



NECOG Development Corporation

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Do You Have a Plan for Selling Your Business?

Alison Kiesz, RLF Manager

Someone recently told me that planning to sell your business 10 years out isn't too soon to start. They also said they think in rural South Dakota it's very difficult to put your business up for sale and be out in one year.

If you are a business owner looking to transition out of your business, these comments might make you a bit uneasy.

Do you have a plan to sell your business? Who will take over when you are ready to retire or otherwise move on?

There are a few options you can look at when selling your business. You can:

- Sell to one or more employees
- Sell to a family member
- List the business for sale with a realtor

Oftentimes, the next generation in your family or loyal, dedicated employees are the logical choices for passing on the business. If you don't have family or employees who are interested, then you might be looking for a buyer from outside your immediate circle.

This should go without saying but it's almost always more profitable to sell your business while it's still operating. If you decide to close the business and sell the inventory, equipment and building on their own, you won't usually get as much money.

Some business owners want to try and save on the realtor's commission and sell the business themselves. The thing they don't account for is the vast network a realtor has to help market and advertise the business for sale. They can attract interest from a much larger and wider audience that an owner can on their own. Simply putting a 'For Sale' sign in the window, doesn't usually

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SD Department of Labor WORKS for You

Kelly Weaver, Small Business Development Center Regional Director

Having the right team in place is important for every business but filling a position on the team is not always an easy process. Recent updates to South Dakota's Department of Labor and Regulation website give employers ready access to tools that can arm you for the battle. Let's take a look at some the features.

Job Orders (postings) – The revised website focuses on skills rather than just job titles or duties. Perhaps a candidate has matching skills for your position even though they may not be looking for that specific job title. Job order templates can be created and used again in the future when a similar position needs to be filled. Information on the site can help you create a job description and application questions.

Candidate Search – Users can search for candidates by location and by skills or other criteria such as education or tools and technology used on the job. The system can rank the results by the importance of the criteria as determined by the user and notify you when a new candidate meets your search criteria.

Communications – Create templates for communications with candidates and send correspondence through the message system. Use calendar function for appointments made. Keep notes on applicants interviewed.

Occupational Information – Wondering what duties to include in the job order or what a competitive wage rate is in the area? Check out the occupational information available through the Labor Market Information Center for this and more.

The staff at your local Department of Labor office is always available to assist you. However, the improved website should help you get down the road on your own if you prefer.

Check it out at southdakotaworks.org.

FREE Labor Law Posters

Alison Kiesz, RLF Manager

The South Dakota Department of Labor supplies FREE labor law posters to all employers in South Dakota. You do not need to pay for the posters. They are free from the South Dakota Department of Labor. Contact your local job service office for posters if you need one.

There are six Federal postings that are required and you can request a 'six-in-one' poster from your local job service office.

State law also requires two postings – one on Unemployment and one on Workplace Safety.

Any of these posters can also be downloaded at http://dlr.sd.gov/employment_laws/posting_requirements.aspx.

South Dakota does not require employers to post a notice about the state minimum wage. However, the state does have a free notice that employers may post for informational purposes. The notice can be downloaded at http://dlr.sd.gov/employment_laws/minimum_wage.aspx.

If you have any questions about the posters, contact your local job service office.

Aberdeen Local Office—626-2340
Pierre Local Office—773-3372
Huron Local Office—353-7155

SMALL BUSINESS FACT:

There are almost **28 million small businesses** in the US and over 22 million are self employed with no additional payroll or employees (these are called nonemployers).

Management Philosophy Drives Positive Company Culture

Kelly Weaver, Small Business Development Center Regional Director

One of the biggest learning curves for first time business owners is effectively managing staff. Previous management experience helps, but it's still a challenge when you're making all the decisions, setting the performance system, and building the culture (often with little outside input).

Some business owners follow the path of least resistance and let staff do as they please with little direction or control. More often, because owners are passionate about their business, they gravitate to the opposite end of the spectrum and govern more in a command and control structure. They expect employees to operate with the same commitment as an owner, and due to time constraints, give limited training. When they are unhappy with the results, they feel like they have to oversee everything and everyone to get things done their way they want them done. There is a middle ground that can provide many more benefits for you, your employees and your business.

