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ANTIQUÉ SHOPS
BUSINESS AND INDUSTRY PROFILE

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ANTIQUÉ SHOPS

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NOTE: Every effort has been made to ensure that the information contained in this booklet is comprehensive and accurate. However, this guide should only be considered as a reference. Proper legal counsel and other professional guidance should be obtained prior to starting a business.

ANTIQUÉ SHOPS
(SIC 5932)

GENERAL INDUSTRY INFORMATION

BUSINESS TYPE, INDUSTRY CHARACTERISTICS AND PROSPECTS

Nature of the Industry

Antique shops are assigned to the Standard Industrial Classification (SIC) Industry Number 5932, which has been designated for used merchandise stores. This industry includes stores primarily engaged in the retail sale of used merchandise, antiques, and secondhand goods, such as clothing and shoes, furniture, books and rare manuscripts, musical instruments, office furniture, phonographs and phonograph records, and store fixtures and equipment. This industry also includes pawnshops. According to the U. S. Department of Labor, total revenues for these stores are cyclical as are the number of stores and the average prices of the more common antique merchandise. Prices of the more expensive items tend to vary, but parallel the rise and fall of the stock market. Stock prices tend to turn down about six months before the prices for the better antiques, but the prices of the second and third tiers of quality antiques tend to move more immediately in line with stock prices fluctuations. However, it should be understood that prices may be subject to a 30 to 50 percent price cut (usually occurring about a half year after a major stock market downturn), depending on such influences as recession, speculation, availability of merchandise, consumer buying habits, and even social fads or styles.

Nature of the Business

Owning an antique shop is not a short-term profit-making venture. Antiques can sometimes sell well, at a good price, or sit for months with few interested customers, therefore, some owners make their antique shop only a side line to their usual occupation. Care should be taken not to acquire antiques to sell too near the market's peak price, or it may be several years before such items win bring a reasonable profit. Most experienced antique shop owners report they must gross at least \$40,000 a year to continue in business. It is important to note with antique shops that gross sales are directly related to the size of the dealer's inventory. A larger inventory should produce a marked increase in sales and profits.

Some successful antique dealers set up galleries or auction houses to handle their own merchandise or to handle auctions for others. Their service charges are usually 10 percent of the auction price of merchandise they sell. If they buy the items outright, taking title to them, they usually pay about 60 percent of what they consider to be the going value. Two of the largest, worldwide auction firms are Sotheby's and Christie's, which had combined 1988 auction sales of more than \$2 billion. This was an increase of about 500 percent from ten years earlier.

About 15 years ago, Sotheby's began to publish antique market trend index numbers for people to relate their moves to that of a popular stock average, such as the Standard and Poor's Average of 500 Stocks. Over the five-year period ended in September 1987, the components being monitored by Sotheby's had gained (or lost) the following percentages: Chinese ceramics 19.6%; continental ceramics -20.3%; continental silver 50.0%; English silver 90.7%; French furniture 36.0%; American furniture 112.2%; English furniture 125.9%.

Some collectible antique objects generally discussed by the index include: antique furniture at least 100 years of age, High Victorian furniture, especially those pieces designed by C.L. Eastlake, High Victorian silver with patterns by Whiting Company, federal style reproductions made from the 1890's to 1920's, porcelain and china of the 18th and 19th century, oriental carpets and tapestries, glass and textile art, and paper and metal art objects. Other items growing in popularity include bottles, military items, quilts, coins, expensive watches, event rings and jewelry, etc., usually being at least 20 years old or older.

Industry Growth

It has been suggested that one-quarter of the overall population collects something. As people become more educated and experience greater expendable income, they tend to look at the purchase of antiques and collectibles for investment, security, and for aesthetic appeal. It is estimated that one-third of these people invest in antiques and collectibles. The prime antique collectors seem to be the more affluent population born in the 1950s and 1960s. Since the number of people in their thirties and forties is the fastest growing segment of the population, it would seem that the sales of antique objects will continue to be strong over the long term.

MARKET OPPORTUNITIES IN VARIOUS SIZED COMMUNITIES

Marketing Plan

With a multi-billion dollar a year industry of antique dealers,

auctioneers, sellers, and thousands of part-time dealers, the competition is considerable. Before starting an antique shop, the owner(s) should develop a marketing plan. A marketing plan is basically a blueprint for the business and should include important information about the venture. Topics that should be addressed include: whether or not the area can support the proposed venture; the existence of an unidentified market niche that may be exploited; the level of competition in the area; the current customer base population, income, and growth trends; competitive pricing strategies; and a variety of other facets of the business that owners or managers need to know to develop a viable and profitable business.

