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SOUTH CAROLINA



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City of Abbeville

## Small Business Start-Up Guide



Prepared by the Community Development Department of the City of  
Abbeville, SC

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(Updated Periodically)

## Introduction

The purpose of this document is to provide a roadmap to those interested in starting a business within the City of Abbeville. This Guide looks at the two primary hurdles any business owner must cross to establish their business:

- Business Plans
- Licensing and Permitting
- Potential Sources of Financing

It is the hope of the City that this document will assist those who are interested in entrepreneurship at the local level and generate Economic Growth within the City of Abbeville.

**STOP!** Before going any further potential entrepreneurs should know that most successful businesses start by doing the initial leg work and pre-operational research. This includes a feasibility study and drawing up a formal business plan. Many of the resources and organizations outlined below can help with that process.

## Licensing and Permitting

The following steps need to be taken in order to ensure that a new business is fully permitted and legally operating within the City of Abbeville.

### 1. Apply for a City Business License

- a. These licenses can be found on the City website with two different versions available.
    - i. Regular City Business License
    - ii. Contractor City Business License
  - b. Once completed, the application will need to be turned in at City Hall
2. Once this application is submitted, the applicant will need to pick-up or download a **New Business Inspection Form** at City Hall. Appendix (A)
- a. This form contains a 4 Step Process to ensure the Business Location is properly zoned and in compliance with City and County Building Codes. Those steps are as follows
    - i. Have the City Zoning Officer Sign off that the location is in compliance with the City Zoning Ordinance (Fire Department)
    - ii. Have the Fire Chief sign off that the location is in compliance with the City's Fire Code
    - iii. (Restaurants Only) Have the Health Department perform their Inspection and Sign off (Fire Department)

- iv. Have the County Building Department Sign off that the location is in compliance with the County Building Code (County Admin. Building)
- v. **Once the previous steps have been completed, the New Business Inspection Form turned In, Business License fee paid, and proof of payment provided by City Hall, the Business is free to begin operations** (Official Business License will be mailed at a later date, Business License Receipt acts as License until that time)
- vi. This same process shall be followed in the event of a change in location or ownership of a current City Business

3. Other Items to Consider

- a. If a change in Zoning is requested, the applicant must go before the Planning and Zoning Commission who will then make a recommendation to City Council on the rezoning of the parcel. (This will be a legislative process which will be officially voted on by City Council)
  - i. Speak to City Zoning Officer about this process (Fire Department)
- b. New Construction or Renovations must also be approved by the County Building Department
- c. Changes in signage must be approve by Zoning (Fire Department)
  - i. In the Historic District, any exterior renovations or signage changes must be approved by the Historic Properties Protection Commission (HPPC)
- d. Large Developments will need to go before the Planning Commission whether a change in Zoning is requested or not

**State Licensing, Permitting, and Taxes**

- 1. **Register Business with the State Department of Revenue and obtain a Retail License**
  - a. A new business owner will need to go online and obtain a state retail license and register with the DOR for Sales Tax Collection. (Make sure to use the City of Abbeville Collection Code)
  - b. Information on this process can be found at: <https://dor.sc.gov/tax/registration>
- 2. **Investigate Potential Tax Breaks**
  - a. Both State and Federal Tax Incentives are out there and may help to offset startup costs. For example, the South Carolina Abandoned Building Revitalization Act (SCABR Act) provides tax incentives to business owners who invest in commercial buildings which have been vacant for over 5 years. For more information on this and other incentives at the Federal and State Level, one should speak with a trusted tax professional.

## Potential Sources of Financing and Assistance

### 1. Private Lenders (Banks, etc.)

- a. Banks and other lenders typically look at the 5 C's of Credit when determining whether to award a Small Business Loan or not. These 5 C's are outline below:
  - i. **Capacity (Cash flow)** – An applicant must be able to show how they will repay the loan, which is heavily dependent on a well written and convincing Business Plan. This can be difficult to show for a new business and ideally an applicant will have other income (other regular job, spouse's income) that could cover the debt. (As referenced later, the Small Business Development Center can assist in Business Plan Creation). For an on-going business lenders will look at current business income. Lenders like to see the business itself to have a 1.40x coverage ratio; in Other words, \$1.40 in net income for every \$1 of debt payment. This includes the current debt of the owner counting business and personal debt. Essentially, all monthly debt payments should be no more than 43% of an applicant's total income (outside income and that of the business).
  - ii. **Collateral and Capital** – Typically lenders look for collateral unless the borrower personally has a strong Net Worth, credit scores, and income. For real estate, lenders typically lend around 80%, equipment 75%, and it gets more difficult to lend on inventory. The equity applicants have in the collateral is typically their capital in the deal. Lenders also take into account how much has been invested in the business.
  - iii. **Character** – This is driven mainly by applicant's personal credit scores. Typically an applicant with a score below 650 is not eligible for private financing and a score of above 750 really helps. However, lenders also take into consideration as best they can, the personal character of an individual, including their talents and abilities.
  - iv. **Conditions** – Does the request make since? Is it reasonable?
  - v. Potential borrowers should take these considerations into account when thinking about pursuing a Small Business Loan from a private lending institution. **Keep in mind this can be a lengthy process.** Entrepreneurs should not expect to go from idea to operating a business in one day or even 6 months. Working with the resources and organizations listed below can be very helpful in successfully navigating this process.
  - vi. Some local lenders in Abbeville County include Abbeville First Bank, First Citizens, Park Sterling, Hope South Credit Union, and Abbeville

Community Credit Union. Additionally, other non-county lenders are also an option.

