



PATH TO PROSPERITY:

**START A BUSINESS IN  
HONDO, TEXAS**



# CONGRATULATIONS!

**You have an idea for a new business, and now you are ready to embark on the life-changing journey from idea to business opening.** This guide is designed to serve as a guide and road map to success, and we encourage you to read it carefully. We also encourage you to supplement with your own research, and to call on the Hondo Economic Development Corporation (HEDC) for information and assistance.

**The HEDC is your partner on the path to prosperity.**



# LAYING THE GROUNDWORK

Starting a business is hard work and serious business, as statistics from the U.S. Bureau of Labor show. The successful entrepreneur must be a self-starter, an able decision-maker, a leader, an organizer and a hard worker who is trustworthy, responsible, and energetic.

In this very early stage, it's important to be realistic in assessing not only your knowledge of the product or service you want to offer, but also the personal and managerial skills you possess that will allow you to handle a wide range of responsibilities.

The good news: Hondo is fertile ground for entrepreneurs, and the HEDC facilitates an environment for success.

## **HEDC IS HERE TO HELP:**

- Entrepreneurship training and workshops on essential topics like marketing, financial management, and leadership to equip entrepreneurs with the skills they need to succeed.
- Mentorship and coaching programs pairing entrepreneurs with experienced mentors.
- Networking events and meetups that also allow entrepreneurs to connect with peers, potential partners, and industry experts.

Ready to accept the many responsibilities and risks of entrepreneurship? Time to begin planning.



# 1. ORGANIZE YOUR BUSINESS

First, you'll need to decide how to organize your business, as a Sole Proprietorship, Partnership or Corporation, each of which has advantages and disadvantages.

## SOLE PROPRIETORSHIP

Sole proprietorships are the most common type of business organization.

### **Advantages:**

- Simple and low in cost to organize.
- The owner is solely responsible for decisions.
- A minimum of legal restrictions.
- Profits are taxed only once.
- Easy to discontinue.

### **Disadvantages:**

- Does not have a separate legal status.
- The owner of the business has liability.
- The owner is limited in raising operating funds, which may inhibit the expansion of the business.

## PARTNERSHIP

Partnerships consist of two or more owners, with profit and loss shared equally or allocated by a partnership agreement. Each partner is liable for business debts and obligations, and each partner's outside assets may be subject to claims of creditors unless limited by the partnership agreement.

### **Advantages:**

- Easy to organize.
- Can obtain more operating funds than a sole proprietorship.
- Combines the managerial skills and judgments of several partners.
- A partnership has separate legal status. The income is only taxable once, and it is taxed at the partner's tax rate.

### **Disadvantages:**

- General partners have unlimited liability.
- A change in partners could terminate the partnership.
- The authority for decision-making is divided.
- A partnership is difficult to sell or transfer.

## **CORPORATION**

A corporate structure is a separate legal entity, formed when a transfer of money or property, or both, takes place by the prospective shareholders in exchange for capital stock in the corporation. Setting up a corporation requires legal and accounting expertise.

### **Advantages:**

- The owners (stockholders) have limited liability.
- The business continues to exist after the death of an owner.
- The transfer of ownership is easily done by the sale of stock.
- A corporation can raise larger amounts of capital more easily than sole proprietorships or partnerships.

### **Disadvantages:**

- Subject to double taxation.
- The costs to organize a corporation are higher than other forms of business.
- Corporations are heavily regulated through state and local laws.

### **HEDC is here to help:**

Legal and regulatory support, providing access to legal experts who can help with entity formation, intellectual property protection, contract drafting, and compliance with local regulations.

For further research:

- [gov.texas.gov/business/page/start-a-business](https://gov.texas.gov/business/page/start-a-business)
- [gov.texas.gov/apps/business/portal](https://gov.texas.gov/apps/business/portal)

## 2. RESEARCH YOUR MARKET

Knowing your market and your target consumers through market research is important to identify preferences, opinions and trends in consumer habits, and to identify geographic advantages and demographics. Free resources include:

- **Hondo Area Chamber of Commerce**

Offers important information about the business community, as well as excellent opportunities for business networking. See [www.hondochamber.org](http://www.hondochamber.org)

- **City of Hondo**

Assists with zoning and code compliance, including:

- Helping to identify suitable locations that align with zoning regulations
- Ensuring the new business complies with local zoning laws, land use regulations and any special requirements for the type of business
- Providing guidance on safety, fire codes and necessary inspections for building renovations or construction.