Assistance in developing a marketing plan may be obtained from many sources--some at cost, others for free. A few sources for assistance and information are the Illinois Department of Commerce and Community Affairs (DCCA), which publishes the Business Plan Outline, the U.S. Small Business Administration (SBA), which has the Service Corps of Retired Executives to counsel business owners, and colleges and universities through business management programs and Small Business Development Centers.

Market Data

Market potential and demographic data (e.g., average household income, number of households, and number of businesses) may be obtained by contacting the local chamber of commerce, public library, or city and county governments. Existing antique shops and dealers may be contacted to determine what services they offer and what with people in other antique retailing businesses, directors of museums that might be interested in adding certain antique objects, owners of rare antiques, and people interested in period pieces to build and expand the market base of antique inventory to stimulate sales, or to trade inventory which may not sell well in one geographic area but be in great demand in another area.

Many beginners may not be aware that regular auctions are held two to three times a week in most cities or counties. Even smaller communities may have weekly antique auctions. Auctioneers may own or rent the facility for auctions and typically charge 10 percent of the auctioned price as compensation. For antique dealers everywhere, the auction has been a major source of supply of inventory. Be cautious in purchasing antiques, there are thousands of antiques that have no monetary value.

COSTS/FINANCIAL CONSIDERATIONS

COSTS AND TYPES OF ASSETS NEEDED TO START THE BUSINESS

Initial Investment Considerations

Antique dealers almost always pay cash for their inventory and should expect an initial investment of \$20,000-\$30,000 to get started. Initial investment factors to consider include: How much capital is available to operate the business until the break-even point is reached (as long as three years)? How much will be needed for wages, six months of working capital, unforeseen expenses, and supplies and equipment inventory? What types of insurance coverage are necessary and what will they cost? How much will building remodeling or improvements cost if the business is not operated out of a home?

Average Balance Sheet Data

The major asset item shown on the chart below is inventory. Net worth amounts to 63 percent of total assets for this type of firm, with bank and other long-term borrowing amounting to less than 20 percent of total assets. The breakdown of assets, liabilities, and net worth for an antique shop (SIC 5932), according to Dun and Bradstreet in 1989, was as follows:

ASSETS		DEBTS AND NET	
Cash and near cash	13.9%	Accounts payable	5.7%
Accounts receivable	10.8	Bank loans	0.6
Notes receivable	0.9	Other notes payable	5.3
Inventories	43.2	Other current debts	12.3
Other current assets	6.2	Total current debts	23.9
Total current assets	75.0	Other long-term debts	12.7
Fixed assets	15.2	Deferred credits	0.3
Other noncurrent assets	9.8	Net worth	63.1
Total assets	100.0%	Total debts/Net worth	100.0%

"Near cash" refers to checking or savings accounts that may be liquidated easily to cash. "Other noncurrent assets?" generally refers to intangible assets such as leaseholds or leasehold improvements. "Fixed assets" are a mixture of land and buildings, equipment, and vehicles. "Accounts payable" are amounts owed to suppliers of inventories and equipment. "Loans" are amounts owed to suppliers of open market notes or equipment installment notes. "Other long-term debts, include both equipment and mortgage notes.

TYPICAL BUSINESS RATIOS FOR OTHER FIRMS IN THE INDUSTRY

The comparison of actual operations with typical, industry-wide ratios is frequently helpful in making decisions concerning service charges, expense category allocations, and realistic profit expectations. These ratios are also helpful in preparing projected financial statements (cash flow projections, income statements, and balance sheets) for loan purposes, as well as comparing existing company data with industry averages to identify company strengths and weaknesses.

According to Dun and Bradstreet, the median key financial ratios for antique shops during 1988 were as follows:

Solvency Ratios

Quick ratio (cash plus accounts receivable/current liabilities)	1.1 -
Current ratio (current assets/current liabilities)	4.1 -
Total debts to net worth	38.9%

The quick ratio expresses the degree to which a company's current expenses are covered by the most liquid current assets (cash and customer payments due the company). Generally, larger ratios are preferable and any value of less than 1 to 1 implies a dependency on inventory or other physical assets to liquidate short-term expenses. The current ratio is a rough indication of the "cushion" between current obligations and a firm's ability to pay them from current assets. Total debts to net worth compares total liabilities in the form of debt with owner's equity, which should not exceed 100 percent for small firms. Thus, owners have more at stake than creditors.

