



NECOG Development Corporation

RLF Quarterly Newsletter

January 2012

Small Business Development Center

By: Carla Burns, SBDC

Some of you are familiar with the Small Business Development Center (SBDC), but for those of you who are not as familiar I would like to tell you a little about some of our services. The SBDC provides professional, confidential, and no-cost business consulting services, including one-on-one counseling and training to individuals starting a business or looking for ways to improve an existing business. We assist clients in starting or improving a business or solving management issues; educate clients in all facets of the business planning process; and empower clients to achieve future planning and problem-solving skills.

The topic I would like to give a little more detail on is our Training sessions. We are able to offer workshops, sessions, and classes in communities throughout our 13 county area, Beadle, Brown, Campbell, Day, Edmonds, Faulk, Hand, Marshall, McPherson, Potter, Spink, and Walworth. The training sessions are usually fee based for either the individual participants or the community program that wants us to do the training.

Both Kelly and I are Certified Economic Development Finance Professionals (EDFP). We are certified in the NxLevel for the Entrepreneurs and have taught their 13 week course in several communities in our area already. The NxLevel training course provides

basic business skills training, provides practical guidance in bookkeeping, marketing, financial projections and negotiating with lenders, and provides a standardized curriculum that was cost-effective, yet flexible and focused on the community level. Over the years we have conducted workshops on the basic Business Startup topics of Venturing into Business, Financing for Your Business, Understanding Your Financial Statements, and Marketing for Your Business. These 4 workshops can be held as a package over several dates or individually offered depending on what the community and businesses in the community are looking for. Other popular topics have been Business Valuations, Customer Service for Owners/Managers and Customer Service for Employees

Our office can also custom make a training around a topic that the community is wanting help with. We also have access to the workshops the other South Dakota SBDC offices have provided in their communities. Kelly in our office is also a certified QuickBooks Trainer. If you have a topic that you would like more information on, please let us know and we will be glad to visit with you about it. Contact Carla or Kelly at:

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NECOG Development Corporation is an Equal Opportunity Lender, Provider, and Employer.

QuickBooks

If you need assistance with QuickBooks, SBDC is again providing training. Please join them for the two QuickBooks workshops. Users at all levels have found helpful information in these classes.

The Basics: Designed for those considering a computer-based accounting system or those QuickBooks users who are using it in their business but feel they would benefit from the topics covered (Chart of Accounts, Items, Customers, Vendors, Invoicing, Check Writing, Bills, and Reports).

Inventory & Payroll: This training will provide an overview of how inventory and payroll are processed and the basic concerns to be addressed when setting up and using these features. Topics covered include Inventory Items, Inventory Types, Purchase Orders, Payroll Items, Payroll Checks, Payroll Liabilities, and Reports.

Register today!

DATE: Wednesday, February 29, 2012

TIME: **The Basics:** 9:00 am to 12:00 noon
Inventory and Payroll: 1:30 to 4:00 pm

LOCATION: Smart Center, Aberdeen, 416 Production Street (1/2 mile north of RDO Equipment Company)

FEE: \$50 per person for one class; \$90 per person for both classes. Late fees apply after February 21st.

**Register by calling our office
605-626-2565.**



Funding Success A Look Back at 2011

By: Rich Galbraith, NECOG-DC

I've heard a lot of talk about the recession and how it is affecting small businesses all over the United States, but I think someone forgot to tell all the entrepreneurs. There are some small businesses owners that might be struggling, others are still surviving and some are even finding success during this downturn in the economy.

At this time I wanted to take a few minutes and look back at NECOG-DC's lending activity for 2011. During the past year we assisted 12 small business owners either get a start or expand. To those owners, NECOG-DC directly lent a total of \$1,051,191. With this funding the 12 businesses were either able to create or retain 47 jobs in our region.

Some of the projects NECOG-DC financed in 2011 include: a bulk fuel distributor, a behavioral specialist, kitchen/bath designer, two restaurants, a fencer, gaming store, manufacturer, photography, service station and audiologist. Now that's a diverse listing of businesses!

NECOG-DC services twelve counties in northeast South Dakota which included: Beadle, Brown, Campbell, Day, Edmunds, Faulk, Hand, McPherson, Marshall, Potter, Spink, and Walworth. As a secondary lender, NECOG-DC requires that participants first try to secure financing through a local bank. So in providing funding to businesses in five of those counties in 2011, I think we did pretty well.

