



YOUR SMALL BUSINESS EXPEDITION

NAVIGATING THE PATH TO SUCCESS



NORTHWEST BANK

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Your Business Venture Begins Here

At Northwest Bank, we understand the vision and dedication it takes to launch and grow a successful business. We also know that having the right guidance and resources can make all the difference on your incredible journey.

That's why we've created this e-book. It's the essential roadmap, packed with practical, actionable strategies designed to help you navigate the exciting, yet often challenging, path of building a successful startup.

We'll cover important topics, including:

- Fundamental small business steps.
- Strategic funding options and essential banking services.
- Benefits of treasury management services.
- Strategies for growth.

A crucial part of your success is having the right banking partnership that's capable of executing your vision and propelling your business forward. Our goal is to empower you with the knowledge and tools you need to thrive.

No matter where you are on your path, we're confident you'll find valuable advice within these pages to help you achieve your goals.

Embarking on Your Business Venture



Starting a business is similar to setting out on an exciting journey. It's your passion and your chance to make a real impact. But just like any journey, it requires a good map and the right gear to navigate the challenges and reach your destination. Here are the first steps of turning your dream into a reality.

Your Big Business Idea

Every business starts with an idea. But before you go all in, check to see if it has the potential to become a successful startup.

You need to understand the landscape with market research. Ask yourself:

1. What solution does my business provide?
2. Who's going to buy this product or service? What do they actually want and need?
Are there other people already selling something similar, and how am I different?
3. Who are my competitors? What are they good at, and where do they drop the ball?
How can I stand out?

You can find these answers by talking to real people — do surveys and interviews or just observe what's happening around you. Look at what's trending in the market and scope out the competition. Use tools like Google Trends; AI tools; industry reports; and strengths, weaknesses, opportunities and threats (SWOT) analysis to gather the data you need.

Create a Business Plan

A business plan is your roadmap. It outlines your goals, your strategies and how you will achieve them. Here is what's needed to write a comprehensive plan.

- ❑ **Executive Summary:** Start with the elevator pitch — a snappy overview of your idea that includes your mission statement, vision and the need your business is trying to solve.
- ❑ **Business Description:** Provide a detailed description of your business, including its legal structure, industry and the products or services you plan to offer.
- ❑ **Market Analysis:** Dive deeper into your target market by analyzing your potential customers including demographics and buying behavior.
- ❑ **Organization and Management:** Outline your company's organizational structure, including the roles and responsibilities of key team members.
- ❑ **Products and Services:** Describe in detail the products or services you will offer. Explain how they will benefit your customers and meet their needs.
- ❑ **Marketing and Sales Strategy:** Outline how you plan to attract and retain customers.
- ❑ **Financial Projections:** Show detailed financial projections, including income statements, cash flow statements and balance sheets for the next three to five years.



There are plenty of online resources and templates available through the [Small Business Administration \(SBA\)](#), which includes the [Small Business Development Centers](#) and [SCORE](#).

Choose Your Business Structure

Picking the right [business structure](#) can be one of the more complex decisions you will make when getting started. It affects how you're taxed and your ability to get funding. Here are common options.

Sole Proprietorship

It's just you running the show. While it's easy to set up, you're personally liable for all business debts. You are responsible for paying income tax and self-employment tax.

Limited Liability Company (LLC)

Protects your personal assets from business debts. Plus, it can be taxed as a sole proprietorship, partnership or corporation.

S Corporation

Allows profits to pass through your personal income without being subject to corporate taxes. This structure is beneficial if you want the protection of a corporation but the tax benefits of a partnership.

Nonprofit Organization

Can apply for tax-exempt status, meaning you don't pay federal income taxes on profits related to their exempt purpose.

Partnership

Involves two or more people who share ownership of the business. Make sure you get everything in writing — who does what, who gets what. And like going solo, you're still personally liable. Partnerships report income but don't pay business taxes. Instead, they give partners a Schedule K-1. Partners then report their share of earnings on personal tax returns.

Corporation

Provides the strongest protection against personal liability, but is a separate legal entity and is more complex to set up. You can sell stock, which is great for raising money, but there are more rules to follow. C-corps, as separate entities, pay 21% tax on profits and face "double taxation" when dividends are distributed to shareholders.



Check with a legal professional or accountant to determine the best structure for you.



Build a Relationship With Trusted Advisors

Surround yourself with trusted experts: a banker, an accountant, an attorney and others in your industry who have succeeded in growing their business. These individuals bring invaluable expertise and multiple perspectives to help guide you.

