



Ohio Small Business Development Center (SBDC) at The Ohio State University South Centers





Manage from the Ground up



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Agenda

- Becoming an Entrepreneur
- Business Planning Review
- The Three “M’s”
- Management Overview
- Risk Management
- Insurance
- Conclusion
- Question and Answers



Becoming an entrepreneur

Questions to ask yourself...



Assess Yourself - What you should know

Starting and owning a business is exciting in many respects, however can be somewhat confusing as well as a consuming process.



- Entrepreneurs work long hours.
- You'll typically draw little income from the business for the first 2-5 years.
- Strong interpersonal, leadership, and organizational skills keep you and your workforce focused.
- An optimistic, but realistic, approach to business will weather storms.
- Experience in your proposed industry is important.



Owners Personal Experience

- Why will you be able to successfully manage this business?
 - Resumes of key owners/manager
 - Ability to hire/fire
 - Ability to manage business finances
 - Ability to maintain your personal financial stability until the business is established
 - Ability to recognize your weaknesses and develop a plan to deal with them (accountant, attorney, SBDC counselor, etc.)



Business Planning



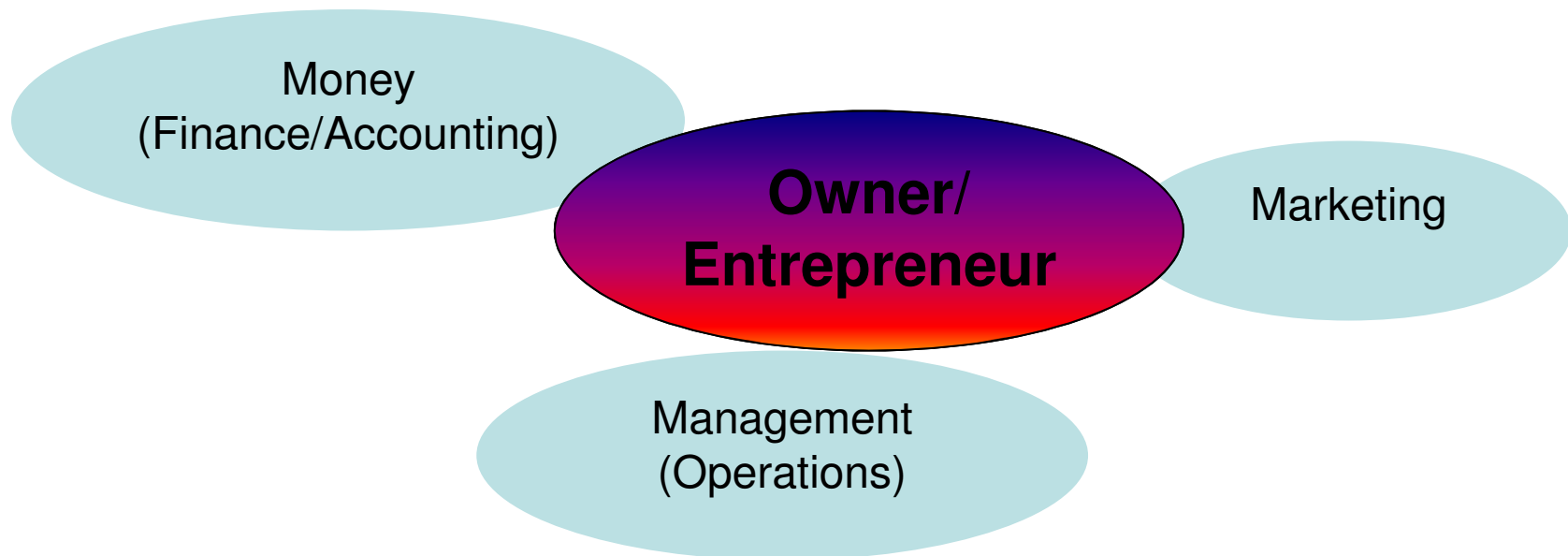
Business Plans usually consist of:

- Executive Summary
- Business Description
- Money
- Marketing
- **Management**





The Three “M’s” of running a business



Can you perform all three?



Three Steps to Effective Management

- Identify Activities
 - Traditional Functions Include:
Accounting, Inventory, HR, Marketing & Sales, Logistics & Management, Quality Control, Financial Planning, R&D, Manufacturing/Growing/Production, Engineering, Customer Service, Purchasing
- Allocate Tasks
 - Ask yourself which tasks you do particularly well. Which are you less comfortable with? Are you cutting corners because you lack time, interest or expertise? Identify key activities you will perform and those you will delegate. Outsource work you are not comfortable completing.
- Set Expectations
 - Set goals and objectives for everyone including yourself. What can the business expect from each person? Who should be held accountable for specific tasks?



Other Management Strategies

- Stay Focused
 - Use your time effectively and efficiently and let your employees do their job (Don't micro-manage)
- Maintain Good Communication
 - Schedule daily or weekly staff meetings to update members on goals, performance and expectations.
- Get Advice
 - Ask a mentor, colleague or professional
- Have Fun, Be Creative
 - The more people enjoy their work, the better they perform.



