



The EDACENTER

at the University of Minnesota Crookston

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Events of Interest:

August 16

- The Logistics & Law of Importing into the United States workshop will be hosted by the South Dakota International Trade Center from 8:30 AM to 4:30 PM. This workshop can be attended in person at the University Center in Sioux Falls, SD or viewed as a webinar. Registration is \$225 for in person, or \$185 to view online. To register, please go to <http://z.umn.edu/17d4>.

August 25

- EDAM Summer Networking Event will be held at the Day Block Brewing Co. in Minneapolis from 3:30 to 6:30 PM. The cost is \$30 per person and registration is available until 8/25/2016. For more information and to register, please go to <http://z.umn.edu/17d2>.

September 15

- EDAM will host an "All Things Stadium" event from 11:30 to 1:00 PM at the new U.S. Bank Stadium in Minneapolis. Cost is \$40 per person with registration available until 9/15/2016. For more information and to register, please go to <http://z.umn.edu/17d3>.

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Letter From EDA Center Director, Kent Olson

Dear Colleagues,

This summer has been an active period for Center supported researchers. Two of these studies are included in this newsletter:

- A summary of the initial report from an EDA Center supported study of the "Silver Tsunami," that is, the coming retirement of baby boomers who own businesses in rural Minnesota and the resulting transition of the ownership of their businesses. The summary includes the existing literature, a summary of initial results from a survey of successful transitions, and potential ways that communities could help new buyers have a successful transition.
- A summary of another EDA Center supported study of the best practices in corporate HR recruiting websites. The summary includes statistics on how job seekers and employers use the internet and the 7 C's of website design.

Other research will be included as they are finished in the next few months. One intriguing EDA Center supported study

Tell us About News in Your Area

The EDA Center would like to collect information from the different regions in Greater Minnesota in an effort to highlight notable projects and events across the state. If you have any projects or events you

looks at the demand for housing by workers and estimates they would be willing to pay. That's a teaser for what we'll see written up soon.

With the help of the advisory committee, Joyce Hoelting, Eddie Walker, Donna Larson, Barbara Keinath, and I submitted our request for funding the Center for another 5 years (starting October 1, 2016). We'll keep you posted on the news. We expect to hear in early September.

As always, please stay tuned and in touch with what we learn in our Center sponsored projects and research. And call me at 612-625-7723 or email me at kdolson@umn.edu if you have additional questions you would like the Center to explore.

Cordially,
Kent Olson
EDA Center Director

The Silver Tsunami & Rural Small Business Transition: What Can Communities Do?

by Elizabeth Templin, Dr. Scott Chazdon, Felipe Barroso, Glenn Muske, Lilian Osborne, Dr. William Craig, and Dr. David Procter, U of M Extension Center for Community Vitality.

would like highlighted in future newsletters, please submit them to walke810@umn.edu prior to the 15th of August.

Introduction

Small businesses are the lifeblood of rural communities. They contribute to local governments' fiscal health and are responsible for 64% of net new private-sector jobs

throughout the country (Small Business Administration, 2012). However, the U.S Census Bureau estimated in 2012 that approximately 67% of current small business owners were born before 1967 (United States Census Bureau, 2012), leading to a “silver tsunami” (Schumpeter blog, 2010) of Baby Boomer business owners approaching retirement age.

Each business in rural communities affects a larger percentage of economic output and tax base than urban locations. The health of the small businesses is of utmost importance to the region, since commercial industrial property (including seasonal resorts) provided a median of 21% of the tax base of rural Minnesota cities under 7,500 population in 2015 (Minnesota Department of Revenue, 2015).

While a considerable amount of scholarly research has focused on the barriers to successful business succession, most authors have engaged the topic only at the firm-level, leaving aside the community-level aspects that are relevant for stakeholders who want to facilitate business succession in their communities. This article supplements existing firm-level research with survey findings from successful small business buyers in rural communities, key informant interview findings from subject matter experts in the community development field, and community-level facilitators of small business succession efforts. The objectives of this article are threefold: 1) to synthesize existing knowledge about small business succession; 2) to supplement existing knowledge with a clearer understanding of the challenges of rural small business succession from the perspective of the buyers; and 3) to highlight feasible ways communities can support small business succession.