Efficiency Ratios

Collection period (accounts receivable/sales x 365)	49.2 days
Sales-to-inventory (net sales/inventory)	4.4 times
Assets-to-sales (total assets/annual net sales)	59.0%

The collection period shows the quality of the receivables, that is, the degree to which customers pay their bills on time (allowances should be made for possible variations in selling terms). The sales-to-inventory relationship is a guide to the rapidity at which merchandise is being moved which has a direct effect on the flow of funds into the business. The assets-to-sales ratio ties in sales and the total investment that is used to generate those sales.

By comparing a company's assets to sales ratio with industry norms it can be determined whether a firm is overtrading (handling an excessive volume of sales in relation to investment) or undertrading

(not generating sufficient sales to warrant the assets invested).

Profitability Ratios

Return on sales (profit after tax/annual net sales)	7.5%
Return on net worth (profit after taxes/net worth)	16.4%

Return on sales (profit margin) reveals the profits earned per dollar of sales and, therefore, measures the efficiency of the operation. This ratio is an indicator of the firm's ability to withstand adverse conditions such as falling prices, rising costs and declining sales. Return on net worth (return on equity) is used to analyze the ability of the firm's management to realize an adequate return on the capital invested by the owners of the firm.

MANAGEMENT CONSIDERATIONS

DEVELOPMENT AND SITE LOCATION

Zoning

When selecting a location and a specific site for the business, consideration must be given to local zoning requirements. Many communities forbid, through zoning ordinances, the establishment of home-based businesses. It is essential to check these local restrictions prior to contracting to rent, lease or buy a property for the business.

Health and Safety Considerations

Other considerations in locating the business are health and safety requirements (Occupational Safety and Health Administration), the physical size of the operation, adequate storage space with proper ventilation, use or storage of hazardous materials and fire extinguishing systems in place.

Location

The most successful people in the antique business tend to be dealers' or auctioneers that offer, for a commission, antique items that belong to another. Thus, they are selling their marketing services while investing little in inventories and other fixed assets required to permanently store and display items until they are sold.

Some dealers feel that antique shop beginners should locate in their homes or in existing antique shops on a space rental basis until a clientele is established. Many shops usually resemble small museums, containing space for uncrating and displaying antiques with adequate storage space with proper ventilation and fire

extinguishing systems in place. Other considerations are expected traffic patterns and sign restrictions. Adequate parking for workers' and clients' cars is essential. Check with local realtors for unique buildings (vacant corner gas stations, former meat and grocery stores) that offer good display areas, high visibility and plenty of parking.

EXPERIENCE AND TRAINING NEEDS

Knowledge and Experience Required

A prospective owner/manager of an antique shop should be up-to-date on the latest information on antiques, and can attain this information by reading trade publications, going to museums and auctions and getting to know the antique experts.

Owners of antique shops need to have a broad knowledge about the care of antiques they plan to sell. Most antiques require cleaning, fixing or restoration before selling. If the owner is inexperienced, he/she should hire a professional antique restorer to fix items to near-original condition rather than attempt to do this himself/herself -- or it is possible to hire antique restorers on a part-time basis. Generally, broken, chipped or flawed antiques should not be purchased for resale because most of the serious buyers will not be interested in repaired or imperfect antiques.

KEYS TO SUCCESSFUL MANAGEMENT

Markets

In order to be successful, the management of an antique shop must know its competition, have a vision as to the markets that it can cultivate, promote a helpful atmosphere for both clients and employees, and strive for profitable clients and accounts. Management of an antique shop should be able to gauge the approximate saturation point (at which the market is not profitable) in a given market area. Markets should be developed where growth potential exists and where the shop has a price advantage, unique inventory offering or some other advantage. Effective labor and supplies cost controls should be followed by the owners and employees. The shop's operating objective should be to develop a good reputation in the industry for quality antiques and restoration service at a fair price.

Organization

A well-run antique shop should have a clearly defined organizational

structure with key personnel to work in the areas of management, restoration, marketing, and accounting/finance. In a small business, the responsibility for most of these roles ultimately rests with the owner/manager of the shop.

