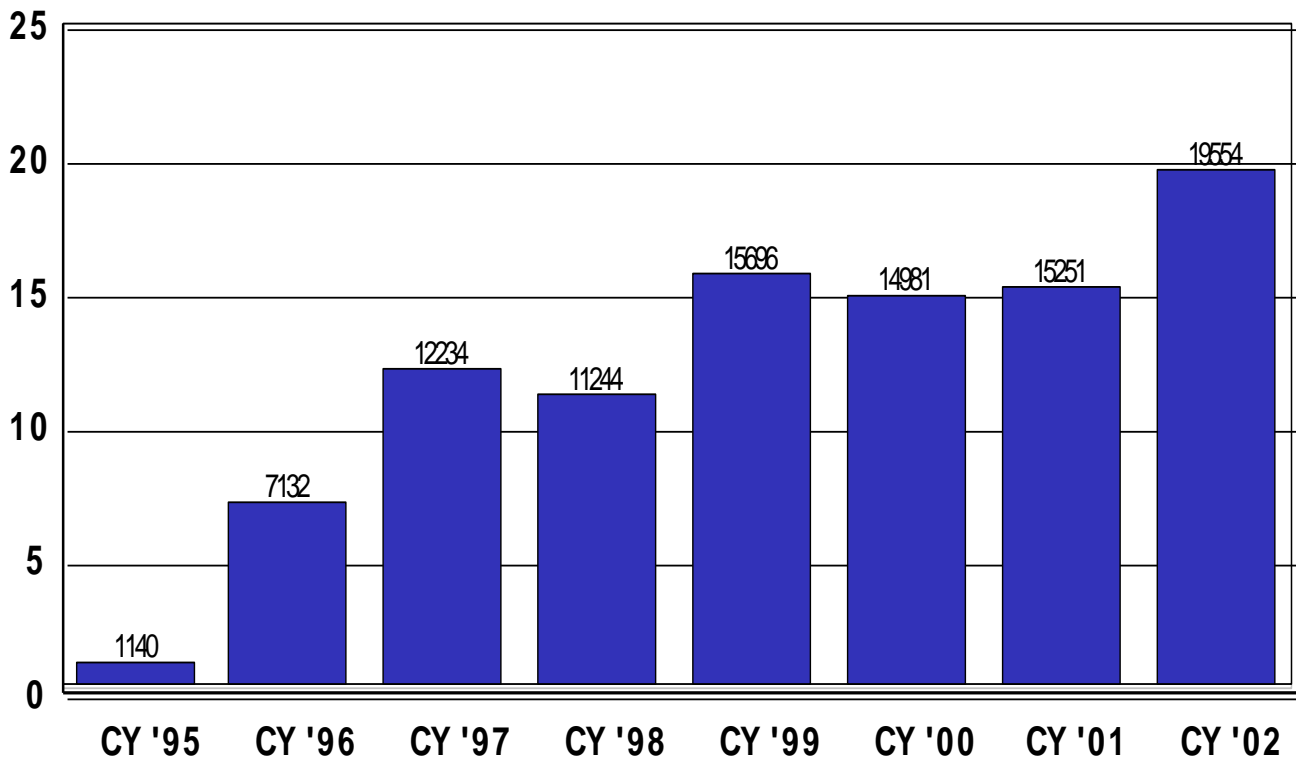
Clients Referred to SBDC Network:	CY2002	CY2001
• Small Business Development Centers	3,939	3,659
• International Trade Centers / NAFTA Opportunity Centers	80	103
• Procurement Technical Assistance Centers	235	241

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The chart below depicts the annual number of First Stop clients since inception.

August 1995 – December 2002

Client Activity In
Thousands



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FIRST STOP CUSTOMER SERVICE

As in the private sector, the leading edge goes to the organizations that strive for and provide superior customer service. Instituted early in its beginning, First Stop surveys its clients to determine their satisfaction on key areas including: professionalism, promptness, knowledge, courtesy, value, and saving time and money. First Stop's business specialist follow up with any respondent who is less than satisfied with the service they receive. Results for 2002 are consistent with past years.

