

CORNHUSKER ECONOMICS

UNIVERSITY OF
Nebraska
Lincoln

May 27, 2009

University of Nebraska–Lincoln Extension

Institute of Agriculture & Natural Resources
Department of Agricultural Economics
<http://www.agecon.unl.edu/Cornhuskereconomics.html>

Evaluating the EDGE: What are the Impacts?

Market Report	Yr Ago	4 Wks Ago	5/22/09
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight.....	\$94.00	\$89.45	\$85.35
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb.	118.11	116.51	120.97
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb.	111.26	99.48	99.81
Choice Boxed Beef, 600-750 lb. Carcass.	156.32	152.83	147.03
Western Corn Belt Base Hog Price Carcass, Negotiated.	75.72	60.63	56.83
Feeder Pigs, National Direct 50 lbs, FOB.	41.53	66.95	*
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean.	80.90	59.51	59.70
Slaughter Lambs, Ch. & Pr., Heavy, Wooled, South Dakota, Direct.	102.50	93.50	*
National Carcass Lamb Cutout, FOB.	255.46	248.09	249.32
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu.	7.45	4.89	5.80
Corn, No. 2, Yellow Omaha, bu.	5.61	3.66	4.13
Soybeans, No. 1, Yellow Omaha, bu.	12.87	9.86	11.71
Grain Sorghum, No. 2, Yellow Dorchester, cwt.	9.52	5.43	6.52
Oats, No. 2, Heavy Minneapolis, MN, bu.	3.96	2.01	2.49
<u>Feed</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton.	*	190.00	*
Alfalfa, Large Rounds, Good Platte Valley, ton.	77.50	77.50	*
Grass Hay, Large Rounds, Premium Nebraska, ton.	*	85.00	*
Dried Distillers Grains, 10% Moisture, Nebraska Average.	173.50	132.00	147.50
Wet Distillers Grains, 65-70% Moisture, Nebraska Average.	62.50	48.50	50.87
*No Market			

In 2008, the Center for Applied Rural Innovation conducted a comprehensive five-year evaluative study of the NebraskaEDGE program. Two different surveys were sent to former NebraskaEDGE training participants who were enrolled in the EDGE training courses between the Fall of 2002 and Spring of 2007. The objective of the surveys were to: 1) measure changes in participant knowledge and skills as a result of the entrepreneurial training class, and 2) better learn how participants applied their new skills to their businesses and what those impacts were on the businesses.

The self-administered Participant Survey was mailed in June of 2008 to 794 past EDGE participants. The 12-page survey included questions pertaining to current business status, changes in skill development and knowledge, community involvement, course evaluation and preference for future training. A 37.5 percent response rate was achieved.

A second, self-administered survey was mailed to 453 individuals who represented the business entities that participated in the class. Individuals must have completed the EDGE training course by attending the majority of course sessions or completed a business plan. Only one person per an enrolled business was asked to complete the survey. The 14-page survey included questions pertaining to changes in business management and marketing practices, measurements of business growth and use of local services. A 40 percent response rate was achieved. The results of the two surveys are highlighted below.

Business Skills Increase

One objective of the EDGE training course is to help the business owner develop business management skills. Respondents (N=298) to the *Participant Survey* indicated that they gained practical business management skills while taking the EDGE course, and used these skills in their business management and planning activities:



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- 75 percent of respondents said they developed goals and objectives for the business.
- 67 percent analyze and target customers.
- 65 percent assess their local and regional business climate.
- 63 percent calculate breakeven for their products and services.
- 58 percent adjust their pricing structure.
- 56 percent prepare projections and budgets.
- 55 percent prepare and manage their cash flow.

Business Plan Completions

Besides developing business skills, many participants used their knowledge to develop and complete a business plan specifically for their business. Respondents to the *Participant Survey* indicated that 71 percent of the 298 had completed the business plan for their business. Another 15 percent indicated that their business plans were still in progress at the time of the survey. Completion of a business plan can be an indicator of business success. Of the individuals that were still in business at the time of the survey, 88 percent stated that they had completed their business plan.