Customer Relations

All employees in an antique shop should be courteous to the clients. Outside of qualifications, this is the most critical issue for any business. If a shop is unable to maintain a friendly, courteous relationship with its customers, it will not be successful. Salespeople should be knowledgeable in the antique business to answer questions and encourage sales based on historical data, unique facts or other information on antique items.

Employee Relations

Employee attitudes and perceptions play a great role in the success of a business. Poor employee morale can impact on all areas of the business, from customer relations to the quality of work. As a result, it is important to maintain a friendly, open relationship with employees at all times. In addition, it should be the policy of the shop to pay an adequate wage and to provide health care coverage, sick leave, promotional opportunities and other benefits. On the whole, these activities will help attract and retain well trained, high quality employees.

Advertising

Spot radio ads, auctions, trade association articles, newspaper ads, telephone directory yellow pages listings, and direct contact (telephone or mailings) are some methods of advertising. Also consider using mailing lists, inexpensive flyers and specialty advertising items (fans, bookmarks, postcards, etc.). Word of mouth, probably one of the most important ways of advertising a business, is especially important for establishing a reputable antique shop, and costs practically nothing except providing consistent quality and friendly service. Advertising for an antique shop should never exceed two percent of gross sales.

GENERAL START-UP ISSUES

FINANCING METHODS

The ability to raise initial capital is critical for business start-ups. According to a survey conducted by Western Illinois University, one-half of entrepreneurs reported difficulties in obtaining financing, including both initial and working capital. The survey also found that entrepreneurs relied heavily on personal

funds, in addition to investments from family and friends. In fact, the survey indicated that approximately one-half of initial funds came from these sources. On the average, bank loans accounted for nearly one-third of initial capital. Other private lenders, government agencies, venture capital and stock placements only rarely provided initial capital for businesses.

About one-half of both goods and service-producing firms surveyed had applied to lending institutions for credit. Only five percent of goods-producing firms had been denied credit more than once, while approximately 18 percent of service-producing firms reported credit denials. The most frequent reasons for credit denial included lack of adequate collateral and a policy of not lending to the type of business applying for credit. Since obtaining credit is difficult, many entrepreneurs find it necessary to finance a business through a combination of sources of funds. Following are descriptions of several common types of financing.

Equity Sources

Equity sources of funds are the entrepreneur's personal funds or assets or the funds or assets of other investors in the business. Banks often require a minimum equity investment of 20 to 25 percent.

Personal Savings or Insurance -- Individuals with bank passbooks, certificates of deposit, U.S. savings bonds, permanent life insurance (with a cash surrender value), or other savings should view these as a source of financing. Conversion of these savings (or borrowing funds using these savings as collateral) should be explored carefully to determine the effect on the family if funds are not repaid.

Personal or Family Investors -- Next to personal assets, this is the most commonly used source of equity financing and perhaps the one source most abused. A business owner who secures equity funds from family members or friends should enter the relationship on a strictly professional business basis. Potential family conflicts which might result from the business might be avoided by preparing a simple contract to designate the details of the business arrangement.

Personal Assets -- An individual may have accumulated some equity in personal assets such as a vacation home, a second vehicle, or recreation equipment such as a boat, camper, etc. People starting a new business and trying to finance the business could sell these assets to generate funds to capitalize the business. This offers the advantage of not having loan debt to repay during the early years of a business and also shows potential investors and lenders the commitment of the owner.

Debt Financing

Entrepreneurs should be aware of typical lending practices, sources of funds and different types of credit (and their respective costs) before approaching lending sources.

Institutional Investors -- Banks, savings and loans, and commercial credit companies expect the small business owner to make a significant personal investment (equity) in the business prior to any lending activity. The lack of personal investment is viewed as a sign of greater risk and less commitment on the part of the owner.

Smaller loans can sometimes be obtained through a bank's consumer loan division. Security in the form of a second mortgage on the borrower's house or a lien on property such as an auto is usually required.

Leasing Agents -- Leasing companies allow small start-up firms to obtain needed equipment with a small cash down payment and regular monthly payments. Leasing has advantages and disadvantages both for the leasing agent and the small business that rents equipment.

Leasing companies may be able to use favorable federal tax advantages (such as depreciation allowances), and thus lease terms are often only slightly higher than if the asset were financed with a bank note. However, if the lease is an operating contract (not a lease to purchase), the leasing company retains ownership.

