

Small Business is Our Business ...

Small Business Advancement National Center

University of Central Arkansas

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SBANC NEWSLETTER - October 12, 1999

THE COLLEGIATE ENTREPRENEURS ORGANIZATION 1999

CEO! NATIONAL CONFERENCE TO BE HELD OCT 22-23,

1999!

Register soon if you want to attend this year's national CEO! conference. The conference will be held at the McCormick Hyatt Hotel in Chicago, Illinois, on Oct. 22-23, 1999. The theme this year is "Creating Entrepreneurial Opportunity in the New Millennium."

Did you intend to own your own business, be your own boss, increase your entrepreneurial knowledge? Are proven techniques for successfully launching your own business important to you? Do you want to learn more about crafting a business plan? Do you want to hear outstanding entrepreneurs and professionals share their ideas and expertise?

These are the opportunities the Annual CEO! Conference offers you. The conference has taken the feedback from entrepreneurship students and educators from across North America and have structured a conference to meet the needs of students, emerging business owners and entrepreneurship educator presented by successful entrepreneurs.

CEO! expects 800 students from 125 universities to attend this year's conference. We advise you to send in your registration

and book your accommodations quickly.

For more information on the CEO! conference and how to register, visit the CEO! Web site at <http://www/c-e-o.org/>

THE 10TH ANNUAL BUSINESS AND ECONOMIES TEACHING
CONFERENCE TO BE HELD MAY 5-6, 2000, AT DEPAUL
UNIVERSITY

Deadline for Abstract Submission is Nov 1, 1999. DePaul University's College of Commerce and Kellstadt Graduate School of Business, in Chicago, IL, is the sponsor for this teaching conference. There are two major objectives of next year's two-day conference. The first is to attract a group of business educators and professionals interested in sharing the practical implications and applications of the scholarship of teaching. The second is to assist the conference attendees in the development and exploration of effective teaching and learning strategies that can be used across a variety of business disciplines.

For more details about the Business and Economies Teaching Conference, visit the conference web site, <http://www.depaul.edu/~teachcon> or e-mail Philip R. Kemp at pkemp@wppost.depaul.edu.

ADVANCED TECHNOLOGY PROGRAM SET FOR NOV. 15-17,
1999 IN SAN JOSE, CALIFORNIA

Don't forget about the national meeting for the Advanced Technology Program on Nov. 15-17 at the Double Tree Hotel in San Jose, California. If you are interested in exploring emerging

R&D investment direction and opportunities and are in industry, academia, or government, then you do not want to miss this workshop. Featured sessions include: 30 technical and business workshops, current ATP applications processes, exploring the commercialization strategies for research results in the marketplace, and a Technology Showcase of ATP-funded projects.

For more information about this workshop, visit their web site at <http://www.atp.nist.gov/nationalmeeting/99about.htm>

CONTINUOUS IMPROVEMENT: A SMALL BUSINESS PERSPECTIVE

This paper was presented by Richard A. Reid of the University of New Mexico at the 1999 Western Decision Science Institute Conference.

Relative to large firms, there are several advantages and limitations associated with implementing the Total Quality Management (TQM) philosophy and its principle of continuous improvement (CI) in small businesses. This paper illustrates how a CI team applied several total quality (TQ) tools to describe and analyze the customer service creation and delivery process in a small bakery. Various insights into the firm's customer service problems and into the improvement process itself are documented from the CI team perspective. Findings relative to the application of various TQ tools by a CI team in small businesses are presented.

The conceptual foundation of the TQM philosophy is the CI

principle. By promoting an attitude of constant performance improvement among its employees, firms utilizing CI seek to identify and implement ongoing enhancements in an organization's products, services, and processes. The focus is on creating an organizational culture that advocates continuous and incremental improvement in everything associated with designing, creating, and delivering satisfaction to a firm's customers. The rationale for CI is that customer needs are not static, but are dynamic and change continually.

While the CI principle was initially developed and implemented in large organizations, it provides a value that is relevant to firms of any size. Published evidence indicates that small businesses are no less concerned with the introduction and development of TQM approaches than larger organizations. Relative to larger firms, scholars discuss several advantages associated with using TQM in small enterprises. First, implementation is easier due to the simplicity of organizational size, structures, and systems. Second, a fewer number of personnel suggests that it is easier to inspire and motivate employees. Third, resistance to change is not as prevalent because employee concerns can be readily addressed through face-to-face interaction. Fourth, employees are involved holistically with their firm and have a better understanding of its capability for being profitable. Fifth, there is a natural tendency to cross-train personnel leading to easier functional integration of improvements. Sixth, employees are closer to their products and services, and hence, feel more responsible to satisfying customers.

To read this entire paper on improving small businesses, visit our Web site at

<http://www.sbaer.uca.edu/Research/1999/WDSI/99wds809.htm>

TIP OF THE WEEK

"Recommendations For the Buyer to Consider"

Some recommendations to keep in mind when purchasing a business:

1. Keep the inventory as a separate item; do not include unless it is advantageous to take the entire inventory. You do not need to start out with an obsolescence problem or to have too much capital tied to in inventory. Purchase what you need; the rest is the seller's problem.
2. Do not take the seller's accounts receivables. They (along with the collection problems associated with them) belong to the seller.
3. Purchase the assets of the business, not a corporation's stock. A stock purchase leaves you as the majority stockholder in a perpetual entity. The corporation brings with it its history and any and all contingent liabilities. If the corporation did not pay its income or payroll taxes for the past two years, for example, it is the corporation that is liable for them. The IRS will seize the corporation's assets to settle the liability. Liability suits can follow. If you want a corporate structure, form a new corporation and purchase the assets with the new corporate structure.
4. Have your attorney draw up the contract for deed. The seller will have his or her attorney read the contract and challenge conditions no to the seller's advantage. Your attorney will use language that will be more favorable to you in case of default.

Your attorney is more likely to include favorable conditions and minimize restrictions.

5. Do not assume any accounts payable. Insist on a bulk sales agreement clause to release you from any liens or encumbrances or liabilities from the prior owner's inability or unwillingness to pay past bills.

6. Have payments made into an escrow account if a contract for deed is being used. This will protect you from having someone standing in your doorway collecting a payment each month. An escrow may be especially appreciated in the event that the personal relationship between the parties breaks down. The purchase and sale of a business can be an emotionally charged experience for both parties. Both parties may appreciate the interpersonal distance afforded by an escrow account. In addition, in the event of the death of either party, an escrow account is already in place for the estate, facilitating a smooth continuation of the contract.

7. The closing date will be a time when utilities and licenses will be switched over. A time will be set to complete and purchase the inventory.

This is not intended to be a complete list. The professionals involved will be able to identify and rectify any gaps and or additions associated with your particular situation.

"Small Business Entrepreneurship An Ethics and Human Relations Perspective," Urlacher, Lavern S., Prentice Hall, 1999, page 104.

If you have any comments about the SBANC newsletter or if you know of an upcoming small business event to promote, please send an e-mail to sjw2587@cub.uca.edu.

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