See [www.hondo-tx.org](http://www.hondo-tx.org)

- **Small Business Development Center**

Offers a wide range of information and assistance, including help with creating business plans and sale projections, financial counseling, business advising and more.

See [www.sasbdc.org/](http://www.sasbdc.org/)

- **Hondo City Library**

Offers information about which trade associations serve your type of business along with contact and publication information in the Directory of Associations. The Library's collection may also include business publications and/or access to websites relevant to your market.

- **Hondo Economic Development Corporation**

Offers demographic and community information, area maps, property listings, and a business start-up guide.

## HEDC is here to help:

Market research and validation assisting entrepreneurs to understand customer needs and to validate business concepts before launch.

Access to industry specific networks and resources, facilitating introductions to industry associations, specialized networks, and trade groups that can provide tailored support and opportunities for growth.

## FOR FURTHER RESEARCH:

- Federal and state governments
  - [www.grants.gov/learn-grants/grant-making-agencies/small-business-administration-sba](http://www.grants.gov/learn-grants/grant-making-agencies/small-business-administration-sba)
  - [gov.texas.gov/business/page/tsbci](http://gov.texas.gov/business/page/tsbci)



## 3. CREATE YOUR BUSINESS PLAN

A well-organized, well-written business plan is a roadmap for both short- and long-term success. It will help you set desirable and realistic goals and outline the required action steps. A business plan is also critical in:

- Sharing your vision with your banker, attorney and accountant. They will need to evaluate your goals and objectives in order to advise you properly, to lend you startup capital.
- Communicating to sales personnel, suppliers and others about your operations and goals.
- Developing your managerial skills and mindset as you think about competitive conditions, promotional opportunities and situations advantageous to your business.

Your business plan is your all-purpose guide to help you organize and run your business, attract investors, and obtain financing.

### DEVELOPING A BUSINESS PLAN

A good business plan contains the following elements:

#### **Executive Summary**

In the summary, clearly and precisely define:

- Your business.
- The product you manufacture or the service you provide.
- The industry and its overall condition.
- Information about yourself, your qualifications and your experience, including your personal background.
- This is critically important for investors and financing resources. Include education and training, work experience, special skills, personal financial records, real estate owned, references.

#### **Goals**

List and detail your long and short-term goals for production, sales, and finance. In addition, describe the way you want the public to think about your company and the image you want to project.

## Description of product or service

Be detailed in your description; if you manufacture a product, include photographs or diagrams. Provide results of all research and testing that has been completed on the product or service to demonstrate safety and reliability.

## Marketing Strategy

Identify your target market—that is, the group of consumers who will be buying your product or service

- Demonstrate how you will reach and influence the target market.
- Describe your plans for marketing and advertising.
- Show distribution plans for the product or service.
- Establish a pricing strategy and compare prices with competitors.
- List long- and short-term sales targets.
- Identify potential major accounts.

## Operating Strategy

Describe your organization, including an organizational chart that lists all job titles.

Describe the location of your facility and the activities that will take place there. List the equipment to be purchased. List suppliers and their ability to deliver goods when you need them.

## Financial Strategy

To develop your financial strategy:

- Include current and projected financial statements.
- List your costs to start the business.
- Describe the sources of funds. How much will you invest, how much others will invest, and how much will you borrow? Creditors and investors pay particular attention to the amount of money the business owner invests. Banks prefer to see a personal investment of one-quarter to one-half of the money needed before approving the remainder of a loan
- Indicate how you will use the funds during the start-up period.
- Show in dollars and time when your business will break even, the point at which you have covered all your expenses and are not making a profit or taking a loss.
- List and explain your significant debt. Also, list and explain significant amounts of money owed to you.

# TIPS ON WRITING A BUSINESS PLAN

- Do all your research first.
- When you begin, estimate the projected cash flow, income statements, and balance sheet first. Write the Executive Summary last.
- Compose each major topic as a separate chapter for easier revisions and expansions.
- Have your plan reviewed and critiqued by your attorney, accountant, banker or other relevant advisor.
- Create a professional presentation of your plan using a high-quality folder and/or presentation software. Proofread it carefully.
- Keep a log of who received a copy, the date, and any specific comments made.