Establishing a strong relationship with the right commercial banker provides more than just access to financial services. They offer tailored solutions for loans, treasury management and growth strategies. They can assist in refining your business proposals and help identify appropriate funding resources, from SBA loans to investors. This collaborative partnership helps you strategically manage your business so you have more time to concentrate on delivering exceptional value to your customers.



When you sit down with a commercial banker, they're looking to understand your vision and needs. Be prepared to discuss these key questions:

What solution does your business offer, and for whom?

What are your current financial needs and future goals?

What's your plan for repayment or growth?

Customer Testimonial

When Nathan Kraft needed financial support to bring his vision for opening [Krafty's Meat Market](#) to life, he reached out to the Northwest Bank commercial banking team. Nathan also focused on building a strong relationship with the bank president, recognizing the value of a trusted advisor throughout his entrepreneurial journey.

"We did our due diligence of mapping out projections and visiting other meat markets in the area in order to conduct a market analysis. I knew my business plan would work. Northwest Bank took a leap of faith with me, and in November of 2020 we started construction on the building."

– **Nathan Kraft**, *Krafty's Meat Market*



KEY TAKEAWAYS

✓ Validate Your Idea:

- Research the market
- Know customers
- Analyze competitors

✓ Craft a Business Plan:

- Outline goals
- Define strategy
- Project finances

✓ Choose Your Structure:

- Consider taxes
- Understand liability
- Seek advice

✓ Build Advisor Relationships:

- Find a banker
- Meet with experts
- Create support network

Funding Your Business Journey



Embarking on your business journey requires the right supplied, and that means securing adequate funding. Whether you need capital for initial startup costs, inventory, equipment or expansion, you've got options. Take a look at the various funding options:

Personal Savings

Using personal savings is a common approach if you want to maintain full control over your business and avoid taking on debt or giving away pieces of your company.



Angel Investors and Venture Capital

Angel investors and venture capitalists are individuals or firms that invest in your startup in exchange for equity. This can be a good option if your business has a high growth potential, but it also means giving up some control.



Family and Friends

It's important to approach loans from family and friends with caution and professionalism to avoid straining relationships. Instead of asking for the whole amount you need, ask for enough funding to get you through the first three or four months of business. And, make sure everyone's clear on the risks and how you plan to pay them back.





Small Business Loans

A traditional bank loan is a common way to finance your business. There are several loan options for startups, including SBA loans, which are backed by the government and designed to help new businesses get off the ground.

Crowdfunding

Platforms like Kickstarter and Indiegogo allow you to raise small amounts of money from a big group of people. This can be a great way to validate your idea, generate buzz and build a community around your product or service.



**Additional types
of bank loans
to consider:**



Equipment
financing
loans



Real
estate
loans



Working
capital
loans



Customer Testimonial

For David Brommer of [Brommer Sanitation](#), purchasing a recycling machine was a key business decision. To navigate the financial aspects, he met with Northwest Bank about an equipment loan and was able to validate that this investment would help his business. This trusted relationship allowed David to secure the loan, purchase the machine and see immediate efficiency gains. Now his company can process 100 to 120 bags of cans and bottles versus 40 bags per day.



Securing funding is critical for your startup. Here are a few tips that will help you navigate the process:

- 1 Routinely review your financial statements, cash flow and expenses.
- 2 Leverage your trusted advisors.
- 3 Beware of excessive debt.
- 4 Understand the terms and conditions associated with investments and how they may impact your decision-making authority.
- 5 Create contingency plans to address potential setbacks.
- 6 Maintain transparency with your investors and lenders.



KEY TAKEAWAYS

✓ Explore Funding Options:

- Personal savings
- Family and friends
- Crowdfunding
- Investors
- Small business loans

✓ Understand Loan Types:

- Equipment financing
- Real estate loans
- Working capital loans

✓ Navigate Funding:

- Financial health
- Expert guidance
- Future proofing

Banking Services To Chart Your Financial Course

If you want your business journey to go smoothly, you need the right tools, including banking services. Especially when you're just starting out, you need a solid financial base to keep your cash flowing and make sure you're heading in the right direction long-term. Here are some of the many bank services available:

Business Bank Account

It is important to keep your personal and business finances separate.



"Opening a separate business bank account helps you keep things organized, simplifies taxes and gives you a clear idea of how your business

is doing. Look for business checking and savings accounts with features tailored to startups, including low fees, easy online access and compatibility with your accounting software."

- Nate Kuhn,
Ag/Commercial Banker

Merchant Services

In order to accept credit card payments, you'll need merchant services.



"Merchant Card Services allows you to process payments securely and efficiently, in person and online.

It also helps you get paid faster, makes it easier for your customers and helps improve cash flow."

