

Small Business is Our Business...

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

SBANC Newsletter, April 7, 1998

MARK YOUR CALENDAR FOR "SMALL BUSINESS WEEK," APRIL 20-25, 1998!!

The following topics will be presented during "Small Business Week," at the University of Central Arkansas:

Monday Evening, April 20 (6 p.m. - 9 p.m.) - "Developing a Business Plan" - This workshop will be led by Dr. Don B. Bradley III, Executive Director of the Small Business Advancement National Center.

Tuesday Evening, April 21 (6 p.m. - 9 p.m.) - "Computerized Bookkeeping" - Kim Stubbs, Assistant Project Coordinator of the Small Business Advancement National Center will be leading this workshop. Each participant in this class will be given free trial software from "Proven Edge," a leading small business software company.

Thursday Evening, April 23 (6 p.m. - 9 p.m.) - "Planning & Zoning" - This workshop will be led by Bill Polk from Conway City Planning.

Saturday Morning, April 25 (8 a.m. - 1:15 p.m.) - "Pre-Business Workshop" - This workshop will be led by individuals from the Small Business Administration, Service Core of Retired Executives, Veterans Association, Small Business Development Center, and the Small Business Advancement National Center. The workshop is being sponsored by the Service Core of Retired Executives and the Small Business Advancement National Center.

Attend the above series of small business workshops that will be given throughout "Small Business Week," to help the small business owner, or anyone who plans to start a small business in the near future. The workshops will cost \$30 each, or you may attend all four workshops for only \$90 (this is a savings of \$30). "Small Business Week" will be held at the University of Central Arkansas in Conway, Arkansas in the Burdick Business Administration Building. Pre-registration is necessary because seating is limited. To register, or for more information please contact Kim Stubbs at 501-450-5373 or by email at: (kstubbs@mail.uca.edu).

HOW CAN SMALL BUSINESSES COMPETE IN THE WORLD OF ELECTRONIC COMMERCE?

In a paper written by Dr. Juett R. Cooper, Dr. Craig A. Hollingshead, and Dr. John B. Wallace, all of Marshall University, the issue of electronic commerce, especially Electronic Data Interchange, are discussed. "In the near future, as EDI migrates to the Internet, the firms that take the initiative in 'simplifying before electrifying' appear to stand the best chance of benefitting from electronic commerce," say the

three authors. This particular paper "aims to determine the extent to which small firms can benefit from EDI, the barriers to reaping the benefits, and how to overcome these barriers."

Electronic commerce includes faxing, electronic mail, EDI, electronic funds transfer, bar coding, and more. Many consultants define electronic commerce as "a set of tools that enables a firm to "re-engineer" its processes, set up strategic partnerships, and improve its quality." Using technology to facilitate trading is another definition. It is expected that the use of faxes and overnight couriers will decrease over the next couple of years, and that the use of email and EDI will increase. Many companies will still depend on the regular mail system to send and receive information.

A part of electronic commerce that is quite different from sending electronic mail or sharing files through a network, a modem or a bulletin board is EDI. "EDI is the straight transfer of computer files. It requires that the sender and receiver (the "trading partners") agree upon the format of the documents being exchanged." The specific EDI software then translates the requests for quotes, purchase orders, invoices, etc. of the sender into the appropriate format for the receiver. "When one trading partner sends a document, his EDI software converts his document into an agreed upon standard. When the other trading partner receives the document, his EDI software translates the standard format into the receiving firm's format."

The use of EDI has benefits which include, improving customer service, reducing effort, and reducing costs. Cooper, Hollingshead, and Wallace, believe that "a two-pronged attack is needed by small firms that aim to use electronic commerce to their competitive advantage." One part includes increasing these firms' internal competence with electronic commerce, and the other part involves "leveling the playing field" between small and large companies so that it is harder for the large firms to reap most of the benefits from the changes taking place in electronic commerce. The three authors also say that "small business owners will need to step back and look at their core activities rather than simply computerize their old commercial process." To find out more about this subject and to read the entire paper by Cooper, Hollingshead, and Wallace visit our web site: <http://www.sbaer.uca.edu/docs/proceedingsII/97sbi2311.txt>

TIP OF THE WEEK

Advantages and Disadvantages of Sole Proprietorships
(Taken from "Entrepreneurship, A Contemporary Approach," Fourth Edition, by Donald F. Kuratko and Richard M. Hodgetts.)

Sole Proprietorships

A sole proprietorship is a business that is owned and operated by one person. The enterprise has no existence apart from its owner. This individual has a right to all of the profits and bears all of the liability of the debts and obligations of the business. The individual also has unlimited liability, which means his or her business and personal assets stand behind the operation. If the company cannot meet its financial obligations, the owner can be forced to sell the family car, house, and

whatever assets that would satisfy the creditors.

To establish a sole proprietorship, a person merely needs to obtain whatever local and state licenses are necessary to begin operations. If the proprietor should choose a fictitious or assumed name, he or she also must file a "certificate of assumed business name" with the county. Because of its ease of formation, the sole proprietorship is the most widely used legal form of organization.

Advantages of Sole Proprietorships

Some of the advantages associated with sole proprietorships follow:

- * Ease of formation.
- * Sole ownership of profits.
- * Decision making and control vested in one owner.
- * Flexibility.
- * Relative freedom from governmental control.
- * Freedom from corporate business taxes.

Disadvantages of Sole Proprietorships

- * Unlimited liability.
- * Lack of continuity.
- * Less available capital.
- * Relative difficulty obtaining long-term financing.
- * Relatively limited viewpoint and experience.

"Entrepreneurship, A Contemporary Approach," Fourth Edition, Kuratko, Donald and Hodgetts, Richard, The Dryden Press, Fort Worth, TX, 1998, pp. 382-383.

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