

# Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
University of Nebraska – Lincoln

## Study Focuses on Business Entry Strategies

Market Report	Yr Ago	4 Wks Ago	5/31/02
<b><u>Livestock and Products,</u></b>			
<b><u>Average Prices for Week Ending</u></b>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt .....	\$77.00	\$65.69	\$63.85
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt .....	*	*	88.50
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg .....	*	91.00	88.76
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt .....	121.70	102.64	103.09
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt .....	53.37	31.50	31.50
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd .....	*	38.70	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt .....	131.00	93.90	100.75
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt .....	76.50	57.50	75.50
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt .....	*	143.82	143.50
<b><u>Crops,</u></b>			
<b><u>Cash Truck Prices for Date Shown</u></b>			
Wheat, No. 1, H.W. Omaha, bu .....	3.28	2.87	2.98
Corn, No. 2, Yellow Omaha, bu .....	1.73	1.82	1.97
Soybeans, No. 1, Yellow Omaha, bu .....	4.40	4.41	4.99
Grain Sorghum, No. 2, Yellow Kansas City, cwt .....	3.32	3.30	3.55
Oats, No. 2, Heavy Minneapolis, MN, bu .....	1.50	1.93	2.34
<b><u>Hay,</u></b>			
<b><u>First Day of Week Pile Prices</u></b>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton .....	115.00	105.00	112.50
Alfalfa, Lg. Round, Good Northeast Nebraska, ton .....	75.00	60.00	60.00
Prairie, Sm. Square, Good Northeast Nebraska, ton .....	112.50	90.00	90.00
* No market.			

of all businesses across the state. Two burning questions that the Nebraska EDGE (Enhancing, Developing and Growing Entrepreneurs) Program, located at the Center for Applied Rural Innovation, UNL, wanted to know is: How do many of Nebraska's business owners actually decide to enter into business ownership? And, what are the implications of these entry decisions on their willingness to access outside assistance?

In March 2002, focus groups\* were conducted in Ainsworth, Auburn, North Platte and Scottsbluff to discover how and why individuals decided to start their business and what steps they have since taken to keep that business open and growing. A total of 40 individuals participated in the research. Nineteen business owners who had previously participated in the Nebraska EDGE Program, a comprehensive small business management and planning course, and eleven business owners who did not. Topics of discussion focused on training needs, support networks, business finance, marketing and general areas of needs. The focus group results showed that an individual's willingness to access resources may coincide with their chosen path of entry into business.

Analysis of the focus data provided three general entry strategies used by the participants. They ranged from having little to no planning, to having a high degree of research and planning prior to the business start.

A. The lowest level had individuals not prepared for owning a business. Their decision to buy a business was without forethought. Often it was an emotional buying decision, or a reaction to an immediate opportunity. People who pursued this entry strategy seemed to have similar responses in the discussion.

☎ They seemed to share a sink or swim attitude; they tend not to readily seek information or assistance.

☎ Once the business is open, the business owner does not have time to focus on anything but the busi-

Small business ownership is the life-blood of Nebraska's economy. In fact, they comprise more than 90%

ness. "No time for training," they say.

- ☎ Some felt like they are isolated from the community, did not find community organizations helpful. One had a "go it alone" attitude.
- ☎ They work long hours, and are proud of how hard they work.
- ☎ Some made a lot of costly mistakes and the learning curve was very high.
- ☎ Some were not prepared to deal with a bank, were resentful of the banker asking for information, and some did not see the bank as a partner but an obstacle.
- ☎ Some did not understand professional relationships with accountants, lawyers and bankers and how to obtain good support services from them.
- ☎ Most were not willing to go into debt.

**B.** The second group of individuals had always dreamed of opening a business, used more forethought, but may not have planned well. They did not secure much training beforehand.

- ☎ They had high motivation to own a business, but did not know what to do to start or make it grow. The type of business they selected may be secondary to their decision to start or buy a business.
- ☎ Some made an emotional or spontaneous decision if the correct opportunity arose, i.e., business for sale.
- ☎ They were more willing to ask questions and use organizations and mentors as resources.
- ☎ Some may or may not have had technical expertise or an educational background in a specialized field.
- ☎ They may not be willing to go into debt.

**C.** The third group of individuals who participated in the focus group study were individuals who had prepared carefully before starting or buying a business. The business owner may have conducted extensive research and planning prior to opening the business.

- ☎ They were willing to figure out how to do a business plan, whether banks ask for one or not.
- ☎ They sought information sources such as NBDC, accountants, banks, other business owners, Internet and trade organizations.
- ☎ They aggressively looked for information.
- ☎ They positioned themselves for long-range business success.
- ☎ They saw the bank as a partner, and followed their advice to secure training.
- ☎ They may or may not be willing to go into debt.
- ☎ They are willing to train professionals to understand their particular business issues, i.e., inform

the accountant about reporting needs for their business.

- ☎ They are willing to spend time and money on professional help.
- ☎ Some put their personal finances in order, i.e., protected their personal assets.
- ☎ They were motivated with a definite business idea and a need to open a business to implement this idea.
- ☎ More willing to participate in pre-business training when they are looking for information.
- ☎ They are more likely to have a technical background or special expertise.

### Conclusion of Study

Community, business and economic developers and other business professionals should be aware of the different entry strategies that individuals use to start or buy a business. With a better understanding of the different characteristics that go along with these entry strategies, business consultants and resource providers can better understand the general motivators and levels of business management skills that business owners have when they request assistance with a business problem.

For more information on the Nebraska EDGE Program, contact Marilyn Schlake, Program Coordinator, telephone: (402)472-4138/(800)328-2851; or email: [mschlake@unl.edu](mailto:mschlake@unl.edu)

\*Study conducted by Gadberry & Associates for the Nebraska EDGE Program, UNL and the Nebraska Microenterprise Partnership Fund.

Marilyn Schlake, (402) 472-4138  
Program Coordinator  
Nebraska EDGE Program

#### Subscription Renewal Time

It is time to renew your *Cornhusker Economics* for the coming year July 2002-June 2003. Attached is a renewal form to fill out and return with your check. Please make the check payable to the **University of Nebraska**. If you have any questions, call Nancy Pritchett at (402) 472-1789.

***Cornhusker Economics***  
Subscription Rates Prorated by Month  
(Subscriptions run from July 1 – June 30)  
2002 - 2003

<b>Full Subscription Fee (July 1 - June 30)</b>	<b>\$ 20.00</b>
Subscription as of July 1	20.00
Subscription as of August 1	18.40
Subscription as of September 1	16.80
Subscription as of October 1	15.20
Subscription as of November 1	13.60
Subscription as of December 1	12.00
Subscription as of January 1	10.40
Subscription as of February 1	8.80
Subscription as of March 1	7.20
Subscription as of April 1	5.60
Subscription as of May 1	4.00
Subscription as of June 1	2.40

---

Enclosed is my check for \$\_\_\_\_\_ made payable to the **University of Nebraska**. Please begin my subscription to *Cornhusker Economics* for \_\_\_\_\_ months through June 30, 2003.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

---

**Mail with your payment to:**  
Nancy Pritchett, 307 Filley Hall, University of Nebraska, Lincoln, NE 68583-0922.  
Phone: (402) 472-1789