- Carolyn Matzinger,
*Treasury Management
Representative, VP*

Business Credit Cards

A business credit card is great for handling everyday expenses and building your business credit.



"Look for business credit cards that offer rewards, low-interest rates and expense tracking

features. Using a business credit card responsibly will help you build credit and gain access to better financing options in the future."

– **Jeff Latterell,**
*Treasury Management
Representative, VP*

Online Banking Tools

With online banking tools, you can manage accounts, make payments, deposit checks and transfer funds.



"Find a bank that gives you online and mobile tools so you can see what's happening with your money in real time. These should also

integrate with your accounting software, making it easier to track your business's financial health."

– **Andrew Peters,**
Treasury Management Representative



KEY TAKEAWAYS

✓ **Separate Business Account:**

- Essential for organization
- Simplifies tax filing
- Provides clear financial overview

✓ **Merchant Services:**

- Enables credit card payments
- Improves cash flow
- Enhances customer experience

✓ **Business Credit Card:**

- Manages daily expenses
- Builds business credit
- Opens future financing options

✓ **Online Banking Tools:**

- Offer real-time access
- Integrate with accounting software
- Manage finances remotely

Navigating the Financial Terrain With Treasury Management Services

As your business grows and financial operations become more complex, [effective treasury management services are essential](#). They help you maintain control of your cash flow, manage risks and improve financial performance. Without them, you could lose financial control, face unexpected challenges and miss growth opportunities. Let's discuss how a good treasury management strategy can help your business achieve financial success. Here are some key benefits:

- **Improved Efficiency:** By reducing manual tasks like invoicing, payments and reconciliations, you can decrease errors and save time. This frees you up for more strategic planning.
- **Clear Financial Visibility:** Strong treasury tools provide real-time insights into your finances, like cash flow predictions and outstanding payments. This helps you make informed decisions, whether you're budgeting or finding ways to cut costs.
- **Better Scalability:** As your business grows, your financial needs become more complicated. Treasury solutions are designed to grow with you, offering tools that can adapt to your evolving needs.
- **Increased Cash Flow Management:** An effective system lets you manage cash flow, which is crucial for your business. By closely tracking income and expenses, you can spot trends and adjust your strategies.

Now that you understand the benefits, how do you choose a treasury management system that meets your unique needs and supports your growth? Here are some key points to think about.



Business Size

If you have a small business with simple finances, you might only need basic features. But larger, more complex businesses will likely need advanced tools, like detailed cash flow forecasting.



Cost and Budget

Consider both the initial and ongoing costs, such as subscriptions and transaction fees. Find a solution that balances features with what you can afford.



Compatibility With Your Systems

Make sure the solution works well with your current accounting software. This will prevent extra work and reduce errors.



Ease of Use and Remote Access

Choose a tool that's easy to use for you and your team. Remote access lets you manage things from anywhere, which helps with real-time decisions.



Customer Support

Look for reliable customer support. This will help you quickly fix any problems and get the most out of the solution.



Security

Verify that there are security measures, such as encryption and user authentication. Strong security helps protect your data and prevent fraud.

Types of Treasury Management Banking Tools

Let's explore the different Northwest Bank treasury management tools designed to simplify your finances and improve cash flow. Here are a few options:

Business Mobile Banking

Keep tabs on your accounts, make payments, deposit checks and transfer funds right from your phone. You can also control employee access by allowing them to deposit checks without seeing sensitive account information.

Business Online

Manage your finances efficiently from any device with internet access. This streamlines cash management, payments and receivables. Plus, security features like encryption and multi-factor authentication protect your data.



Customer Testimonial

Kyle Weaver, owner of Weaver Meats, regularly uses Northwest Bank's Business Online to help him quickly view recent transactions and statements.

Positive Pay

Positive Pay helps prevent check fraud. When you write checks, you send a list of those checks to the bank. As checks are cashed, the bank compares them to your list. If a check matches, it's paid. If it doesn't, you're notified before any money is released.

Okoboji Wellness Clinic, located in Spirit Lake, Iowa, started using Positive Pay after they had an issue with fraudulent check activity.



"Someone was writing fake checks, acting as our business, which was very concerning. We talked with Northwest Bank and decided to start using Positive Pay. Basically the feature gives me a notification where I can approve every check that comes in and out of our business. That has given me peace of mind as a business owner."

– Carrie Meyer,
Okoboji Wellness Clinic

ACH Manager

Automated Clearing House (ACH) is a network that facilitates electronic payments and money transfers between banks. ACH transactions are typically faster and more cost-effective than traditional checks, making this system a popular choice if you are seeking efficient and secure ways to manage your finances.