Factoring Companies -- Another mechanism for assisting business owners is improving cash flow through factoring, or the sale of their accounts receivable. Factoring companies purchase accounts receivable from business owners. The business owner generally pays the factoring company a fee or percentage of the invoice (based on the strength of the receivable) for the transaction as well as interest costs of borrowing money, but can obtain cash without waiting the normal 60 to 90 days for payment.

Public Sources

Public sources of funds include federal, state or local governments which may loan money to small or emerging businesses at relatively low rates of interest as a method to improve the economy. Public sources also generally take a second position on the collateral so that the bank has first claim to the assets if the loan defaults. Although public funds have their limitations, entrepreneurs should explore such funds. Most public sources of funds require 20 to 25 percent owner equity, additional private bank financing, and some guarantee that job creation will occur.

Federal Sources -- An example of a public source of funds is the U.S. Small Business Administration (SBA), which offers a variety of

loan programs to eligible existing and start-up small businesses which cannot borrow on reasonable terms from conventional lenders without government assistance.

Local Revolving Funds -- Many communities in Illinois use available economic development funds to establish revolving loan pools to promote business and industrial growth.

State Loans -- The Illinois Department of Commerce and Community Affairs offers several important financing programs to help start-up businesses. Each of these should be considered, along with their associated requirements. For more information on financing programs, contact the Illinois Small Business Hotline at 1-800-252-2923.

FORM OF ORGANIZATION

There are three basic forms of business organization, each of which offers distinct advantages and disadvantages for a prospective business owner. The main considerations in selecting a form of organization include:

- Cost and complexity of formation;
- Tax and securities law implications;
- Need for attracting additional capital;
- Investors' liability for debt and taxes; and
- The goals and purpose of the enterprise.

Each of these should be thoroughly discussed with an attorney and an accountant prior to selecting one of the following forms of business.

Sole Proprietorship -- A sole proprietorship is owned and operated by an individual. Advantages of this form of organization include ease of formation and relative freedom from government controls and restrictions. Disadvantages include less access to capital and financial resources. Also, this form of business organization provides less protection with regard to personal liability. For instance, the owner may be required to sell personal property, including home, car, etc., to repay debts resulting from the business.

Partnership -- Generally, a partnership is defined as two or more individuals carrying on an association as co-owners of a business for profit. Typical partnership agreements are in writing and are prepared by an attorney. The agreement defines how much owner equity each partner must contribute, the extent to which each partner will work in the company and the share of the profits or losses to be received by each of them. It is desirable to have the agreement prepared by an attorney. As with sole proprietorship, a

general partnership exposes the owners to personal liability. If the business is not successful and the partnership cannot pay all it owes, the general partners may be required to do so using their personal assets. Limited partners are exposed only to the extent of their investment in the partnership.

Corporation -- A corporation is a distinct legal entity and is the most complex form of organization. A corporation may sell shares of stock, which are certificates indicating ownership, to as many people as is desirable. The shareholders then elect a board of directors, which selects a president and other officers who run the company on a day-to-day basis. Among the advantages of corporate formation are limited liability of the shareholder and ease of transferring ownership. Electing S Corporation status is another option when starting a business. In general, an S Corporation does not pay a tax on its income. Instead, the income and expenses of the corporation are divided among its shareholders, who then report this data on their own income tax returns.

To qualify for S Corporation status, a corporation must meet several requirements, one of which limits the number of shareholders to 35. All shareholders must also consent to the S Corporation status.

For further information regarding S Corporations, contact the Internal Revenue Service (IRS) at 1-800-424-1040 or request a copy of Publication 589, Tax Information on S Corporations, by calling 1-800-424-3676.

LICENSING/REGISTRATION

Assumed Names Act -- Once a decision has been made regarding the form of organization for the business, it must be registered to legally conduct business in Illinois. Under the Illinois Assumed Name Act, sole proprietorships and partnerships must register with the county clerk if the name of the business will operate under a name other than the owner's full legal name (e.g., "John Doe" would not need to file; "John Doe's Cleaners" would). Limited partnerships and corporations are required to register with the Illinois Secretary of State's Office. More detailed information on business registration is contained in the "Starting a Small Business in Illinois" handbook, which can be obtained by contacting the Department of Commerce and Community Affairs' Small Business Hotline at 1-800-252-2923.