Let me introduce you to Nick Sarillo whose independent Chicago pizzeria is one of the top ten busiest in the country with a turnover rate of less than 20 percent, a rate which any food business would envy. He has implemented a management structure he calls Trust-and-Track. The underlying principles include providing structure while allowing people to bring their unique selves to the job they are doing, all with company values in mind.

The structure shows up in operation cards that detail tasks to be performed, clearly identifying which parts must be done a certain way and which parts teammates can implement in their own way. Feedback processes focus on time sensitive coaching with a mindset of learning from mistakes vs. catching a rule breaker. Beyond tasks, training and coaching is provided on skills like communication and 'certifications' are

created for promotion opportunities. Lastly, an open book policy gives employee financial feedback how on their efforts impact the company as a whole.

I first read about Nick's Pizza & Pub in Inc. magazine and he has also written a book about his management practices. Check out *A Slice of Pie: How to Build a Big Little Business* or his website www.nicksarillo.com for more.

Kelly Weaver is the Regional Director of the Small Business Development Center in Aberdeen which offers free, confidential business consulting to start up and existing businesses. She can be reached at 626-2565 or kelly@growsd.org. The Center is hosted by GROW South Dakota.

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generate much interest. Realtors also have the time to show the building and field questions from potential buyers while you are busy running your business. Not to mention their expertise in helping you come up with a fair valuation for the business. In my observation, it's well worth the money to hire a professional to sell your business.

Other questions to consider:

Are you willing to sell on a contract for deed if the new buyers aren't able to get financing? This option might be able to set you up with a dedicated income stream while making it possible for someone else to take over ownership of the business.

Are you willing to hold on to the real estate and lease it out to the new owner for a period of time?

Are you willing to stay on to transition the business and help the new owner learn the ropes?

If you know that you'd like to be out of your business sometime within the next 10 years, I'd encourage you to visit with an attorney and/or an accountant sooner rather than later. Staff at the Small Business Development Centers can also provide some assistance and advice for preparing to sell your business.

Upcoming Events

QuickBooks: The Basics | August 8 | 9:00 – 12:00 | Aberdeen

Designed for those considering a computer-based system or those QuickBooks users who feel they would benefit from the topics covered (Chart of Accounts, Items, Customers, Vendors, Invoicing, Check Writing, Bills, and Reports).

QuickBooks: Inventory and Payroll | August 8 | 1:30 – 4:00 pm | Aberdeen

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 and Types, Purchase Orders, Payroll Items, Payroll Checks, Payroll Liabilities, and Reports.

\$65 for one class or \$120 for both classes

To register or for more information contact Jill at The Training Place. 725-1833 or jillvining@adcsd.com

Power Hour –Understanding Your Business Financials | August 9 | 12:00 – 1:00 | Aberdeen

Kelly Weaver of the Small Business Development Center will share an overview of two basic business financial statements: profit and loss statement and balance sheet. You will learn how to use the statements to better understand the financial and operational health of your business and how to compare your business with industry benchmarks.

Power Hour – What's It Worth? Understanding the Basics of Business Valuations | September 13 | 12:00 – 1:00 | Aberdeen

It is not uncommon for business owners to overestimate the value to their businesses which can make the transition process more difficult. Rob Johnson, Principal of Dakota Plains Real Estate & Development, Inc., will draw on his years of experience in business development and sales to share the components of business value and the various methods for determining value.

Power Hour – Who's Up Next? Planning for your Business Ownership Transition | September 27 | 12:00 – 1:00 | Aberdeen

Every business owner needs an exit strategy and it's never too early to start planning for that eventual exit. David Sandvig of Dacotah Bank Trust Department will talk about several options for transferring business ownerships and the steps any business can take to prepare for a successful transition.

All Power Hours will be held at 208 S Main St (the Workshop) with 2nd floor with stair access only. If requested five business days prior, meeting location can be moved to ground floor.

\$15. Register online at www.adcsd.com

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