## HEDC is here to help:

Business plan development assistance connecting entrepreneurs with resources, including one-on-one coaching and workshops to assist in creating robust business plans that attract investors and set clear growth strategies.

## Further resources:

Small Business Administration

- [www.sba.gov/business-guide/plan-your-business](http://www.sba.gov/business-guide/plan-your-business)
- [www.sba.gov/business-guide/10-steps-start-your-business](http://www.sba.gov/business-guide/10-steps-start-your-business)
- [www.sasbdc.org/advising/](http://www.sasbdc.org/advising/)



## 4. OBTAINING FINANCING

Underfinancing is a leading cause of small business failure, so before you approach banks or investors, establish a realistic overall view of startup costs as well as the amount you need for living expenses for anywhere from three months to a year.

- A strong banking relationship can be an invaluable asset as your banker can be a good resource not only for funding, but also for strategic information about your market as well as practical advice for starting a business. Your banker can also provide continuing service and advice on matters like retirement plans, accounts receivable, financing, expansion financing, loans, and trusts.
- When you apply for financing, remember that banks would prefer to see a personal investment of one-quarter to one-half of the money needed before approving the remainder of a loan. If you do not have this much available money, programs through the Small Business Administration Loan Program might be available to you.

### POTENTIAL FUNDING SOURCES

- **HEDC**  
<https://growhondotx.com/>
- **USDA Rural Development**  
[www.rurdev.usda.gov](http://www.rurdev.usda.gov)
- **U.S. Small Business Administration**  
[www.sba.gov](http://www.sba.gov)
- **Texas Department of Agriculture**  
[www.texasagriculture.gov](http://www.texasagriculture.gov)
- **US Grants**  
[www.usgrants.org](http://www.usgrants.org)
- **Texas Small Business Credit**  
[gov.texas.gov/business](http://gov.texas.gov/business)

## 5. CHOOSE YOUR LOCATION

Hondo offers a range of business locations to suit your needs. In addition to needed square footage, budget parameters, utilities and storage needs, consider:

- The need for business visibility: Will your business need foot traffic to be successful?
- Option of renewing your lease at the end of the term.
- Lease inducements such as free rent or reduced rent for an initial period.
- Services like common area maintenance included in the monthly rent.
- For a list of local real estate, see: <https://growhondotx.com/>

### ZONING PROCEDURES

Be sure to check zoning information about your location at Development Services. Remember business uses are usually not allowed in residential areas, and some business uses are not allowed in commercial or industrial zones. You must satisfy the zoning requirement before your business will be permitted to operate. If the property site you have selected is not zoned for your type of business, you may want to attempt a zoning change at:

#### Planning & Zoning Department

Development Services

1600 Ave M

Hondo, TX 78861

830-426-4737

<https://www.hondo-tx.org/167/Development-Services>

# HONDO



## THIS IS GOD'S COUNTRY

## BUILDING, CONSTRUCTING & MODELING

Whether constructing a new building or remodeling an existing structure, your plans must be approved by the City of Hondo Planning & Zoning Department. Once your plan meets building and fire code requirements, you will be issued a building permit to begin construction. As many as twenty different inspections may be required during the various phases of construction, which will be scheduled by your contractor through the Planning & Zoning Department. Upon completion of construction and final approval, you will be issued a Certificate of Occupancy.

### Planning & Zoning Department

Development Services

1600 Ave M

Hondo, TX 78861

830-426-4737

<https://www.hondo-tx.org/167/Development-Services>



## 6. PERMITS, LICENSING & PAPERWORK

### CERTIFICATE OF OCCUPANCY

Starting a business in an existing building requires a Certificate of Occupancy to show the building meets the City's code and zoning requirements. Apply for this certification at the City Development Service Office in City Hall. Representatives from the Inspection Office and Fire Marshal's office will inspect the building for compliance, which may require some building modifications, especially if your business represents a different type of land use than the previous occupant. For a food handling establishment, the City Health Department will also have to approve the building.

Find requirements or arrange for the required inspections at City Hall, or contact the Code Enforcement Office at 325-573-4959 for more information.