Certificate of Registration -- Most businesses must register with the appropriate state agency to submit tax or informational returns or to collect and remit sales taxes. In Illinois, business owners must contact the Department of Revenue to determine if an Illinois Business Taxpayer Certificate of Registration (Business Tax Number) is required for the business. Contact the Department of Revenue at

either of the addresses listed under Information Sources.

Unemployment Insurance Liability -- Businesses that hire employees maybe required to make unemployment insurance contributions to the state. Liability is determined by the Illinois Department of Employment Security (DES). The form, "Report to Determine Liability," and instructions for completion are available through the Small Business Hotline or by contacting either of the DES offices listed under Information Sources.

Local Regulations -- Most local jurisdictions require that business operation licenses be applied for and renewed annually. Where crowds of people are in attendance, fire codes concerning rest rooms and fire exits are in effect. Fire and safety inspections may be made periodically by the local fire and safety inspector. Contact the city or county clerk for information on licensing, inspections, sign restrictions, and other local regulations.

Federal Employer Identification Number (FEIN) -- Every partnership, corporation and S Corporation must have a FEIN to use as its taxpayer identification number. A sole proprietorship must also have a FEIN, if it pays wages to one or more employees or files any excise tax returns, including those for alcohol, tobacco or firearms. (Otherwise, a sole proprietor can use his or her social security number as a business taxpayer identification number.) To apply for a FEIN, use form SS-4, Application for Federal Employer Identification Number. To receive a FEIN application contact the IRS Hotline at 1-800-424-3676. The application is also included in the One Stop Business Start-Up Kit and can be obtained by calling the Illinois Small Business Hotline at 1-800-252-2923.

TAXES

Taxation for small businesses can be quite simple or very complex, depending on the size and type of operation. The following list outlines the major taxes which may impact a business. Of course, the tax liability of each business will be different, based on sales volume, form of organization, etc.

Business Taxation

Income Tax -- Every individual, corporation, trust, and estate residing in Illinois or earning or receiving income in Illinois must pay an income tax based on net income. A sole proprietor must pay individual income taxes on earnings from the business. In a partnership, each partner must pay taxes on the distributive share of partnership income. Corporations must pay a corporate income tax.

Franchise Fees -- In addition, corporations are assessed a franchise

tax each year. Corporate franchise taxes are administered and collected by the Secretary of State's Office. Replacement Tax -- Illinois does not have a personal property tax, but does have a personal property replacement income tax. The replacement tax is also applied to the net income of partnerships, corporations, and trusts. S Corporations are subject only to replacement tax.

Sales Taxes

Four categories of taxes comprise the state and local sales taxes. These are the Retailers' Occupation Tax, the Use Tax, the Service Occupation Tax and the Service Use Tax. State, county and municipal governments, and certain mass transit districts may levy Retailers' Occupation, Use and Service Occupation taxes, subject to criteria and rate limits established by Illinois law. Additional information regarding the various types of sales taxes may be obtained by contacting the Illinois Department of Revenue at 217-782-2972 or 1-800-732-8866.

A list of items which are exempt from Illinois Sales Tax is contained in "Starting a Small Business in Illinois" which can be obtained through the Illinois Small Business Hotline 1-800-252-2923.

For further information on Sales Tax regulations or the Illinois Retailers' Tax Booklet (NUC-19), contact the Department of Revenue at 217-782-2972 or 1-800-732-8866.

Real Estate Taxes

All for-profit real estate owners are required to pay property taxes. The property tax rate is determined by local taxing districts and taxes are paid to the township or county tax collector in the year following assessment.

Withholding Taxes

Certain taxes, including state and federal income taxes and FICA (Social Security), must be withheld from employee wages and remitted to the government. You may be required to register with both the federal government and the State of Illinois for tax withholding purposes.

Federal Withholding -- To register with the federal government, contact the Internal Revenue Service at 1-800-424-3676 and request: Your Business Tax Kit (YBTX) for either a sole proprietorship, partnership or corporation; Tax Guide for Small Business (Publication 334); and Employer's Tax Guide (Publication 15).

State Withholding -- To register with the State of Illinois, contact

the Illinois Department of Revenue Hotline at 1-800-732-8866 or write the department at:

100 W. Randolph, Concourse 300
Chicago, Illinois 60601
312-814-5258
BUSINESS SERVICES

101 West Jefferson Street
Springfield, Illinois 62794
217-785-3707

Legal Counsel

Attorneys can provide services fundamental to the success of the business. A competent attorney can advise on such issues as choosing the most appropriate type of business organization; complying with local, state and federal regulations; obtaining licenses and permits; preparing contracts; and resolving tax questions.