**b. Private Granters**

- i. Certain for Profit organizations such as Fed-Ex offer Small Business Grants on annual basis. In the case of Fed-Ex these grants are up to \$25,000 per award. Small Business Entrepreneurs will want to research the private granters to see if their business aligns with the stated funding goals of the granting organizations before applying.
- ii. (These types of Grants are not limited to Fed-Ex; those interested in receiving a grant from a Private Company will need to research which program, if any, they qualify for.)

2. Local Government Funding Mechanisms and Assistance

- a. The City of Abbeville has developed an Economic Incentive Plan which consists of a several Business Incentives for both new and current City businesses. To read this plan in full, please view the Small Business Incentive Plan on the City Website and speak with City Staff for further details.
- b. Additionally, City staff will provide advice to entrepreneurs and act as a liaison between the private, public, and non-profit sectors.

3. State, Federal, and Non-Profit Funding Mechanisms and Assistance

**a. Upper Savannah Revolving Loan Fund and Small Business Loans**

- i. Fills the gap between the financing available from traditional private sector sources (i.e. bank loans and equity) and the total financing need.
- ii. Projects must create/retain jobs and leverage private sector investment.
- iii. Borrowers must be credit worthy, submit financially sound proposals, and provide adequate collateral to secure all lenders.
- iv. Borrower's equity contribution must be at least 10%.
- v. Loan amounts up to \$200,000 or 40% of the project cost, whichever is less.
- vi. Loan terms from five to fifteen years depending on assets being financed or offered as collateral.
- vii. Personal guarantees are required.
- viii. Not a replacement for bank financing
- ix. The contact information for Upper Savannah can be found on their website; [uppersavannah.com](http://uppersavannah.com)

**b. Small Business Development Center**

- i. The Small Business Development Center (SBDC) located in Greenwood is available to provide assistance (Such as writing a Business Plan) and

advice concerning business startups and other potential funding sources not specified in this document.

- ii. Contact Information: Ben Calhoun, 430 Helix Rd Greenwood, SC 29646/ 864.941.8092/ [bncalho@clermson.edu](mailto:bncalho@clermson.edu)

**c. Freshwater Coast Community Foundation (FCCF)**

- i. The FCCF routinely hosts workshops on Small Business Development and is an excellent resource for entrepreneurs in the Abbeville/McCormick area to consult with. Contact information for the FCCF can be found on their website; [freshwatercoastfoundation.org](http://freshwatercoastfoundation.org)

**d. Greater Abbeville Chamber of Commerce**

- i. The Chamber of Commerce is always a great stop for anyone looking to open a business in the community. They can provide helpful information to those looking to start a business and a Chamber membership can provide the networking opportunities which can make or break new businesses.

- ii. **Downtown Merchants Association**

- 1. The Abbeville Downtown Merchants is a collection of Merchants who operate in the Downtown Area. They will likely be able to offer a plethora of advice and knowledge about operating a business in the City of Abbeville and small business operations in general.

**e. Small Business Administration**

- i. The Small Business Administration can provide assistance to both Small Business Owners and those looking to start their own business. This assistance may come in the form of connecting individuals with Private Lenders, or in some cases, providing direct loans to Small Business Entrepreneurs.

**f. South Carolina Department of Commerce (SCDC)**

- i. The SCDC does not offer direct funding opportunities to Small Businesses. However, it does provide data, resources, and networking opportunities which may prove invaluable to those wishing to expand their current business or start a new small business.

- 1. **Source SC**

- a. A statewide material and service locator program designed to help you identify South Carolina in-state suppliers and vendors.

**g. South Carolina Community Loan Fund**

- i. As a statewide lender, the SCCLF raises and pools capital from public and private investments to create a revolving loan fund that finances critically needed community development projects.
- ii. <https://sccommunityloanfund.org/>

**h. Women and Minority Owned Programs**

- i. Many organizations, such as the South Carolina Division of Small and Minority Business Contracting and Certification offer assistance and advice to Women and Minority Business Owners. Any entrepreneur, meeting these organizations criteria, interested in establishing a Small Business should consider reaching out to these organizations.

**i. South Carolina Jobs-Economic Development Administration**

- i. The SCJEDA is another organization which can provide capital to Small Business in the form of direct loans or by partnering with private lenders. As with most government loan programs, these loans are only eligible to cover a certain percentage of needed capital; generally up to 25%.

**j. SBA Loans**

- i. The SBA is a government insurance program that protects the bank against a potential default of the loan. The SBA SLA program is unique in that not many lending institutions offer it because no lien against real estate or equipment is required.

**k. Final Note**

- i. The organizations and assistance noted in this guide is not meant to represent an exhaustive list of potential aid for small businesses. However, it does represent a solid starting point for any individual interested in starting a new small business or expanding the operations of a current business.

**Conclusion**

Starting or growing a Small Business can be an exciting and sometimes scary endeavor. Potential entrepreneurs should understand both the risk and rewards involved as well as have an understanding of their options concerning financing; options which are heavily dependent on their financial history, current financial status, and the feasibility of their proposed idea. While this process may seem arduous, there are numerous resources available to guide individuals through this process. Given the importance of small businesses to the national and local economy, the City of Abbeville is dedicated to assisting its Small Business Community in whatever way it can. A good first step for any individual looking to start their own business can be by contacting the City's Community Development Department and Economic Development

Administrator, Mike Clary, through Facebook, by phone (366-1800), or through email at [mclary@abbevillecitysc.com](mailto:mclary@abbevillecitysc.com)