



NECOG Development Corporation

RLF Quarterly Newsletter

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Elevator Pitch

Last month the BIG IDEA Competition finals were held on the campus of Northern State University. I'm mentioning this because as part of this competition the finalist each gave an elevator pitch. While these competitors were all high school students and their elevator pitches were for their individual benefit, you as a business should have a pitch that benefits your business.

In general an elevator pitch is: what you would tell someone if you found yourself face to face with them for a limited amount (around 30 seconds) of time that would make them want to know more about your business. An elevator pitch is essentially your own commercial.

Lorraine Howell in her book, *Give Your Elevator Speech a Lift: How to Craft Your Own 30-Second Commercial*, explains how to attract the interest of investors, prospects and other audiences. Here are a few tips that she offers.

- **Address your audience and what they want.** Let's say you own a bakery and want to attract affluent customers who are planning weddings. Your elevator pitch should reflect that. Howell suggests saying, "I bake cakes for once-in-a-lifetime events." This quick characterization appeals to the prestige of this exclusive audience.
- **Talk about the results.** "If I ask you what time it is, don't tell me how the watch works," Howells says. Tell them what the appeal of your business is. "When people ask you what you do, the question they're really asking is 'What can you do for me?'" says Howell. "That's the question you should be answering."
- **Draft several versions.** Most businesses have more than one audience. Ideally, your brief first impression will leave your prospect clamoring for more. So create several pitches of different lengths and tailor them to different groups.



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Conversing Online

Today's technology can be very beneficial to small business owners and entrepreneurs. One of these is blogging or online conversations.

There are certain rules or strategies that one should follow while online. That is, you don't want to blatantly advertize your product on an online forum.

According to a recent article "Avoiding Blogging Blunders", written by Kyle Flaherty and published in the February 2009 Vetrepreneur magazine, there are four rules in how to approach customers online.

RULE #1 – Full Transparency

If you are commenting online as a representative of a company, be sure to let folks know from the outset. This is a mistake made by many business owners. It is a fairly simple rule to follow and remember. Nothing is truly anonymous online. In order to be viewed as trustworthy, you must be honest in your conversations.

RULE #2 – Build Trust

Speaking of trustworthy, you should enter each conversation to continue the discussion. Obviously you are marketing your product or service. But post comments that are insightful and appropriate to the conversation. Using your expertise to add something of value to the conversation creates consumer confidence. There is a reason you are successful, so share the knowledge you've built up through the years. Remember, they want to talk with you, not to your company.

Rule #3 – Talk Don't Sell

The notion that you are a person contributing online and not a company is a subtle but important distinction. People talk to people, not to companies or brands. There is a time to sell your product, and this isn't it. Sell yourself instead.

RULE #4 – Provide Resources

When folks are really digging what you have to say, be sure to provide them with resources that they can use. This is the time to point them to your blog or a page on your website that provides more detail on the topic at hand. This is how to transform an online engagement into a business lead.

New Year's Resolution ...New Credit

If your New Year's Resolution, if you made one, was to improve your credit score, here is some helpful information. Even if you are not currently in the need to access funds; now is a good time to review your credit score.

I'm sure you're aware, by now, of the use of credit scores in determining how and whether or not you are extended credit. You should also know that you have the right to check your credit for free. Thanks to the Fair and Accurate Credit Transaction Act, individuals have the right to get their credit report for free once each year from all three of the credit bureaus. This can be done by accessing www.annualcreditreport.com.

About a month ago the Aberdeen American News republished an article "Popular myths about credit scores" written by Eileen Ambrose and original published in the Baltimore Sun. In her article she discusses several myths about credit scores. Following is a summary of her article.

Myth: You must carry a credit card to have a good score. To generate a FICO score, you must have at least one account older than six months that appears on your credit report and you must have had some activity in that account within the past six months. It doesn't have to be a credit card. FICO looks at student loans, mortgages, auto loans and other consumer loans, too. Carrying balances on cards doesn't raise your score. Creditors ideally want to see that you pay your bills on time and in full each month. And maintaining a balance could damage your score if it's high in relation to your credit limit.

Myth: Closing cards improves a score. Canceling a credit card could lower your score by raising your "utilization rate," or how much debt you carry on plastic compared to your total credit limit. Your amount of debt, including the utilization rate, makes up 30 percent of your FICO score. The lower the utilization rate, the better. Aim to keep it under 10 percent, says John Ulzheimer, president of consumer education for Credit.com. Remember, that closed accounts stay on your credit report for years.

Myth: Shopping for loans lowers your score. When you're looking to get a loan for a major purchase the scoring system assumes you'll shop around for the best terms. So if multiple prospective lenders make inquiries into your credit report within a short period of time, the scoring system won't penalize you, Ulzheimer says.

Myth: A mortgage modification damages a score. Not necessarily. At the request of the Treasury Department, all three credit bureaus in November 2009 began offering a new code lenders can use to report that a customer is in the government's mortgage loan modification program. If the lender uses this new code, the FICO system will ignore the information and there's no negative impact on your score.