Managing Human Resources

- HR policies and procedure are not always the same
 - Just because you have seen HR practices used elsewhere, doesn't mean you should duplicate them in your business.
 - Each business is different therefore the industry in which you operate, the products you produce and your core competencies will all govern how your employees are managed.
- Begin with the basics
 - Policies for hiring, training, rewards, and motivating
- Job Descriptions
 - Specifies the details of the work to be done, including:
 - Tasks to be performed, Performance criteria, Skills or qualifications, Importance of each duty, Supervision, Future projects, Training and Growth and Advancement
 - ✓ See Job Description Example Handout



Human Resources Continued

- Hiring/Firing
 - Have face to face interviews
 - Invest the time up front to select good people
 - Hiring the wrong employee for a year is equal to 5 times their annual rate of pay. Hiring the wrong manager is 10 times their annual rate of pay.
 - Compensate your employees
 - Expecting too much and rewarding too little is one of the major mistakes made by entrepreneurs.
 - Regular Compensation and Benefits for your full time employees creates ownership in your business for that employee.
 - Firing an employee is one of the least pleasant things you will have to do as a business owner. Sometimes it cannot be avoided due to layoffs or restructuring.
 - Have written documentation and make sure the employee knows the reason they are being terminated.



Risk Management (not just insurance)

- Natural Weather Occurrences
 - Wind, hail, floods, tornadoes, hurricanes, power outage
 - All are risks you have to mitigate with insurance
- Market
 - Selling price is also a risk that always seems to fluctuate out of the agricultural entrepreneurs control. National/global trends affect the price and the “middleman” is the one making the profit.
- Accidents
 - Establish Procedures and Controls
 - Having thorough and well formulated safety procedures and operational controls is completely dependent on the business owner and can reduce many of the risks small businesses face daily.



Establish Control

- Production Quality
 - Inspect equipment on a scheduled basis to ensure optimum efficiency
- Insect/Pest Management
 - Scouting for pest outbreaks at specific times can catch problems before they get out of hand
- Disease Control
 - Visitors wear clean suits to avoid disease introduction
- Use of Equipment
 - Employees complete a safety course before operating equipment
- Maintenance and Repairs
 - Each facility have a scheduled inspection to ensure proper function
- Chemical Storage/Application and Fire Prevention
 - Only trained and licensed staff may handle and apply chemicals
 - Emergency equipment, procedures and phone numbers be placed and recognized by each employee.



Seek Help

You don't have all the answers. Seek advise from professionals who can help in areas of risk management

- Accountant
 - Organize your books, business management, payroll, tax reporting and strategic planning
- Lender/Banker
 - Develop a relationship early on so the lender understands your operation
- Attorney
 - Find a Lawyer that specializes and understands business, specifically your type of business
- Insurance Agent
 - Find a qualified agent who understand your type of business
 - Nothing can mitigate risk as effectively as a well-thought-out and properly executed insurance program



Insurance

- What type of Insurance should I get? How much coverage do I need?
 - Not all businesses are alike, therefore there is no specific answer to these questions. Insurance however, is a necessity in most businesses. Standard advise is to only insure what you cannot afford to lose.
 - Go over what insurance coverage you already have
 - Develop a plan to determine what further insurance is needed and how to buy it economically.
 - Discuss with your agent what options are available and weigh those options with your business needs.
 - The 4 kinds of insurance a business should have include:
 - Fire/Property Insurance
 - Liability Insurance
 - Automobile Insurance
 - Workers' Compensation Coverage



Types of Insurance Coverage

- Liability Insurance (Injury while on your property)
- Product Liability (Injury or Property Loss)
- Professional Liability (Lawyers, Engineers, Accounting)
- Completed Operations Insurance (CPAs)
- Business Property Insurance (Equipment or assets damaged)
- Business Interruption Insurance (Loss of business due to disaster)
- Commercial Auto Insurance
- Surety or Fidelity Bonds (Construction)
- Disability Insurance (Injured and cannot work)
- Key-Man Insurance/Life Insurance
- Workers' Compensation Insurance (Injured on the job) *must have
- Payroll Insurance (FUI, SUI)
- Group Health/Medical Insurance (Retention of employees)
- Pension Plans (profit sharing)



Conclusion

- Develop the traits of a successful manager
- While the idea, energy and “jack of all trades” skill base were important in starting your business, it’s equally important to develop management skills as the business grows.
- A skilled manager understands the importance of the individuals who help make the business function. Take care of these assets and allow them to do what they are paid to do.
- Employment policies should embrace the hiring, performance review, motivation and termination of employees.
- Seek out the advice of professionals in accounting, banking, insurance and law to help with management of risk.
- A well-planned and executed plan of insurance coverage will greatly reduce many of the risks you will face in you business.



Websites of Interest

The Ohio State University South Centers
Business Development Network

<http://sbdc.osu.edu>

Ohio Small Business Development Centers

www.ohiosbdc.org

Ohio Development Services Agency

www.development.ohio.gov

The Ohio Secretary of State

www.sos.state.oh.us

Ohio Department of Taxation

www.tax.ohio.gov

Ohio EPA Small Business Assistance Office

www.epa.state.oh.us

Internal Revenue Service

www.irs.gov

Ohio Bureau of Workers' Compensation

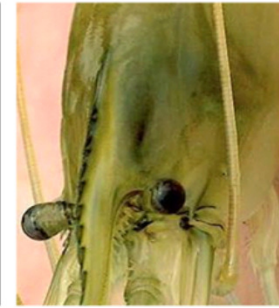
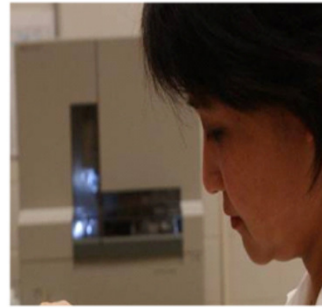
www.ohiobwc.com

Southern Ohio Agricultural & Community
Development Foundation (SOACDF)

<http://soacdf.net>

Ohio Ecological Food & Farm Assoc. (OEFFA)

<http://www.oeffa.org>



Questions or Comments??

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