Community Interaction Increases

The **EDGE** program helps business owners understand the importance of community to their business success. *Participant Survey* respondents indicated changes in their level of participation in community networks and professional relationships. Fifty-eight percent of the respondents increased their interaction with other local business owners, and 48 percent increased their support to other business owners. Participants whose businesses were in operation during the time of the survey were more likely than participants with businesses not in operation to have increased:

- Interaction with business owners (63% compared to 48%).
- Involvement in local business organizations (40% compared to 22%).
- Involvement in community organizations (46% compared to 27%).
- Involvement in community development activities (42% compared to 21%).
- Financial contributions to community projects (37% compared to 20%).

Participants Experience Business Growth

Participant Survey respondents showed that 34 percent of the individuals that had a business idea at the time of enrollment, and 23 percent of the start-up businesses (less than one year), indicated they established, acquired or purchased a business since **EDGE**. Likewise, 35 percent of all the respondents indicated they expanded their businesses. Over one-half (54%) of the existing

businesses and 46 percent of the start-up businesses, expanded their businesses since participating in **EDGE**.

Besides helping businesses start and expand, helping businesses survive is another objective of the **EDGE** program. One indicator of business survival is the number reporting income to the Internal Revenue Service. *Business Survey* respondents (N=120) indicated that prior to **EDGE**, 75.5 percent of these businesses had reported income to the IRS, as compared to 90 percent today of businesses now reporting income. Business growth is also evident by the increase in business employment. Average full-time employment increased by 1.14 full-time employees; average part-time employees increased by 1.0; and average seasonal employees increased by .45.

In comparing total sales from 2006 to 2007, 63 percent of the *Business Survey* respondents reported an increase in sales, with an average increase of \$221,371. Twenty-three percent of respondents reported sales to be at the same level. Of the 43 businesses that reported a net profit in 2007, 58 percent attributed their participation in **EDGE** as contributing 25 percent towards their net profit. Another 25 percent of the respondents attributed their participation in **EDGE** as providing 50 percent or more of a contribution to their net profit.

Participants Change Business Financing

Business financing structures changed from prior to **EDGE**, to the time of the survey. *Business Survey* respondents who were existing business owners increased their use of business equity from eight to 21 percent; increased use of commercial loans from a bank or financial institution from 41 to 54 percent; and decreased their reliance on credit cards from 51 to 44 percent. Twenty-seven percent, or 31 of the *Business Survey* respondents reported using their business plan to obtain commercial financing. Of this amount, 75 percent obtained their loan from a commercial bank, savings bank, savings and loan association or credit union. Fourteen percent had a personal or home equity bank loan, and 14 percent have a Small Business Administration (SBA) guaranteed loan. Fifty percent of the respondents had loan amounts of \$65,000 or less. Twenty-seven percent had loan amounts of \$35,000 or less, and 27 percent had loan amounts of \$200,000 or more.

Business Growth Impacts Livelihood

Prior to the **EDGE** program, 40 percent of the *Participant Survey* respondents said the business was their primary source of personal income. At the time of the survey, 47 percent said the business was now their primary source of personal income. Fifty-one percent of the *Participant Survey* respondents felt their business has provided them with a higher standard of living since they took the **EDGE** course. Start-ups (62%), and existing businesses (52%), were more likely than those with a business idea (31%), to say that their business provided

them with a higher standard of living since they took the **EDGE** course. Comments from survey respondents also indicate what had the greatest impact on their business:

- Our business closed in March of 2007--much of what I learned in the **EDGE** class may have saved us, had I taken the class before I purchased and attempted to run the business.
- I believe this course helped me from making a costly mistake.
- Introduction to business forecasting. Helps to understand impact of sales on everything.
- Writing of a business plan made us think through many of our operations and get policies in place.
- A realization of the risk involved in starting a business – that success is not a given.
- This program has definitely made a measurable impact on my business. I now attribute my future success to the knowledge and network(s) created by my graduating from this program. Thank you!!!

To view the entire report or to discover more about the Nebraska**EDGE** Program, contact us on the web at <http://nebraskaedge.unl.edu> or contact us at 800-328-2851 or (402) 472-4138.

The Nebraska**EDGE** (Enhancing, Developing and Growing Entrepreneurs) Program is the umbrella organization for entrepreneurial training programs hosted by community organizations and associations. Since 1993, the Nebraska**EDGE** has assisted more than 2,500 individuals from 328 different Nebraska communities. **EDGE** works with communities to host entrepreneurial training courses for new and existing business owners. The results of the program are due to the combined efforts of many community organizations, private business owners, volunteers and the University of Nebraska.

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