### HEALTH PERMIT

Food handling establishments must apply and obtain a food handler's permit at:

**Medina County Environmental Health and Floodplain Administrator**

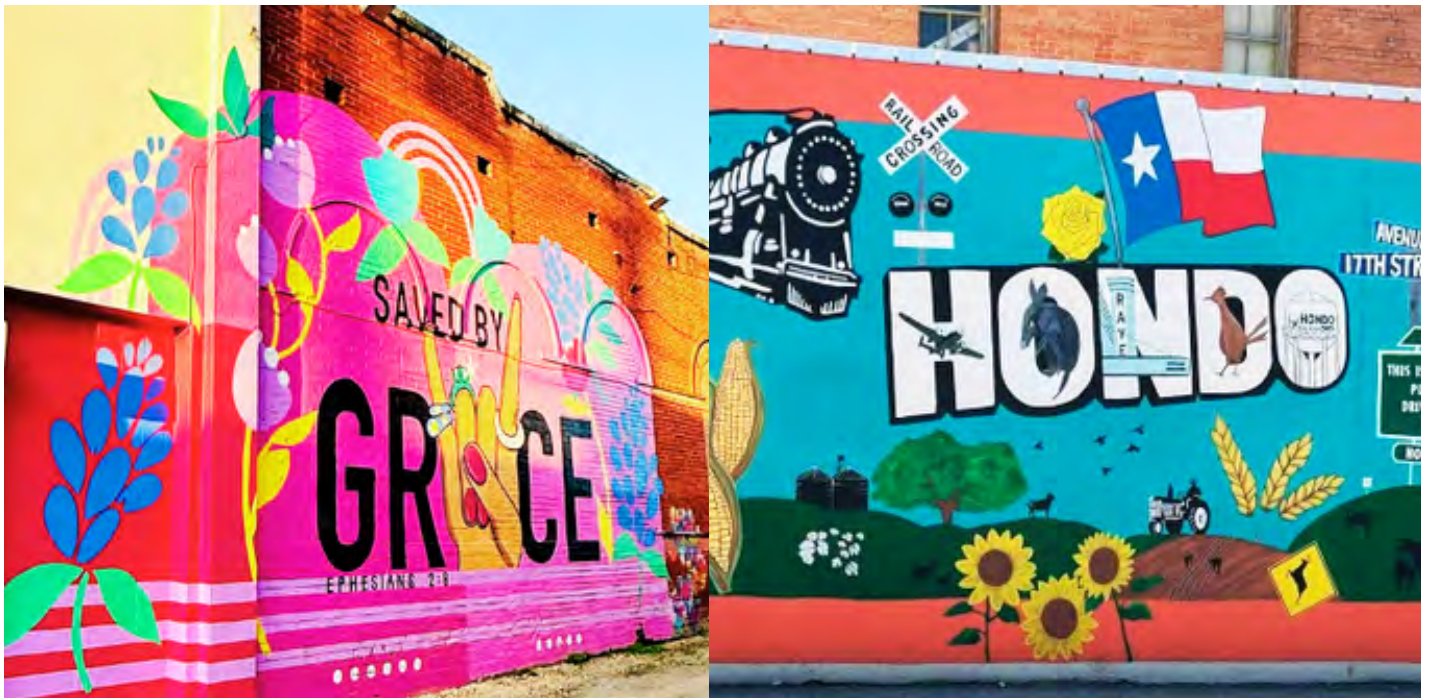
<https://www.medinatx.gov/page/medina.environmentalhealthgroup>

1502 Avenue K, 2nd Floor

Hondo, TX 78861

(830) 741-6195





## ASSUMED NAMES

Doing business under any name other than your real name requires a visit to the office of the Medina County Clerk—first, to check the records to be sure that no one else in Medina County is using the name you want to use, and second to fill out an application to record your business’s assumed name and pay a filing fee. Most sole proprietorships operate under assumed names. Unless your business name includes your full name and describes your business completely, you will need to register with the County Clerk.

### Medina County Clerk

Medina County Annex

1300 Ave. M Room 163

Hondo, TX 78861

(830) 741- 6040

For more information on registration, licensing and permitting in Texas, see:

- <http://gov.texas.gov/business/page/business-permits-office>

## **7. UTILITIES**

### **ELECTRIC SERVICE**

- City of Hondo Utilities  
(830) 426-3378  
[www.hondo-tx.org/230/Utilities](http://www.hondo-tx.org/230/Utilities)

### **GAS SERVICE**

- Centerpoint Energy  
(800) 752-8036  
[www.centerpointenergy.com/en-us/](http://www.centerpointenergy.com/en-us/)