Myth: Employers use credit scores. Employers can't even get your score, Ulzheimer says. This misunderstanding may arise because consumers often think of "credit reports" and "credit scores" as interchangeable, but they are not the same thing. A credit report contains information reported by your creditors. Information in the report is used to develop a score that tries to predict the chances of you not paying the bills. Scores don't help an employer. Scores "are trying to predict credit risk and not employee performance," Ulzheimer says.

Myth: A credit score is everything. What's more important is that you make sure the information in your credit report is accurate, says Roslyn Whitehurst, a spokeswoman with Experian, a major credit bureau. Fixing errors on a report can help a score.

Myth: Paying on time guarantees a good score. Payment history makes up 35 percent - the largest portion - of the FICO score. "But 65 percent of the score has nothing to do with making payments on time," Ulzheimer says.

Myth: A Score must be perfect to get the best terms. FICO scores range from 300 to 850 and the higher the number the better. But FICO's online calculator shows you'll likely get the same terms whether your score is 760 or a perfect 850. Once scores drop into the 600s and low 700s, though, they can get starkly different loan terms even if their scores aren't that far apart.



QuickBooks

Small Business Development Center (SBDC) will be offering QuickBooks workshops. QuickBooks is a great way to collect your information AND have it readily available during the year to help you better manage your businesses. Whether you are just considering an accounting software package or are currently using QuickBooks, you will find 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, slots are filling up fast!

QuickBooks

DATE: Wednesday, Feb. 17, 2009

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

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

FEE: \$40 per person for one class; \$70 per
person for both classes. Late fees apply after
Feb. 8th

Register Now

Registration can be done by contacting the SBDC in Aberdeen at:

Email: kweaver@midco.net

Phone: (605) 626-2565



Giant Vision Competition

The State of South Dakota and the SD Chamber of Commerce & Industry are sponsoring the Governor's Giant Vision Business Awards 2010 Competition. Do you think that your business idea is good enough to win one of several cash prizes? Winners of the Giant Vision Competition are awarded: 1st \$20,000 / 2nd \$5,000 / 3rd \$4,000.

According to the website for the competition www.southdakotagiantvision.com the Giant Vision Competition, will give you the opportunity to develop your ideas, write a business plan and make a formal presentation. A panel of business experts will review all entries and select 12 qualifiers who will attend the final competition Tuesday, April 6, 2010 in Pierre. Qualifiers will give presentations and discuss their ideas with seasoned business and financial experts and other invitees.

Cash prizes are awarded through 5th place with the remaining qualifiers each receiving \$500 to assist with expenses for participating. Winners will be selected based upon; viability, potential competition, likelihood of success, market size and profitability. Judges will give heavier weighting to business proposals that have the potential to advance employment or the economic base in South Dakota. Focus of this program is on the plan or model and is not limited to technology ideas.

Competitors need to submit a written business plan that outlines the business idea, potential markets, production requirements (if any) and other standard items. All South Dakotans, including innovative individuals in the workplace with ideas for their own business are encouraged to apply. The competition is open to entrepreneurs with new ideas that believe they would benefit from the review and analysis process of the competition. Existing companies may only have been in business three years or less AND annual revenue not to exceed \$250,000.

There is a separate competition for college/university/technical school students.



Money Management

Getting started is the hardest part, but you can get what you want out of life. It doesn't matter if you are supporting yourself for the first time, a family for years, or a business. You can learn good money management skills!

Money management skills are important for everyone. They assist you in; providing for yourself, family or business, planning for the future, reaching your goals, and general overall make you just feel good. Regardless, a thriving business without good money management will not stay successful.

Starting is the hardest part. Where does one start? Learning to manage money is mostly about; deciding what to do with your money and making a plan and sticking to it.

To get started, get everyone involved. If you have a spouse or business partner, plan the finances together. As always, it is easier to obtain your goals if you agree upon what they are. It also helps out one, the other of both if you're not good at handling expenses.

With couples, sometimes it is beneficial to set up separate accounts, so each can account for their own expenses, savings, and goals. Agree ahead of time on what expenses are to be paid jointly and by each individual. However, be prepared for unexpected expenses and be open about resolving them.

Some of the most common mistakes in money management are; not having a spending plan (budget), not saving money (start with a \$1), and borrowing too much money (credit cards are borrowing).

Setting goals is an important step in money management. By setting goals you have a clear direction for making your spending plan or budget. Goals can be anything from paying off a certain debt or all debts to saving funds for an emergency fund, retirement, or a certain item.

Once you have your goals you need to prioritize them and plan on how to reach them. Dividing your goals into short-term goals (within 1 year) and medium-term goals (1 to 3-5 years) and then long-term goals (greater than 3-5 years) will be beneficial in this process. Now that they are prioritized, budget accordingly.

Don't get discouraged, as you're budgeting and look at the costs over the long-term. As you add up the payments, to debt and yourself, you may realize that this is more than you can afford in a month. But realize that you've taken the first step towards getting what you want. Lower and adjust your amounts and goals accordingly until you get a budget that works. Longer is better than never so don't give up on your dreams.

Remember to adjust your plan/budget and be flexible as costs and savings change over time and unexpected expenses and windfalls (don't count on them) happen.



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