Existing Literature

The academic literature on the practices of business owners and buyers co-

vers topics of leadership development, knowledge retention (Durst & Wilhelm, 2012), business innovation (Grundstrom, Oberg, & Ronnback, 2012), and transfer of social capital to new owners (Steier, 2001). Ips and Jacobs (2006) reviewed over 500 publications on small business succession planning and categorized the central themes into four categories:

- *family and organizational issues* involved with the transfer of leadership of a business to successors that are either family members or outside buyers;
- *legal, finance, and tax issues* concerning the formal aspects of the transfer of ownership;
- *other barriers to succession planning* that may prevent business owners from planning the ownership transfer of their businesses; and
- *practical approaches to business succession planning* highlighting existing strategies to carry out business succession planning.

Methods

This study adopted three approaches to investigate how rural communities can support small business succession: new business owner survey, new business owner interviews and community facilitator interviews. Based on the advice of the study advisory group, rural was defined as Minnesota cities with populations under 7,500 that are not located adjacent to regional centers. The distribution of the industries in the 118 businesses surveyed are included in Table 1 on the opposite page.

Conclusions and Implications

Upon reflection across our literature and practice review, business buyer surveys and interviews, and community facilitator interviews, several

themes emerge that can guide community development professionals in their efforts to manage the silver tsunami in rural small business succession. Related to each theme, we identify below key directives for community development professionals and other stakeholders in the small business succession process.

- ***It takes a village to transfer a business — all hands on deck.***
- ***Every community needs a champion to raise concern about business succession.***
- ***Businesses face barriers to doing succession planning.***
- ***Successful business transfers create business expansion. Of the 118 businesses surveyed, 41% increased employment, 58% increased their customer base, and 68% increased sales volume.***
- ***Buyers rely on the local banker, the local accountant, and the experienced mentor.***
- ***Some external forces may be preventing “new blood” from buying rural businesses.***
- ***Existing economic development institutions are not (currently) widely used to support transition processes.***
- ***Business succession goes beyond transfer of ownership. There also needs to be a transfer of relationships, knowledge and management capacity to new owners.***

This study highlighted the need for more research on the community role in small business transitions including:

- A. Business transition of rural banks. The advisory committee noted the number of rural banks owned by baby boomers who may not have a succession plan. Locally owned

banks may have more commitment to finding financing alternatives for community small businesses than regional or national chains.

B. Alternative forms of financing. Alternative financing options for rural businesses may be needed for small businesses. New alternatives, such as Kickstarter, are emerging. Identifying funding alternatives that have successfully been used in rural communities

would provide examples for other communities to explore.

C. Identifying barriers economic development professionals face in doing business succession work. A barrier could be the reward system where career advancement is based on recruiting new business to a community. For rural communities, retaining existing businesses can be critical, so examining the incentives for staff needs to be recognized.

Table 1: Surveyed businesses by NAICS Codes of Businesses

NAICS	Percent	NAICS Description
<u>23</u>	<u>4%</u>	Construction
	<u>3%</u>	Manufacturing
<u>42</u>	<u>2%</u>	Wholesale Trade
<u>44-45</u>	<u>29%</u>	Retail Trade
<u>48-49</u>	<u>3%</u>	Transportation and Warehousing
<u>51</u>	<u>1%</u>	Information
<u>52</u>	<u>2%</u>	Finance and Insurance
<u>53</u>	<u>4%</u>	Real Estate and Rental and Leasing
<u>54</u>	<u>4%</u>	Professional, Scientific, and Technical Services
<u>56</u>	<u>0%</u>	Administrative and Support and Waste Management and Remediation Services
<u>71</u>	<u>2%</u>	Arts, entertainment and recreation
<u>72</u>	<u>29%</u>	Accommodation and Food Services

Best Practices in Corporate HR Recruiting Websites

By Rachel Lundbohm and Courtney Bergman, University of Minnesota Crookston.

The Internet has profoundly changed the way small businesses and corporations recruit employees. Today, many companies post job vacancies within a careers page on their corporate website; however these websites are not always effective at recruiting employees or creating a favorable image in the minds of potential applicants. This paper outlines best practices for creating high quality websites/pages within a corporate website for recruiting potential employees. This

paper also applies the 7 C's of website design to HR recruiting websites, and provides a model and checklist that can be used by HR professionals when creating careers webpages.