Attorneys also can provide professional help when dealing with other parties such as financial institutions, owners of possible business locations, union officials, governmental bodies, franchising companies, suppliers and customers. In addition, problems may arise requiring the services of an attorney, including collection problems with customers, disputes with creditors or employees, or expansion opportunities.

There are several methods for selecting an attorney. An initial course of action might be to seek recommendations from other business owners. Another method of finding an attorney is to contact the Illinois State Bar Association Lawyer Referral Service at 1-800-252-8916. The Martindale-Hubbel Law Directory may also be helpful. It contains a listing and rating of attorneys in your city; a copy may be found at the local library. The public library is also a source for reference books on legal topics. One such book is Small Business Legal Advisor by William A. Hancock, published by McGraw-Hill.

Bookkeeping

Access to proper information is provided by a sound bookkeeping system. Functions of a good system include:

Receipts and Expenses -- Creating and maintaining an accounting system for the accurate and timely recording of the company's cash receipts, disbursements, sales and operating expenses.

Financial Statements -- Preparing periodic financial statements (balance sheet and profit and loss statement) and establishing systems that track accounts receivable and payments due.

These responsibilities may be undertaken from within or outside of

the business, depending on the size and nature of the business and the owner's experience and available time. An accountant, attorney or banker can help determine a firm's needs for a bookkeeper or bookkeeping service.

Accounting

In addition to bookkeeping requirements, a need may arise for the services of a certified public accountant (CPA), an accountant who has passed a written examination prepared by the American Institute of Certified Public Accountants' and who has received a state license for the public practice of accountancy. Most CPAs provide the following services:

Auditing -- Although a bookkeeper employed by the firm may maintain accounting records and prepare financial statements, banks and other lenders frequently require an independent audit prior to granting a loan and during the loan repayment period.

Tax Preparation -- The tax services provided by CPAs include planning transactions for the lowest present and future tax liabilities, preparation of tax returns, conferences with taxing authorities who are examining prior years' tax returns and estate planning.

Consulting -- Some CPAs provide assistance in reducing costs, improving reports, installing or upgrading accounting systems, budgeting and forecasting, conducting financial analyses, controlling production, controlling quality, compensating personnel, and managing records.

The Independent Accountants Association of Illinois (IAAI), established in 1949, can refer a competent accountant to the potential Illinois small business person. Many of the IAAI accountants are "Enrolled Agents," licensed to represent a client before the IRS should the client's tax return be audited. For more information, write the Independent Accountants Association of Illinois, P.O. Box 1506, Galesburg, IL 61402, or call 309-342-5400.

Insurance Coverage

A well planned insurance program is essential for protecting a business from unforeseen losses and significant financial burdens. In organizing an insurance program, there are three basic considerations: recognize the perils facing the business and the

potential loss from each; investigate the methods by which the cost of coverage can be reduced, which includes "shopping" for appropriate insurance plans; and prepare an insurance plan that is compatible with the operation and goals of the business. A qualified insurance agency or broker can explain options, recommend the best coverage and help save money.

Four types of insurance coverage are essential: fire, liability, vehicle and workers' compensation. Other desirable types of insurance coverage include business interruption, crime, and key employee.

INFORMATION SOURCES

There are a variety of resources available to assist with starting a business. Local libraries, chambers of commerce, community colleges, and universities are excellent sources of information.

SMALL BUSINESS HOTLINE

In Illinois, many of the forms needed to start a business may be obtained from the Illinois Small Business Hotline, a program of the Illinois Department of Commerce and Community Affairs Small Business Assistance Bureau. State business forms, permit and license information, and general business information, such as the "Starting a Small Business In Illinois Handbook," are available from the Small Business Hotline at 1-800-252-2923.

BUSINESS DEVELOPMENT CENTER NETWORK

The Illinois Business Development Center Network and Service Corps of Retired Executives (SCORE) offices can provide technical assistance, business plan development, finance, marketing, management, international trade, government procurement, energy management, and commercialization of technology-related products. Additional information on these services is available through the Small Business Hotline noted above.

SMALL BUSINESS RESOURCE CENTER

The Small Business Resource Center is a Chicago-based center that provides information on area Small Business Development Centers and other state and local service providers. They can be contacted through the Small Business Hotline number.

