



First Stop Business Information Center



2004 Annual Report





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FIRST STOP'S MISSION:

To provide comprehensive information and technical support to businesses with questions and concerns about government regulations, requirements, and assistance programs.

**Illinois Department of Commerce and Economic Opportunity
Illinois Small Business Office**



ILLINOIS DEPARTMENT OF COMMERCE AND COMMUNITY AFFAIRS

August 2004

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 Economic Opportunity (DCEO) respectfully submits this calendar year 2004 annual report on the First Stop Business Information Center. As directed by the Act, DCEO's Small Business Office oversees the First Stop Business Information Center, as 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 Entrepreneurship 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.

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 2004 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,

A handwritten signature in black ink, appearing to read "Jack Lavin".

Jack Lavin, *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 Entrepreneurship Network (IEN) 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 2004 activities are included in this report.

"First Stop staff was very efficient and I'm very satisfied with the received information."

Miriam Oliva, Chicago, IL
(Spanish speaking client)

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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 IEN's web site (www.ienconnect.com) and more than 20,000 hard-copies are distributed annually. It is also available in Spanish.
- **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 IEN's web site in an easy-to-search application, or by calling First Stop through its toll-free business help line.
- **FINANCING MATRIX:** 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 DCEO's web site and in hardcopy.
- **ILLINOIS CHILD CARE RESOURCE GUIDE:** As a part of the DCEO 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

“Information contained within “Starting a Business in Illinois” gave a very good overview 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

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- **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. It is also available in Spanish
- **PROPOSAL WRITING GUIDE:** To meet the demand from individuals interested in starting a non-profit 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.
- **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. It is also available in Spanish.
- **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 Economic Opportunity. It is a resource to facilitate startup or help existing restaurant owners operate more profitably. This was made available in Spanish on 2004 via DCEO's web site.
- **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 Economic Opportunity. 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 and links users to in-depth web resources. 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 DCEO'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 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 2004? Below are numerical as well as testimonial measures of First Stop's performance.

CLIENT ACTIVITY MEASURES	CY2004	CY2003	CY2002
Total First Stop Client Activity	20,224	18,136	19,554
Business Startup Kits Issued	6,531	7,011	7,997
Sources of Financing Cases	1,907	1,699	2,329
Licensing and Registration Cases	8,837	7,192	6,072
Market Research Cases	345	145	194
Government Contracting Cases	141	134	192
International Trade Cases	10	16	25
General Business and Other Cases	1,596	1,698	2,550

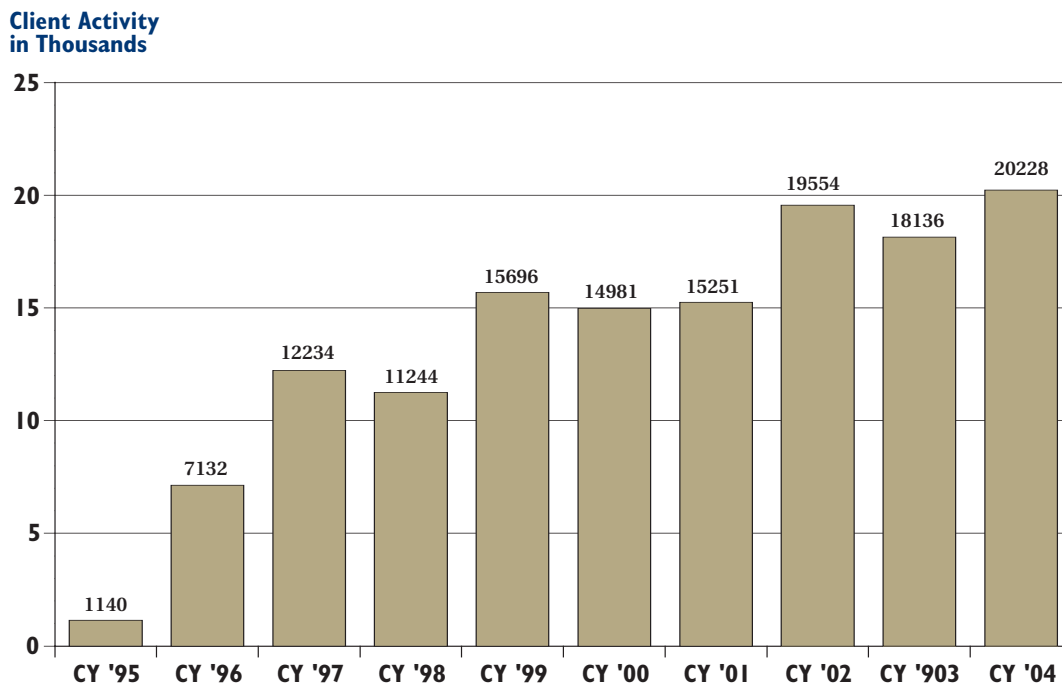
“This was wonderful; I never knew that the State of Illinois made opening a business so much easier.”