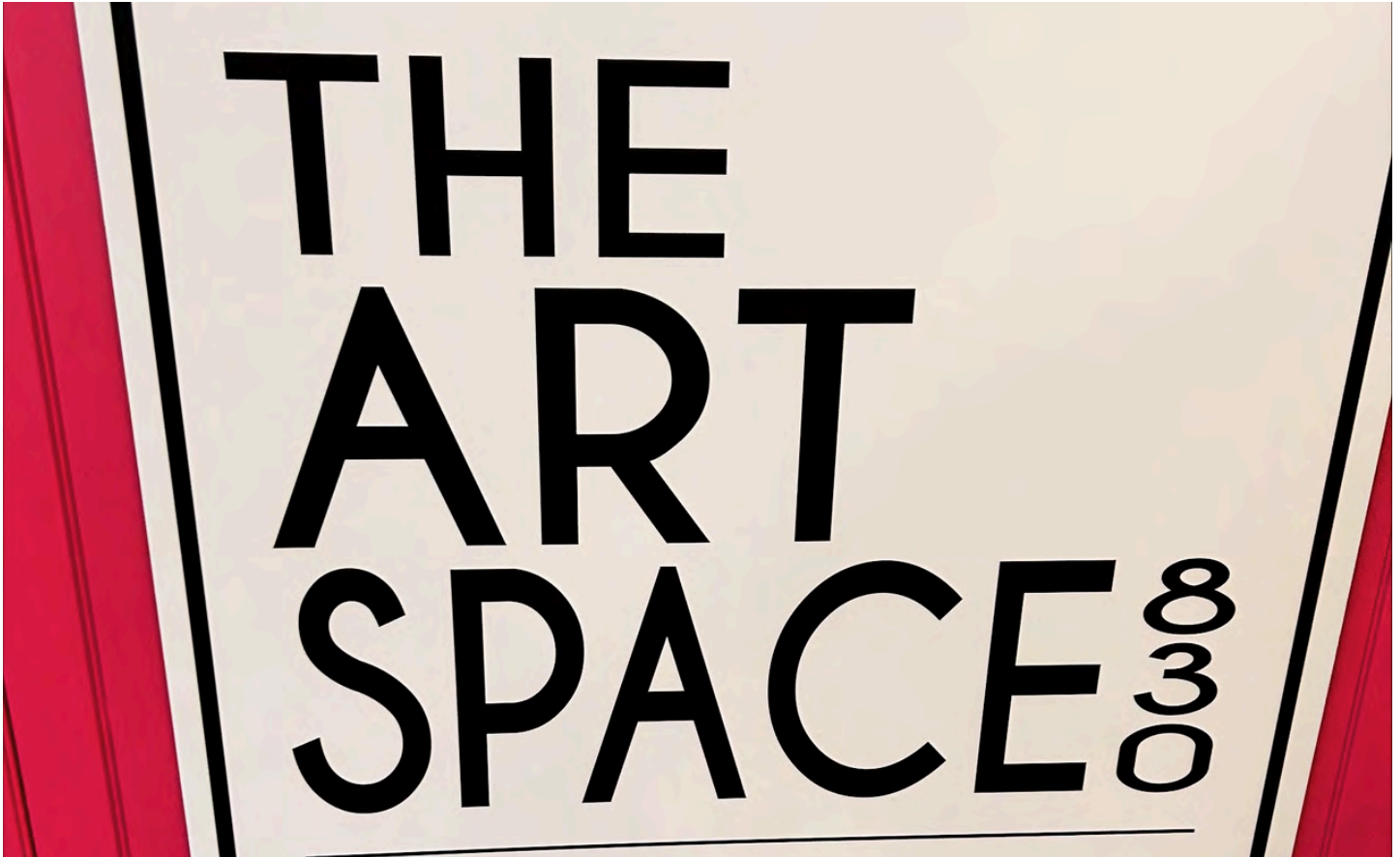
### **WATER, SEWER & SANITATION SERVICE**

- City of Hondo Utilities  
(830) 426-3378  
[www.hondo-tx.org/230/Utilities](http://www.hondo-tx.org/230/Utilities)

### **INTERNET SERVICE**

- Rise Broadband  
855-275-9473  
[www.risebroadband.com/](http://www.risebroadband.com/)
- Spectrum  
888-406-7063  
[www.spectrum.com/](http://www.spectrum.com/)

## 8. LOCAL TAX REQUIREMENTS



Real property is taxed by the City of Hondo, Medina County, and Hondo Independent School District. Tax values are determined annually by the Medina County Appraisal District. Each taxing unit then sets its own tax rate.

