

Small Business Advancement National Center
 University of Central Arkansas
 Http://www.sbaer.uca.edu

You will be receiving a weekly newsletter from our Small Business Advancement National Center sent out every Tuesday morning. In it you will find small business tips, information that can be found on our web site, and announcements of activities. We also encourage you to submit information and articles that would help other small businesses and entrepreneurs.

I am happy to announce that on January 24, 1998 the Center long with the Arkansas Science and Technology Authority, Southwestern Bell, and Purchasing Management Association of Arkansas, will host an EDI Conference from 9 a.m. - 4 p.m. central standard time. This conference will include hands on experiences with EDI as we utilize our computer labs in the College of Business. Look for more information on the conference in future newsletters.

If you have any suggestions about ways to improve our electronic newsletter, please let us know. Email: kstubbs@mail.uca.edu

TIP OF THE WEEK

Uncontrollable Risks

Every business faces two types of risks--controllable and uncontrollable. Controllable risks cannot necessarily be prevented, but the financial loss can be minimized by purchasing insurance. Therefore, the risks of fire, vandalism, damage from storms, and so forth, are considered controllable because insurance is available to pay for the financial loss.

Uncontrollable risks, however, are those that would have a detrimental financial impact but cannot be covered by insurance.

Some of the uncontrollable risks that are common to many businesses include the following:

- A new competitor locating nearby
- A recessionary economy
- New technology
- Changes in consumer tastes
- A price war by competitors.

Each business faces risks that are unique to that business. You should consider these carefully and briefly describe what steps would be taken if the uncontrollable risk actually happens to your business. For example, if an entrepreneur believes that competitors would engage in a price war, the new entrepreneur may make plans to differentiate the new business by offering products and services that the competition does not offer. If the risk of a recession would severely affect the company, the entrepreneur may consider what products or services could be offered that would not be as sensitive to a recessionary economy.

Checklist for Uncontrollable Risk

What uncontrollable risks will affect your business?

- *The economy
- *The weather
- *New technology
- *Price wars
- *Changes in consumer tastes
- *New competitors locating nearby
- *Other

"Entrepreneurship," Peggy Lambin & Charles Kuehl, pg. 252
Prentice Hall, Upper Saddle River, NJ 07458, 1997

NEED HELP WITH UNANSWERED SMALL BUSINESS QUESTIONS?

The Small Business Advancement National Center offers counseling and consulting for your business at a price that is very reasonable to the small business owner. This resource is performed by Center Staff, College of Business Administration faculty, and by senior and graduate level students. We consult on areas such as computerization, business plans, market analysis, financial management, loan proposals, accounting, and bookkeeping.

We also have an information packet that is available to the public that may be picked up at our main office that is located on the campus of the University of Central Arkansas at the Burdick Business Administration Building Room 217. If you are not located in the Central Arkansas area, we can put you in touch with a Small Business Institute program located near you.

For more information about setting up an appointment with our Center for counseling and consulting, please call our office at 501-450-5300 or email Dr. Don B. Bradley III at DonB@mail.uca.edu.

SPONSORSHIP SPACE AVAILABLE ON OUR WORLD WIDE WEB SITE

The Small Business Advancement National Center is a part of the University of Central Arkansas and is funded by federal, state, and private funding. A great way to support what we do at the Small Business Advancement National Center is to become one of our proud sponsors. By sponsoring us here at the SBANC, you will be helping to further develop our World Wide Web site, which helps to inform small businesses all over the United States and 70 countries around the world. A sponsorship can also help to purchase the necessary equipment to provide services that meet the demand of the changing world around us, as well give us the opportunity to share with others about what we do, by going to and giving seminars and conferences all around the globe. You may find out more about what kind of services we offer at the SBANC, by going to our Web Site at:
<http://www.sbanc.uca.edu/sbancinfo/index.html>.

Your company logo will be proudly displayed on our Web Site with a link to your site if desired, as well as features periodically about your company as part of our Web Site activities.

MANY CHALLENGES FACE FAMILY BUSINESS OWNERS

Approximately 90 percent of all small businesses are family owned. Many of these business owners face challenges like succession planning, growth, and family conflict. The Institute for Family Business was established in 1987 by Dr. Nancy Upton of Baylor University, to help small family owned businesses with ways to manage family and business relationships, as well as provide helpful tools for them. The institute focuses on family businesses, students, and professional advisors to family businesses, academic entities and researchers. If you own a family business and would like more information on how the Institute for Family Business could help you, contact: <http://www.sbaer.uca.edu/docs/publications/pub00001.txt>.

BUYING A COMPUTER FOR YOUR SMALL BUSINESS

Buying a computer for your small business is a big decision for some small business owners. It can cost the owner not only a lot of money, but also a lot of time to install and learn the computer programs, as well as to transform all of your hard copy records to the computer. However, in the long run it may make it easier on the business owner.

The U.S. Small Business Administration in cooperation with Microsoft Corporation say that there are several things that one should do before they computerize their business. To find out more about what to do before you make a major computer purchase: <http://www.sbaer.uca.edu/does/Publications/pub00047.txt>.

DO YOU HAVE A WILL FOR YOUR SMALL BUSINESS?

Owning a small business is a major responsibility. One important thing that a business owner should look into is writing a will for it. We all think about making sure that we have a personal will, so that our children and family members will be taken care of when we are gone, but sometimes we forget about our small business.

Recently there was a situation that arose in a small business that caused a lot of unnecessary strife. The owner of the small business passed away unexpected. This particular business owner had a personal will, but failed to make a separate will for his business. His personal will included a clause that stated his estate would be separated among his son (in his 30's), daughter (in her 30's), and wife (stepmother to the children). Thirty percent each to go to the son and daughter, and forty percent to go to the wife. The wife would be the executor of the will. There was a lot of confusion, since the will also said that all premarital assets would be separated by the 30/30/40 split, but

anything after the marriage, would belong solely to the wife. They could not establish the actual opening date of the business, because there were no original stock certificates found.

This is when the battle got heated. The son and daughter decided to put their percentage together, making theirs larger than the wife's, so they could take the small business away from her. Needless to say this went to court, lawyers were called in, family members were hurt, and the relationship between the stepmother and children was destroyed. All of this could have been spared had the business owner only established a will specifically for his small business, stating exactly who was to be the beneficiary of the business.

When writing a will for your small business, you want to include items such as estate planning, inheritance planning, or succession planning. John H. Gardner, Tax Manager for the National Tax Group, has many suggestions for writing a will for your small business will. To find out more:
<http://www.sbaer.uca.edu/docs/Publications/pub00074.txt>.

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