J. M., Glen Carbon, IL

CLIENTS REFERRED TO SBDC NETWORK:	CY2004	CY2003	CY2002
Small Business Development Centers	3,550	2,946	3,939
International Trade Centers / NAFTA Opportunity Centers	12	62	80
Procurement Technical Assistance Centers	115	114	235

ANNUAL NUMBER OF FIRST STOP CLIENTS SINCE INCEPTION.

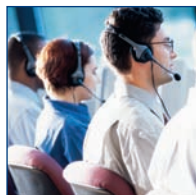
August 1995 – December 2004



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“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



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 specialists follow up with any respondent who is less than satisfied with the service they receive. Results for 2004 are consistent with past years.

- **PERCENT OF CUSTOMERS SURVEYED INDICATING FIRST STOP SAVED THEM TIME AND/OR MONEY** **98%**
(147 out of 150 total responses)
- **PERCENT OF CUSTOMERS SURVEYED INDICATING A HIGH DEGREE OF SATISFACTION WITH PRODUCTS AND SERVICES** **95%**
(1226 out of 1296 total responses)

SOME OF FIRST STOP'S CUSTOMER COMMENTS FROM 2004 SURVEYS

(For privacy respondents full names are withheld)

“Your staff is Awesome. I called near 5:00 p.m. and the gentleman was not trying to hurry me off the phone.”

J. B., Cahokia, IL

“I think it's a great resource but many people may not be aware of it or how to avail themselves of the service.”

C. J., Chicago, IL

“Very helpful, concise and to the point, we are very thankful for the help.”

CA. J., Chicago, IL

“The service I received really met my needs. I'm so thankful for the information. Super valuable for me... Thank you very much!”

O. H., Chicago, IL

“I called your on a Sunday afternoon. I liked being able to leave a message.”

R. K., Belleville, IL

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 DCEO 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 DCEO web site. The following information is a summary of Regulatory Flexibility Program staff activities for calendar year 2004:

- **400** Proposed State Regulations were reviewed
- **112** Proposed Regulations that affect small businesses were summarized
- **52** issues of Regulatory Alert, were sent to over 400 small business owners, business and trade associations
- **101** 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 94th 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 DCEO's Small Business web page.

STUDY OF LAW 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 a 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 often 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, and 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.

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“ Super, excellent service! I am so happy my tax dollars are being spent well. ”

A. E, Willowbrook, IL

SALES TAX

Response 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.

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 25% 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

Workmen's 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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STRATEGIC FUTURE

The First Stop Business Information Center, as part of the Illinois Entrepreneurship Network, is committed to providing the best possible service to Illinois' small businesses and entrepreneurs. The economy continues to put emphasis on the need to foster new business growth and innovation. As studies consistently 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 the IEN's 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 role in the IEN will intensify outreach efforts 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 Darryl Thomas, acting manager of the First Stop Business Information Center at 217/785-6190.