- **Percent of customers surveyed indicating First Stop saved them time and/or money** **93%**
(561 out of 607 total responses)
- **Percent of customers surveyed indicating a high degree of satisfaction with products and services** **98%**
(5334 out of 5416 total responses)

First Stop's Customer Comments From Surveys (in some cases, respondents preferred not giving their full name)

Super, excellent service! I am so happy my tax dollars are being spent well. - A. F., Willowbrook, IL

This was wonderful; I never knew that the State of Illinois made opening a business so much easier.
- J. M., Glen Carbon, IL

I was very pleased with the quick response from my interest inquiry. The information was very helpful. Keep up the good work. - Jackie Countryman, Joliet, IL

First Stop staff provided me with great information. I will highly recommend this service to everyone.
- John Smith, Springfield, IL

Information contained within "Starting a Business in Illinois" gave a very good over-view on what needs to be done in starting a business and what to keep in mind once a business is up and running.
-Edward Rodek, Springfield, IL

Your service is very helpful. Also directed me to others that I needed to contract.
- Sue McLaughlin, Crystal Lake, IL

The First Stop staff professional, I spoke with over the phone was just that, highly professional (not to mention superbly knowledgeable, informative, friendly and courteous). - Donald Moon, Wheaton, IL

The person that assisted me was very helpful and professional - a pleasure. - Chuck Edmonds, Harvey, IL

The customer service rep. was extremely helpful and went (I feel) above the call of duty and researched information on my behalf. - S. N. Talbert, Markham, IL

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I appreciated how I was forwarded to the correct agency when my question was outside your jurisdiction. – T. S., Waukegan, IL

Staff was quite helpful and asked appropriate questions to determine the information I needed. – C. A., Normal, IL

First Stop staff was very efficient and I'm very satisfied with the received information. – Miriam Oliva, Chicago, IL (Spanish speaking client)

It's a nice feeling for me to have this service available to use. – Deborah Hernandez, Carpentersville, IL (Spanish speaking client)

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FIRST STOP REGULATORY RELIEF ACTIVITIES

In addition to clients assisted with various regulatory assistance requests, First Stop also pro-actively reached out to small businesses through the Regulatory Flexibility Program. Better known as Reg Flex, this program calls for DCCA to serve as a regulatory watchdog for small businesses.

First Stop's Reg Flex staff reviews every state proposed rule, then publishes a weekly *Regulatory Alert* that summarizes the rules that will impact small businesses. More than 600 business/trade associations and individual businesses receive the "Reg Alert". Their comments are used when Reg Flex writes impact analyses which are submitted to the Joint Committee on Administrative Rules (JCAR), as well as the issuing state agency. Analyses often recommend ways to reduce or eliminate onerous aspects of the proposed rule.

Additionally, the Reg Flex staff research all proposed legislation and post those impacting small businesses to the DCCA web site. The following information is a summary of Regulatory Flexibility Program staff activities for calendar year 2002:

- **530** Proposed State Regulations were reviewed
- **86** Proposed Regulations that affect small businesses were summarized
- **50** issues of *Regulatory Alert*, were sent to over 600 small business owners, business and trade associations
- **139** Small Business Impact Analyses for consideration by JCAR were conducted
- Hearings were attended on various proposed rules in which agencies elicited public input regarding the impact rules will have on businesses
- Legislation from the 91st General Session that would impact small businesses was tracked from the time the bill was introduced through veto session; a log of the status of each bill was maintained on DCCA's Small Business web page.

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STUDY OF LAWS REGULATIONS IMPEDING SMALL BUSINESS GROWTH

First Stop's Regulatory Flexibility program initiated an effort in the fall of 2001 to evaluate the impact of state laws and regulations on small businesses in Illinois under the direction of PA 92-0298. The purpose was to determine which laws and regulations impede the creation of small businesses or create economic damages for existing businesses, that jeopardize the continuation of industry groups in the marketplace or their valuable contribution to the economic growth of the state.

The Illinois State Regulations Report was prepared by the Center for Governmental Studies and the College of Business at Northern Illinois University. The project included a review of relevant studies and findings; conducted focus groups meetings, each with specific industries; distributed a survey to small businesses; and analyzed results. Below is a summary of the study. Copies of the complete study are available by contacting First Stop.