Customer Testimonial

"As a small business owner, we're busy managing other areas of our business and wanted to spend less time on payroll. Using ACH direct deposit for payroll, we are able to provide our employees with a faster, easier way to access their paycheck."

– **Aaron Anderson**, *Fresh Fit Meals*



Remote Deposit Capture

With RDC, you can scan and deposit checks electronically from your office or business, eliminating the need for in-person trips to the bank. This can give you faster access to funds, reduce processing time and enhance cash flow.

Joe, an owner of a plumbing company based in Omaha, Nebraska, tapped into Remote Deposit Capture treasury management services to improve cash flow. Listen to hear how he worked with our treasury management team to set up RDC.



Bookkeeping Software

Business accounting software, such as Quicken® and QuickBooks®, can handle tasks like recording transactions, managing invoices and reconciling accounts. Tools like this provide real-time insights into cash flow and financial performance for more informed decisions about budgeting and spending.

Payroll Cards

Using payroll cards, you can simplify and streamline your payroll process and enhance employee satisfaction. This allows your business to deposit wages directly onto the card, eliminating the need for paper checks and reducing administrative burdens associated with traditional payroll methods.



KEY TAKEAWAYS

✓ Treasury Benefits:

- Improved efficiency
- Clear financial visibility
- Better scalability
- Enhanced cash flow

✓ Choosing Your Solution:

- Consider business size
- Balance cost and features
- Ensure system compatibility
- Prioritize ease of use and access
- Seek reliable support
- Verify security measures

✓ Essential Banking Tools:

- Mobile banking for on-the-go access
- Online banking for comprehensive management
- Positive Pay for fraud prevention
- Bookkeeping software for financial tracking
- ACH manager for electronic transactions
- Remote Deposit Capture for digital check deposits
- Payroll cards for efficient payroll

Strategies To Expand Your Horizons

Once you've gotten your business set up and navigated the initial challenges, it's time to concentrate on growing for success. This means focusing on [expanding your budding business](#) in a smart way.



Hitting Important Money Goals

Every business owner will have goals to achieve, but here are four financial milestones that every new business should strive for:

- **Making enough to cover costs in the first year:** This means your business is bringing in enough money to pay for everything it spends. It shows you're on the right track.
- **Achieving 1.20:1 debt service ratio:** In your second year, you want to have at least 20% more money than you need to pay off any loans. This means you're financially strong.
- **Paying yourself and hiring employees:** When you can pay yourself a regular salary and hire employees, it's a sign that your business is doing well.
- **Reaching your targeted financial goals:** Whether your goal is to reach \$500,000 or \$1 million in revenue, reaching a financial goal will provide a foundation for future growth.



Using Your Profits To Grow

One of the most effective ways to finance growth is to reinvest your profits back into the business. This allows you to expand without taking on debt or giving up equity.

- **Find ways to grow:** Look at your business and figure out where you can invest money to make it bigger, like creating new products, doing more advertising or selling in new markets.
- **Make a plan for reinvesting:** Decide exactly how you'll use your profits to grow.
- **Track your ROI:** Keep track of how much money you're making from your investments to make sure you're using your money wisely.



Getting More Money If You Need It

As your business gets bigger, you might need more money to hire people or buy new equipment.

- **Look at different ways to get money:** Think about getting loans, securing lines of credit or finding investors.
- **Figure out how much money you need:** Decide how much money you need and what you'll use it for. Examine your budget that outlines projected expenses and revenue. Also, take a look at your business plan and make sure it outlines your growth strategy.
- **Present a strong financial case:** Maintain accurate and up-to-date financial records. Lenders and investors will want to see a clear picture of your business's financial health.



Building Your Network

Growing a business isn't something you have to do alone. Build relationships with people who can help you, like commercial bankers, accountants, lawyers and mentors. Also, get out there and network. Meet other business owners, attend industry events, and join groups where you can learn and make valuable connections. These relationships can open doors to new opportunities and help you navigate challenges.

Customer Testimonial

Taylored Expressions grew from a small family startup business to one that quickly outgrew its space. To bring everyone together, they worked with Northwest Bank to secure a loan for a larger building.

"They gave us all the loan options and let us choose what worked best for us. We want to grow something meaningful and impactful, and we now have a building large enough to house all our operations and employees. We're glad we partnered with a bank that aligned with our values and helped us expand."