Online HR Recruiting

Technology, specifically the Internet, is having a profound effect on human resource (HR) management processes, and has helped modify a number of HR processes including human resource planning, recruitment, selection, performance management, work flow, training and compensation. In fact, most large

organizations utilize some form of web-based recruiting in order to reduce administrative costs (Stone & Dulebohn, 2013). Over 4 million US job seekers use the Internet to search for a job on any given day (Pew Internet Surveys, 2002). The number of companies using the Internet to recruit employees has dramatically risen since the advent of the Internet. Of Fortune 500 companies, 94% use their websites for recruitment purposes, (Greenspan, 2003), up from just 29% who used this channel in 1998 (Tepe, 2011). Utilizing a company's website to promote employment opportunities saves time

and significantly decreases the hiring cycle. In fact, using these sites to promote jobs and collect online applications has allowed companies to reduce their typical hiring cycle of 43 days to just 32 days (Cappelli, 2001).

Search Engine Optimization

Search engine optimization (SEO) is the strategic process of developing a plan to improve visibility of a website on one or more search engines (Search Engine Optimization, 2015). Around 65% of recruitment website traffic comes through search engines so it's important to make sure career/job webpages of company's can be indexed, or found, by search engines (Gibbs, 2016). Web page rankings consist of the position or rank that a website or webpage shows up on a search engine result page. These rankings are mainly determined by: 1) whether or not keywords (the words searchers use on a search engine to find what they are looking for) are used in the Universal Resource Locator (URL), 2) the frequency and font size (bolded, use of headings, etc.) of those keywords on a web page, 3) the keywords in the link anchor text (pieces of text containing a link), 4) alternative text for images (text associated with images on a page) 5) the meta-tags,

or the keywords in titles and descriptions on the page (Cai, Feng, & Breiter, 2004), and 6) the number of inbound and outbound links on the website/page.

6 C's of e-recruiting websites

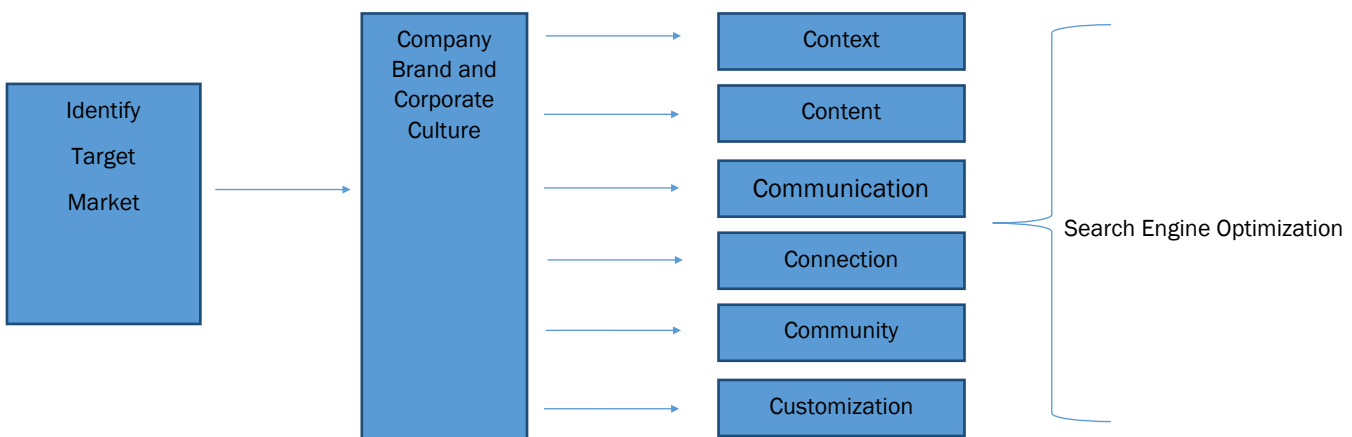
Based on this literature review, the following model has been developed to assist HR professionals in the development of e-recruitment websites. HR professionals must first consider their target market, which includes considering the types of jobs being promoted, the level of the jobs being promoted on the company website (i.e. laborer vs. executive), and the skills sets required of individuals filling vacancies. The corporate brand must also be considered when designing e-recruitment websites including the colors, logos, fonts, images, etc. that are outlined by the corporations branding guidelines. Next, 6 of the 7 C's of website design should be considered including the context, content, communication, connection, customization and community aspects of the website/page. Lastly, the e-recruiting website/page should be optimized so it obtains a high ranking/position on search engine results pages. Each of the 6 C's has specific tasks associated with it that HR recruiters can use to maximize