The U.S. Small Business Administration offers many publications for a minimal fee. A list of these management aids (SBA 115) is available from the Small Business Hotline listed above.

Several sources of information are useful for improving the level of

profitability of an antique shop or for learning more about this type of operation. These include trade associations, reference books and directories, periodicals, ratio studies, investment services, and government assistance. A list of these for the industry is given below.

TRADE ASSOCIATIONS

Associated Antique Dealers of America. 1798 Midlothian St., Sarasota, FL 34234. 813-351-1148.

Art and Antique Dealers League of America. 353 E. 78th St., Suite 19A, New York, NY 10021. 212-879-7558.

National Association of Dealers in Antiques. P.O. Box 421, Barrington, IL 60011. 708-381-7096.

DIRECTORIES AND REFERENCE BOOKS

Antique Week or Antique Shop Guide. Mayhill Publications, Inc., Box 90, Knightstown, IN 46148. 317-345-5133.

Also available at a public library are Ayer Directory and Ulrich's Periodical Directory listing many other publications of interest to antique collectors.

PERIODICALS

Art - Antiques Investment Report. Wall Street Reports Publishing Corp., 120 Wall St., New York, NY 10005.

Antiquaries Journal. Oxford University Press, Oxford Journals, Pinkhill House, (U.S. address: 200 Madison Ave., New York, NY 10016).

FINANCIAL RATIOS

Almanac of Business and Industrial Financial Ratios. Prentice-Hall Inc., 1818 Ridge Rd., Englewood Cliffs, NJ 07632. 800-922-0579 or 201-592-2000.

Annual Statement Studies. Robert Morris Assoc., 1 Liberty Place, 1650 Market St., Philadelphia, PA 19103. 215-851-9100.

Industry Norms and Key Business Ratios. Dun and Bradstreet Credit Services, I Diamond Hill Rd., Murray Hill, NJ 07974. 800-223-0141 or 908-665-5224.

GOVERNMENT PUBLICATIONS

CEN DATA. U.S. Department of Commerce, Bureau of the Census,

Washington Executive Plaza, Room 315, Upper Marlboro, MD 20772. 301-763-2074.

County Business Patterns - Illinois. U.S. Dept. of Commerce, Bureau of the Census. Order from: Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. 202-783-3238. In Chicago: Government Printing Office Bookstore, 219 S. Dearborn, Chicago, IL 60604. 312-353-5133.

Small Business Information Bibliography. Illinois Department of Commerce and Community Affairs, 620 E. Adams St., Springfield, IL 62701. 217-785-6193.

Statistics of Income Bulletin. Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. 202-783-3238. In Chicago: Government Printing Office Bookstore, 219 S. Dearborn, Chicago, IL 60604. 312-353-5133.

GOVERNMENT ASSISTANCE

Illinois Department of Commerce and Community Affairs, Small Business Assistance Bureau. Springfield Office: 620 East Adams, Springfield, IL 62701. 800-252-2923 or 217-785-7546. Chicago Office: 100 West Randolph St., Suite 3-400, Chicago, IL 60601. 312-814-3263.

Illinois Department of Employment Security. Springfield Office: 1300 South Ninth St., P.O. Box 5657, Springfield, IL 62705. 217-782-3846. Chicago Office: 401 South State St., Chicago, IL 60605. 312-793-1911.

Illinois Department of Revenue. Springfield Office: 101 West Jefferson, Springfield, IL 62794. 800-732-8866 or 217-782-3336. Chicago Office: 100 West Randolph St., Chicago, IL 60601. 312-814-5258.

U.S. Small Business Administration, Business Development Division. Springfield Office: 511 West Capitol, Springfield, IL 62705. 217-492-4416. Chicago Office: 500 West Madison St., Suite 1250, Chicago, IL 60661. 312-353-5428.

For more detailed information about the sources listed in this section, contact your local library for the following publications by category:

- Trade Associations -- Encyclopedia of Associations. Gale Research Company, Book Tower, Detroit, MI 48226.
- Directories and Reference Books -- Directories in Print. Gale Research Company, Book Tower, Detroit, MI 48226.
 - Periodicals -- Gale Directory of Publications. Gale

- Research Company, Book Tower, Detroit, MI 48226.
- Financial Ratios and Government Publications -- Encyclopedia of Business Information Sources. Gale Research Company, Book Tower, Detroit, MI 48226.