- Taylor Van Bruggen,
Taylored Expressions



KEY TAKEAWAYS

✓ Hit Financial Milestones:

- Cover all costs in year 1
- Achieve 1.20:1 debt service ratio
- Pay yourself and hire employees
- Reach revenue goals

✓ Reinvest Profits Strategically:

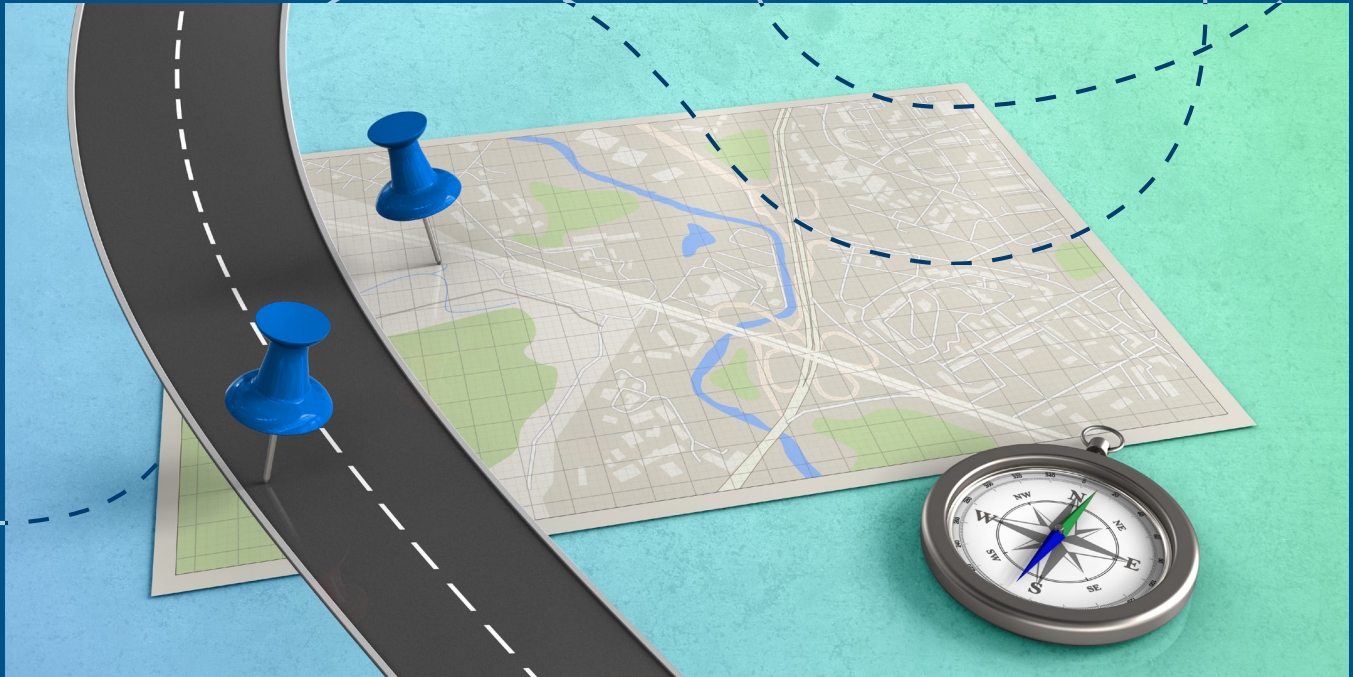
- Identify growth
- Create reinvestment plan
- Track return on investment (ROI)

✓ Secure Additional Funding (If Needed):

- Explore loans, credit lines and investors
- Determine funding needs
- Justify finances

✓ Build a Strong Network:

- Meet with advisors
- Attend industry events
- Join business groups



Your Journey Continues

Throughout this e-book, we've explored the key elements of building a thriving business, from that initial spark of an idea to managing your finances. Remember, your entrepreneurial journey also a roadmap for growth — one that requires navigating uncharted territory to reach your goals.

A crucial element in this process is leveraging the expertise and resources available through financial professionals, like those at Northwest Bank, who can act as guides on this expedition. Our commercial bankers are committed to understanding your business and providing personalized solutions that support your growth. Whether you need help with securing financing, managing cash flow or exploring investment opportunities, our advisors can provide valuable support as you chart the course of your startup path.

For real-world insights, inspiring stories and up-to-date business strategies, we invite you to check out our **Biz Buzz Blog**, where we give practical advice and share real customer experiences that show how other entrepreneurs have turned their dreams into reality. Or tune into our **podcast** for expert interviews and actionable tips. These resources will equip you with the knowledge and inspiration you need to help you achieve your entrepreneurial dreams.

Thank you for joining us on this journey. We're excited to see what you'll achieve, and we're here to help every step of the way. If you have any questions or are ready to discuss your specific business needs, contact us directly at **800-678-4105** or visit our website at **nw.bank**. We look forward to connecting with you.



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