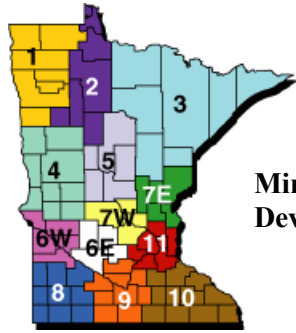
their effectiveness recruiting from their websites (see Figure 1 for optimal model).

Conclusion

HR recruiters are utilizing a variety of tactics on their websites in order to attract talent to the company. HR recruiters must first consider their target market when designing recruitment websites, then must employ corporate branding guidelines (i.e. colors, fonts, logos, etc) into the design of the page. Once these two steps are achieved, the website should employ 6 of the 7 C's of website design including context, content, communication, connection, community and customization, then optimize the webpages so they show up on search engine result pages (i.e. Google). Employing these steps will help to ensure that potential applicants are able to find job postings when searching the internet, are attracted to working at the organization, and are inclined to apply for a specific job posting.

Figure 1: Online HR Recruiting Model





Minnesota Economic Development Regions

Jobs data below comes from U.S. Bureau of Labor Statistics (www.bls.gov) and DEED (<http://mn.gov/deed/>).

2015-2016 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Jun 2015	4.8%	5.4%	5.6%	3.6%	4.8%	4.0%	4.9%	4.7%	3.9%	3.6%	3.9%	3.6%	3.7%
Jul 2015	4.4%	5.2%	5.4%	3.4%	4.7%	3.8%	4.8%	4.5%	3.7%	3.3%	3.8%	3.6%	3.6%
Aug 2015	4.0%	4.7%	4.8%	3.0%	4.3%	3.3%	3.9%	4.1%	3.4%	2.9%	3.3%	3.2%	3.3%
Sept 2015	3.2%	4.3%	4.6%	2.8%	3.9%	3.0%	3.2%	3.8%	3.1%	2.9%	3.0%	2.8%	3.1%
Oct 2015	2.9%	4.2%	4.6%	2.5%	3.8%	2.8%	3.7%	3.5%	2.9%	2.7%	2.8%	2.6%	2.9%
Nov 2015	3.5%	4.9%	5.3%	2.8%	4.9%	3%	3.2%	3.9%	3%	2.6%	2.7%	2.5%	2.7%
Dec 2015	5.5%	6.3%	6.2%	3.9%	6.3%	4.1%	4.6%	5.3%	3.8%	3.9%	3.6%	3.1%	2.9%
Jan 16	6.9%	7.4%	7.4%	5.2%	7.7%	5.5%	6.8%	6.9%	4.9%	4.9%	3.6%	4.1%	3.7%
Feb 16	6.6%	7.2%	7.2%	5.1%	7.5%	5.4%	6.1%	6.8%	4.8%	4.9%	4.6%	4.1%	3.6%
Mar 16	7.3%	7.8%	7.8%	5.1%	7.8%	5.5%	5.9%	7%	4.9%	4.8%	4.7%	4.1%	3.7%
Apr 2016	6%	6.5%	6.9%	3.7%	5.7%	4.2%	4.4%	5.4%	3.8%	3.7%	3.8%	3.2%	3.2%
May 2016	4.1%	5.1%	5.6%	3%	4.3%	3.7%	3.7%	4.1%	3.3%	3.4%	3.3%	2.9%	3%
Jun 2016	4.9%	5.7%	6.2%	3.7%	4.8%	4.3%	4.3%	4.6%	3.8%	4.2%	4%	3.6%	3.7%



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The EDA Center at the University of Minnesota Crookston is one of more than 40 university centers nationwide, supported by the Economic Development Administration, U.S. Department of Commerce.

We conduct applied research, provide direct technical assistance and deliver educational programs development agencies that support the economy of economically-distressed rural communities throughout Minnesota.

EDA Center Staff:

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