

BUSINESS GROWTH STRATEGIES

PREPARE FOR A NEW MARKET

First, update your [marketing plan](#) with your new location in mind. Think about your target customer, sales plan, and competitive advantage. Add up any additional marketing and sales costs. Make sure your updated marketing plan is just as thorough as your initial plan. Compare your business to the competition, learn about the local market, and get a sense of the advertising market.

Next, review your [business finances](#). Build a forecast that projects estimated costs and estimated revenue for your new location. Take a close look at your balance sheet to make sure you can cover the costs of expanding. If you don't have enough capital, you can try to [get more funding](#).

EXPAND TO NEW LOCATIONS

If you're interested in expanding locations, update your marketing plan and confirm that your business is financially prepared. Then, make sure to comply with all laws, rules, and regulations in the new business locations.

- Prepare for a new market
- Legal steps to expand your business
- Franchising

LEGAL STEPS TO EXPAND YOUR BUSINESS

Expanding your business to a new state, county, or city isn't very different from opening a new business there. You'll want to make sure you [register your business](#) with the right agencies and pay the appropriate taxes.

LICENSE, PERMIT, AND ZONING RULES

These rules vary across states and localities. Getting [licenses and permits](#) in new locations is similar to getting them in your home state.

If you already have a permit or license from a federal agency, check with the issuing agency to confirm you can legally operate in a new state. Also, see whether your new state, county, and city governments require a new license or permit. Start by visiting your state's website.

FOREIGN QUALIFICATION

If you do business in a new state as a foreign qualified business, you'll typically need to pay taxes and annual report fees in the new state as well as your home state. The process for foreign qualified businesses to pay taxes is similar to any other business that needs to [pay taxes in the state](#).

Keep in mind that not every state and locality have a sales tax. In addition, most states have tax exemptions on certain items, such as food or clothing. If you charge sales tax, you need to be familiar with applicable rates.

PAY TAXES IN NEW STATES AND LOCALITIES

If you do business in a new state as a foreign qualified business, you'll typically need to pay taxes and annual report fees in the new state as well as your home state. The process for foreign qualified businesses to pay taxes is similar to any other business that needs to [pay taxes in the state](#).

Keep in mind that not every state and locality has a sales tax. In addition, most states have tax exemptions on certain items, such as food or clothing. If you charge sales tax, you need to be familiar with applicable rates.

PAY TAXES FOR ONLINE SALES

If your business has a physical presence in a state — such as a store, office, or warehouse — you must collect applicable state and local sales tax from your customers in that state. If you don't have a physical presence in a particular state, you're not required to collect sales taxes.

Determining which sales tax to charge can be a challenge. Many retailers use online shopping cart software that automatically calculates sales tax rates. Make sure your sales plan accounts for the various state rates.

FRANCHISING

There are two primary ways you could expand your business with franchising. The first is to [buy a franchise](#), which is similar to buying an existing business. This option tends to cost more upfront but can be less risky than trying to start from scratch.

The second way is to build your own franchise. Businesses that are good candidates for franchising have a few traits in common.

- Product or service is superior and appeals to potential business owners
- Concept and operations are easy to teach
- Business is easy to duplicate in new markets

The federal government and many states have requirements that must be met in order for you to sell franchises, so you may want to hire an attorney. Once you've begun franchising, some states remain active in the relationship between you and your franchisees by monitoring territorial rights or limiting the transfer and renewal of your franchises.

Franchising has more costs than many other types of businesses. You'll probably need to pay lawyers, accountants, and advertising staff. Don't forget about training the employees and building systems you'll need to run the franchise.

MERGE AND ACQUIRE BUSINESSES

You can grow your business by buying or merging with a smaller business. The process is similar to starting a new business, but you need to take extra steps to protect your existing business.

- Differences between mergers and acquisitions
- Calculate how much the other business is worth
- Make a merger or acquisition agreement
- Transfer business ownership

DIFFERENCES BETWEEN MERGERS AND ACQUISITIONS

Mergers and acquisitions are similar but have a few major differences. Mergers combine two separate businesses into a single new legal entity. True mergers are uncommon because it's rare for two equal companies to mutually benefit from combining resources and staff, including their CEOs.

Unlike mergers, acquisitions do not result in the formation of a new company. Instead, the purchased company gets fully absorbed by the acquiring company. Sometimes this means the acquired company gets liquidated. Acquiring a business is similar to [buying an existing business or franchise](#).

CALCULATE HOW MUCH THE OTHER BUSINESS IS WORTH

Conduct a [business valuation](#) to determine the value of the other business before you agree to a sale. This is essentially the same process you'd go through to figure out how much your own business is worth before [closing or selling your business](#).

There are several ways to value a business, so do extensive research on methods if you choose to do it on your own. You might want to hire a [qualified business appraiser](#). Once you know how much the other business is worth, you'll know whether you can afford it outright or if you need to [get more funding](#).

MAKE A MERGER OR ACQUISITION AGREEMENT

You must prepare a sales agreement to move forward with the sale or merger. This document allows for the purchase of assets or stock of a corporation. An attorney should review it to make sure it's accurate and comprehensive.

List all inventory in the sale along with names of the businesses and owners. Fill in the relevant background details. Determine how the business will be run prior to close and the level of access each company will have to financial information. Note all adjustments, broker fees, and any other aspects relevant to the terms of agreement.

Don't leave out any assets and liabilities, or this can create problems even after the sale has been finalized.

TRANSFER BUSINESS OWNERSHIP

The terms of your agreement will dictate which steps you must take to transfer ownership, and what that ownership will look like. It's widely recommended to have an attorney help with this step.

After you've completed the acquisition or merger, you'll need to [register these changes with the state](#), depending on state law and [business structure](#).

If the merger requires you to dissolve your original company and create a new one, you might also need to [open new business bank accounts](#), get new [state and federal tax IDs](#), re-apply for [licenses and permits](#), and take steps to [legally close your old business](#).

RESOURCES

FIND A USDVA FACILITY

Use the [facility locator](#) or call 1-877-222-VETS (8387).

CONTACT YOUR COUNTY VETERANS SERVICE OFFICE

CalVet strongly recommends you work with the CVSO nearest you. Your CVSO can guide you through the benefits and services available as well as help connect you with other local resources.

The County Veterans Service Offices (CVSO) are locally funded agencies established to assist veterans and their families in obtaining benefits and services accrued through military service.

These County Veteran Service Offices promote the interest and welfare of veterans, their dependents, and their survivors by enhancing their quality of life through counseling, education, benefits assistance, and advocacy. They connect veterans to their benefits by assisting in their interactions with the USDVA.

FOR MORE INFORMATION:

Visit the [CalVet](#) website for more information, OR

Find the [CVSO](#) closest to you.

VA HOTLINES

[Veterans Crisis Line](#)

- 800-273-TALK (8255), or
- Text: 838255

[Combat Call Center](#)

- 877-WAR-VETS (927-8387)

[Women Veterans Call Center](#)

- 855-VA-WOMEN (829-6636)

SOURCES

<https://www.sba.gov/business-guide/grow/expand-new-locations-franchises>

<https://www.sba.gov/business-guide/grow/merge-acquire-businesses-valuation>