Study Synopsis

- Most respondents to the survey reported there were no taxes that presented difficulties when starting their business. More reported difficulties with taxes in running their business rather than during business start up. Most indicate that the taxes presenting the most difficulties are employment regulations and sales taxes.
- Most respondents reported little effect of taxes and regulations on the number of people they employ. Rather, taxes and regulations have greater impact on profits and sales. Nearly 50% reported a negative impact of unemployment taxes and workers' compensation.
- The impact of state laws and regulations did not vary significantly across industry groups.
- Respondents from Chicago/Metro region were more satisfied with state laws and regulations than respondents from downstate.
- Based on the length of time in business, there were few differences between newer businesses and those in business for longer periods of time with the exception of environmental regulations. Respondents in business for more than 15 years reported a greater negative impact as a result of environmental regulations. In general, respondents in business for more than 15 years may be indicative of the increase in number and complexity of these regulations over the past 20 years; whereas, respondents in business for a shorter time period have not experienced as many changes.
- Respondents with more employees and higher gross annual sales were more likely to report difficulties with all areas of taxes and regulations.

Unemployment Tax

More than one-third of respondents did not believe Illinois unemployment taxes make it easy to do business in Illinois. The one issue most cited by respondents as a problem with unemployment taxes was the required reporting and recording of information.

The impact of unemployment taxes appear to be greatest on manufacturing/industrial machine and transportation/trucking industry groups, least on the manufacturing/printing and personal services industry groups. The construction industry group was most likely to agree that compliance, reporting, and recording unemployment taxes was easy compared to other industry groups.

In general, respondents across all industry groups reported no effect on the number of people employed due to unemployment taxes. Unemployment taxes have impacted businesses with higher annual sales significantly more than those with smaller sales.

Sales Tax

Responses to sales taxes were similar to those for unemployment taxes. Nearly 40% of respondents do not believe that sales taxes make it easy to do business in Illinois. Between 25% - 30% reported that getting information, complying, reporting and recording Illinois sales taxes was not easy. Most respondents indicated that sales taxes had no effect on gross sales.

The computer/manufacturing industry group was significantly less satisfied with all aspects of sales than other industry groups. The retail industry respondents reported that compliance, simplicity of reporting and recording sales tax information is easy.

The auto/repair industry group reported the greatest impact on the number of people employed due to sales taxes.

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Workers' Compensation

Workers' compensation seems to cause significant problems for Illinois' small businesses. Nearly half of the respondents disagreed that the workers' compensation policies and paperwork involved were fair to small businesses. They also reported a decrease in profits as a result.

While a majority of respondents disagreed that workers' comp is fair to small business, an analysis by industry groups indicates that the construction and transportation/trucking groups disagreed most with this statement.

Almost half of respondents reported that workers' comp decreased profits to some degree, and that it is unfair to small businesses. Respondents from outside Chicago/Metro area were significantly less satisfied with the fairness of workers' comp.

Environmental Regulation

Responses about the effect of environmental regulations on small businesses were mixed. More businesses disagreed than agreed that environmental regulations make it easy to do business in Illinois. Approximately equal numbers agreed and disagreed that it was easy to get information, easy to comply with regulations, and compliance was not burdensome on their ability to be competitive. However, the responses to six other questions were not favorable. The majority felt environmental regulations were not fair to small business, said the paperwork was not reasonable, said the regulations were not easy to understand, said they were not easy to find out about when starting their business, said it was not easy to keep current and that they made it harder for small businesses to compete with larger businesses.

Environmental regulations had a strong effect on profits. Approximately 1/4 of respondents said their profits had decreased as a result of environmental regulations.

Similar to other tax and policy regulations studied, environmental regulations seemed to cause few problems for business start up. 94% indicated they had no difficulties with start up, and 85% said that environmental regulations present no difficulties in running business.

Nearly 44% of respondents from the auto dealer/repair industry group reported a decrease in profits as a result of environmental regulations. The impact of environmental regulations based on region within Illinois indicated greater dissatisfaction in ease in compliance, fairness, and policies by small businesses outside of the Chicago/Metro area.

Conclusion

Workers' compensation and unemployment taxes have, overall, the strongest negative impact on small businesses in Illinois. While environmental regulations affect far fewer firms, the impact of those regulations is more severe.

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ILLINOIS BUSINESS AND INDUSTRY DATA CENTER

The Business and Industry Data Center (BIDC) Program was started in 1988 by the US Bureau of the Census. The BIDC Program is designed to meet the growing need by decision makers for effective use of demographic and economic statistics.

