

Morgan Stanley

Becoming an Entrepreneur:

Financial Strategies for Growing Your Business

As a small-business owner, you're not alone. There are millions of entrepreneurs across the country traveling the same road as you each day. And while your business operates in its own unique fashion, the cumulative impact of the small-business sector is enormous. Just consider these statistics from the U.S. Small Business Administration:

There are currently **31.7 million small businesses** in the United States, which account for **99.9% of all businesses!**

Small businesses create **1.5 million jobs** each year and account for **64% of all new jobs** in the U.S.

15 million Americans work full-time for their own business.

What's more, the small-business sector is growing rapidly.

The number of small businesses in the United States has increased **100%** since 1982!¹

Small businesses are diverse. **More than 18% are minority-owned and nearly 20% are women-owned?**²

Source:

¹ Semrush Blog. 73 Remarkable Small Business Statistics to Know in 2021, February 26, 2021. Available at <https://www.semrush.com/blog/small-business-stats/>.

² United States Census Bureau. Annual Business Survey Release Provides Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses, January 28, 2021. Available at <https://www.census.gov/newsroom/press-releases/2021/annual-business-survey.html>.



First Things First: Build a Wealth Advisory Team to Address the Big Questions

As a new business owner, you face a number of critical decisions that will have an enormous impact on the future success of your company. Questions about day-to-day cash flow, attracting and retaining talented employees, and balancing finances at work and at home are just some of the challenges you must consider.

How do you tackle each one, making sure each decision is integrated with the overall vision and growth of your business? It's not easy. Some businesses have on-hand, specialized personnel with expertise in planning, administration and financial decision-making. But many rely on the services of outside professionals to help develop and implement the necessary strategies to maximize capital while simultaneously protecting the business from risk.

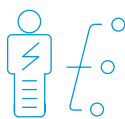
We recommend establishing a wealth advisory team to help you make the best decisions for your business and personal finances. On your team, you will most likely want to include a corporate attorney, an estate attorney, an accountant, an investment banker or business valuation specialist and your Financial Advisor.

At Morgan Stanley, we work with our clients' advisory teams to help ensure all decisions are made in an integrated and coordinated manner so strategies work in concert, not at odds, with one another.

Working together, your Wealth Advisory team can help you:



Create
your mission and vision statement for your company.



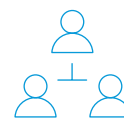
Conduct
a strengths, weaknesses, opportunities and threats (SWOT) analysis for your company.



Develop
a budget and determine your ongoing cash flow needs.



Raise
capital to start and help grow your business.



Build
out your company's senior leadership team.

Getting Down to Business: Five Critical Strategies

Your wealth advisory team can help you focus on five key strategies to strengthen your business for long-term growth.

1

Managing Cash Flow

Having an effective cash management strategy can assist you in keeping your finger on the pulse of how quickly and effectively cash is moving to and from your business while also working to enhance the yield on your short-term assets. If you qualify, you may also have access to a broad range of lending products, such as securities-based loans, and tailored loans that are secured by collateral, including (but not limited to) eligible marketable securities or commercial real estate.

2

Help Protect Your Assets

What if something happens to you or another person who is critical to the success of the business? What if you get sued? Knowing what risks you face and how to avoid the loss they can cause can give you the freedom to run your business successfully. We can help you with protection strategies such as insurance for your business.

3

Attracting and Retaining Talented Employees

The most valuable asset of any growing business is its employees. Rewarding and motivating key people with benefits such as a retirement plan is critical to the ongoing success of your business. In addition to helping attract and keep good employees, there are potential tax benefits to offering a retirement plan. But what type of plan is the right fit for your business? Because each plan has its advantages and disadvantages, we can walk you through the options to determine which plan is most appropriate.

4

Optimizing Investment Decisions

Whether in business or on the personal front, you may be reluctant to shoulder the responsibilities associated with managing an investment portfolio.

5

Integrating Your Business Plan With Your Personal Plan

We believe your business is a critical element of your personal wealth plan. They need to work together to increase the value of both. You can count on us to integrate personal, customized wealth management strategies for all of your business' financial management needs.

The Bottom Line: We Empower You to Focus on What You Do Best

At Morgan Stanley, we are here every step of the way to help you build and grow your business. We look forward to answering your questions and developing tailored strategies to put you on a path to achieving and maintaining business competitiveness while positioning both you and your company in the best possible way — now and in the future.

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Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals are urged to consult their personal tax or legal advisors to understand the tax and legal consequences of any actions, including any implementation of any strategies or investments described herein.

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Securities-based loans are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A, as applicable.

Important Risk Information for Securities-Based Lending: You need to understand that: (1) Sufficient collateral must be maintained to support your

loan(s) and to take future advances; (2) you may have to deposit additional cash or eligible securities on short notice; (3) some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities-based loan that is identified as a committed facility; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities-based loans at any time and for any reason.

With the exception of a margin loan, the proceeds from securities-based loan products may not be used to purchase, trade or carry margin stock (or securities, with respect to Express CreditLine); repay margin debt that was used to purchase, trade or carry margin stock (or securities, with respect to Express CreditLine); and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

To be eligible for a securities-based loan, a client must have a brokerage account at Morgan Stanley Smith Barney LLC that contains eligible securities, which shall serve as collateral for the securities-based loan.

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