- Tax statements are usually sent out in October and taxes are due by January 31st.

For current tax information, tax rates, and tax roll database, visit:

**Medina County Appraisal District**

830-741-3035

[www.medinacad.org](http://www.medinacad.org)

## 9. LABOR CONSIDERATIONS

The Fair Labor Standards Act requires employers to maintain records on wages, hours, and other items. Information regarding labor laws may be obtained from:

- 800-321-6742 or 214-767-6895
- [www.dol.gov](http://www.dol.gov)

### STATE UNEMPLOYMENT INSURANCE

Your company must pay State Unemployment Insurance Tax if you employ one or more individuals during a portion of a day in each of 20 different weeks in a calendar year; or pay \$1,500 or more in wages in a calendar quarter. The Texas Workforce Commission is charged with collecting the unemployment insurance tax and with paying unemployment benefits to individuals who qualify.

To acquire a Texas Workforce Commission Identification number, submit Form C-1 Texas Workforce Commission Status Report. The tax must be submitted quarterly on Form C-3/C-4.

The tax number will be used on all quarterly returns and on the Federal Tax Return 940 to show that you have paid the state tax

### WORKFORCE DEVELOPMENT

Resources for worker recruitment and training include:

- **Workforce Solutions-Alamo**

Workforce Solutions is a one-stop employment solution, connecting job seekers and employers in a convenient online [portal](#).

- **U.S. SBA-San Antonio District**

While face-to-face appointments are available at the regional Small Business Administration office in Lubbock, this [online portal](#) is an all-purpose resource for entrepreneurs and a great place to start with information about business counseling, loan programs, guides for starting your business and more.

- **Skills for Small Business Program**

Available for companies with 100 employees, this program offers training for full-time employees; up to \$1450 for tuition and fees per new hire; up to \$725 for tuition and fees per incumbent employee.

For more information, see: [www.twc.texas.gov/programs/skills-small-business](http://www.twc.texas.gov/programs/skills-small-business)

## WORKERS' COMPENSATION

Workers' compensation is not mandatory in Texas, but you should seriously consider carrying such a policy, which is available through private insurance companies. The State Board of Insurance keeps a list of insurance companies qualified to write policies. If you decide to carry workers' compensation insurance, you must notify the Industrial Accident Board.

For additional information see:

**Texas Department of Insurance Workers Compensation**

(800) 578-4677

[www.tdi.texas.gov](http://www.tdi.texas.gov)

## AMERICANS WITH DISABILITIES ACT

Learn more about the Americans with Disabilities Act [here](#).



# 10 MARKETING YOUR BUSINESS

Promoting your business and raising your business profile are essential, particularly for some business openings. Allocating the right amount of resources in the right way requires careful attention.

## **HEDC is here to help:**

- Digital marketing and e-commerce support, helping startups build their online presence through workshops and one-on-one coaching on topics like building websites, utilizing social media, optimizing for search engines, and setting up e-commerce platforms.
- Community engagement and public relations support, assisting startups to build their brands locally through community outreach, public relations and media coverage to raise awareness and integrate new businesses into Hondo's business ecosystem.

## **MAKING ALLIANCES**

To strengthen your business position in the community, consider membership in the Hondo Area Chamber of Commerce and other civic groups that interest you. Joining the Chamber before your business opens can be especially useful for assistance in groundbreaking and ribbon cutting and other promotions.

## **A Chamber membership offers other strategic benefits such as:**

- Business referrals
- Free exposure to thousands of potential customers in the Membership Directory/Buyers Guide.
- Business After Hours and Membership mixers enabling members to make valuable business contacts in an informal setting.
- A weekly newsletter with information on events and business prospects.
- Your membership investment may be deductible as a business expense.
- A voice in local, state, and national public affairs.

Once you've successfully launched your new business, remember the HEDC is your partner for the long term.

## **HEDC is here to help:**

- Business continuity planning, helping startups prepare for potential disruptions by providing resources and planning assistance to ensure startups have a solid business continuity plan in place to handle crises or operational challenges.
- Access to grants and competitions, assisting entrepreneurs to access grant funding and regional and statewide business competitions for funding, exposure and networking opportunities.