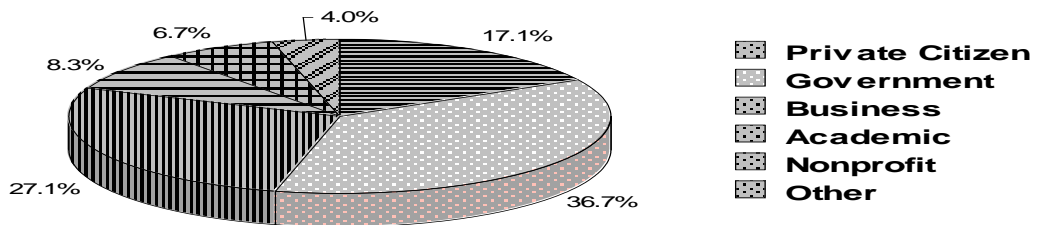
In 1996, Illinois became the 26th state to implement the program. Illinois promotes the BIDC Program as a means to increase the public's awareness of economic and demographic data and to make wider use of this data.

The goal of the program is to enhance the ability of small businesses to plan, market, manage and expand their businesses in Illinois and throughout the world. Providing small businesses, independent contractors and future businesses in Illinois convenient access to statistical data and other sources of usable information does this.

There are 27 BIDC Affiliates located throughout Illinois. Affiliates are comprised of university research offices, regional planning commissions, small business development centers and some libraries. Affiliates are available for people seeking answers to their data related questions. Each affiliate has access to basic census, economic and demographic facts as well as the resources to find other, more detailed information as it is needed.

Over 19,600 requests for service have been answered since the program's inception in late 1996. The network has responded to more than 6,400 requests from businesses and an additional 4,000 requests from private citizens, many of who were planning future businesses.

BIDC ACTIVITY 1996 - 2002



Pie 1

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Sample BIDC Requests

- ◆ Demographic Profile for a 10-mile radius of a City
- ◆ ACT Scores by School District
- ◆ County Economic Profiles
- ◆ Value of Products Exported to Mexico
- ◆ List of Auto Suppliers
- ◆ County Population, Median Income and Population Projections
- ◆ Number of Illinois Businesses in Selected Industries with Sales Over \$1 million
- ◆ Labor Force Information for Counties

Some of the Sources and Types of Data Available include:

Annual Survey of Manufacturers

- ◆ Type of Business
- ◆ Value of Shipments
- ◆ Cost of Materials
- ◆ Employment, Payroll and Hours Worked
- ◆ New Capital Expenditures
- ◆ Fuel and Energy Costs

Labor Market Information

- ◆ Labor Force and Unemployment Statistics
- ◆ Wage Data
- ◆ Employment Projections

Estimated Sales Reports

- ◆ Annual Sales Estimates for all Communities and Counties
- ◆ Sales Divided into Ten Kinds of Business

2000 Census of Population and Housing

- ◆ Age, Race, Gender, Hispanic Origin
- ◆ Household Relationships
- ◆ Educational Attainment
- ◆ Income
- ◆ Housing Characteristics
- ◆ Commuting Patterns

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STRATEGIC FUTURE

The First Stop Business Information Center, as part of the Small Business Office and the Illinois SBDC Network, is committed to providing the best possible service to Illinois' small businesses and entrepreneurs. The continued stagnation of the economy puts emphasis on the need to foster new business growth and innovation. As all current studies show, small and emerging companies are the creators of nearly all new jobs.

First Stop's job is to remove impediments to business growth by making the government regulatory process less burdensome and easier to negotiate. First Stop will continue to develop stronger advocacy ties to the State's regulating agencies in order to develop a comprehensive approach to decreasing negative enforcement action while increasing regulatory compliance.

To further address small businesses need for information, First Stop will continue to use state of the market technology such as enhancing its web site to allow entrepreneurs and small businesses access to comprehensive permitting information, financing and technical assistance tools, as well as real time answers to their questions.

Finally, First Stop's marketing strategy will intensify outreach to business groups to ensure that more small business owners become aware and take advantage of the services offered by the State of Illinois.

For questions or comments regarding this report please, contact Mark Grant, manager of the First Stop Business Information Center at 217/785-6190.

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