If you would like additional information, an application, or have a question regarding the loan fund, please contact the RLF Manager, Rich Galbraith, at (605) 626 - 2595 or via email at rich@necog.org. NECOG-DC considers all applications on a case-by-case basis and all loan decisions are made by the NECOG-DC Board of Directors.



Quick Tips for Purchasing a Business

By: *Jeff Reynolds as published at Center for Rural Affairs (www.cfra.org)*

There are so many questions to ask when considering the purchase of an existing business. A great place to begin is with the tips listed below. Most importantly, why is the seller selling? The answer will raise red flags or be consistent with, and meet no resistance when asking for the detailed information that follows:

1. Ask to review the certified financial statements of income, cash flow and balance sheets for the last three years. If you borrow from a bank to purchase the venture, the bank will want to see them.
2. Ask to see the company's (not the owner's personal) IRS returns for the last three years.
3. Ask for a copy of all documents of all outstanding indebtedness like notes payable, accounts payable, real estate and equipment.
4. Has the seller offered to stay around for awhile after the sale to help with transition, and have you discussed some compensation for his/her services during that transition period.
5. Have you been allowed to talk with the employees, or is this sale confidential? If it's confidential, why are employees not being told of the impending sale?
6. Has there been any significant turnover of employees? If so, why is that?
7. Have you learned anything about the quality of customer relations at the company? Is there a close relationship between the company and its customers?
8. Have you learned anything about the relationship between the company and its vendors?
9. What are the actual conditions of the working environment? Are there any hazardous situations or is this a well-kept workplace?
10. What are the actual conditions of existing fixed assets like office equipment, machinery, vehicles and the like? If existing employees, do they demonstrate good maintenance and cleanliness of company property?

There is so much more to ask, but this gives you a starting point to begin investigating the venture in which you are about to invest.

If you would like more information on starting your own business, please feel free to contact: Rich Galbraith (605) 626-2595 or rich@necog.org. I would also advise you to talk to local professionals that you may know including; a banker, attorney, or other business owners.



PrairieTracks

PrairieTracks is a regional magazine covering community, business, and economic news in east-central South Dakota. It is published on the last Wednesday of each month by the Huron Chamber in cooperation with the chambers, development organizations, and tourism boards of DeSmet, Huron, Miller, Redfield, and Wessington Springs.

Through their collaborative efforts the full-color magazine style publication provides community news and information, business spotlights, visitor events, and economic and retail outlooks to a targeted audience of 26 communities in a six-county area each month.

Visit them at www.PrairieTracksOnline.com



OUTSOURCING

By: Rich Galbraith, NECOG-DC

Do you have trouble or struggle completing your payroll or wonder if you've met all the regulations associated with paying your employees? You're not alone.

Many small business owners outsource their payroll and benefit processing. That is they hire a company that completes the processes for them. These companies keep abreast of all the latest regulations so you don't have too.

Payroll processing is one of the most outsourced business functions by small businesses. Because of the wide use of electronic data, it is also one of the easiest to outsource. Here is how it works:

- A business provides basic information about themselves (state and federal tax ID along with banking account and routing numbers) to the processor. Along with this, all employee information necessary to process payroll and tax documents will need to be provided.
- After the initial set up process is completed, one simply provides the processor with the payroll information for each employee (rate, hours, vacation, sick, etc.). Sending it to the processor can be as simple as calling or sending them an electronic file.

- Once this information is received by the processor, they calculate each paycheck from gross to net. They'll deduct the appropriate withholding taxes, Social Security, Medicare, retirement, and any other legal deductions. Processor will also track accruals for vacation and sick leave. Paychecks can then be printed from the processor or by you and given directly to the employees, mailed, or deposited electronically to employees' accounts.
- Processors typically electronically draft your banking account for their payment and to pay any taxes, insurance, retirement, etc. One of the best things about outsourcing is that the processor will file the monthly and quarterly tax forms for you.

If this sounds like a service that you would want to take advantage of, check your local yellow pages or a quick search on the internet will turn up some good candidates. Do your due diligence and request some references and research which one will work best for you.



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