You Can’t Do It All - Learning To Delegate

www.sba.gov/managing/growth/delegate.htm

The U.S. Small Business Administration provides a wide variety of business related information and training on its website at www.sba.gov. Here is a selection from the Management Section. Visit the SBA website often to stay abreast of new thinking in the economic world.

There is not a single management skill more critical to your personal and professional success as an entrepreneur than learning to delegate. There is much more to delegating than meets the eye. It does not mean to simply hand out assignments. It is a science and an exercise in understanding one’s self.

Some of us have been lucky enough to find our strengths and at the same time recognize areas traditionally referred to as weaknesses. It takes mammoth strength to let go and say “OK this is not my area of expertise and here is where I need help. This is how I will get this help.” Often, there are things we wish we were good at but somehow cannot seem to grasp (not for lack of intellectual ability, but for lack of experience/exposure). We must learn to accept this fact.

In this fast paced world we live in, we must choose what it is we wish to conquer and what we need to let go of. An artful business person learns what she does best and does that to the best of her ability. She lives it, breathes it, and sleeps it. It is a passion. The rest can be left to someone else.

Unfortunately, that someone else does not just appear from thin air. Networking or “relationship building” as it is referred to ‘90’s style, is the initial key component of delegating.

You need to determine how your time would best be spent. For example, as a fundraiser, I know that in a given month, I can raise $X with uninterrupted, focused time. At the same time, I also want to publish a newsletter and send it out to my budding clientele. I have no experience creating a newsletter. While all of the software is at my fingertips, the question is do I really have time to learn it? I ask myself: “Should I learn the newsletter software and design my own newsletter or should I spend $X and hire a designer who already knows the software and just supply the content?” Better yet, I could ask a local graphic designer to barter their services. But how do I find the local skilled person to barter with? You can find this person through networking and relationship building.

The key is to determine what you need to know, want to know, must know, and already know. Keep lists with these headings to remind you of these things. It is a great feeling to cross things off your list.

Becoming an Expert

Jack of all trades, master of none. The old adage holds a lot of weight in today’s entrepreneurial environment. No one can possibly run a small business alone. I know this because I have tried. Know what you do and do it the best you can.

I recently started a small business. I could never have gotten it off the ground without the help of a CPA, lawyer, graphic designer, and administrative assistant. My expertise lies in the areas of people skills, marketing, and fund raising. I realized from the start that if I attempted to do anything but those things to my business, the term success of the business was doomed. I set out immediately to find the experts I needed.

It is important to surround yourself with competent individuals who have complimentary areas of expertise. Choose carefully and wisely and be ready to compensate these individuals for a job well done. In some cases, I was able to defer payment until the business took off. In other cases, I made long-term promises such as potential employment if and when the business was viable. When I was really lucky, I bartered. In fact, in most cases I bartered.

Payment need not always come in the form of dollars. Remember your area of expertise and be ready to trade it for what you need.

When bartering you need to follow a few simple rules: Be nice and respectful, send thank you notes, and recognize those individuals who have helped you both publicly and privately. In doing so, you will gain respect and be known as someone who gets the job done.

When you are an expert, people will come to you in need of your talent. Be prepared to use it. Be proud of your skill and share it.

The Power of Delegating

It is quite liberating once you really do let go and put your trust in other people. The key here is to identify good people, enlist them in your cause or business, give them the ball, and then allow them to run with it. Only you will determine if the ball gets dropped. You must manage and oversee the game on a consistent basis. You must give the right ball to the right player.

For example, you would not hire a person with an associate’s degree in accounting to do the job of a CPA. Likewise, a CPA needs certain facts to achieve the task of budgeting and forecasting cash flow for your business. You need to supply him with the necessary information to get the job done. You must understand the process and know what you need the outcome to be. You must also communicate these objectives clearly and monitor the progress. Set meeting times for updates and a timeline for completion. Review the process and progress frequently. The same applies to the newsletter example mentioned above. As with everything, there are risks associated with delegating.

Do not over-delegate

Excessive delegating can lead to disaster. Over-burdening others and excessively monitoring others progress are habits of an excessive delegator. A complete hands off approach will not do, either. Not being a CPA is no excuse for not understanding the budget of your company. You must understand how the budget works and why and be accountable for it. You must also be able to communicate this information to your board of directors, shareholders, creditors, and depending on your business, even your customers. Most important, you must understand how the critical pieces of your business fit together to form the whole so you can make sound and effective business decisions. Should you not understand these processes, you run the risk of losing control. Losing control has a domino effect. When the quality of goods and services becomes compromised, customer satisfaction quickly falls.

One last note:

It is nice to want to do all the work yourself. For one thing, on the surface, it appears that it will save you money. However, time is also money and your time is valuable. If you can not pay cash, try to negotiate a fee or a share of future profits ... or my own personal favorite, barter. Just do not try to do it all alone!  

February 2005

Black Business News

The Official Business Journal of the Black Business Association

YOUR LINK TO BLACK BUSINESS ENTERPRISE IN SOUTHERN CALIFORNIA

$2.50
Assume that you have a small business that has been opened for several years, or you plan to open a new business in the near future. You anticipate that you will need some money to help operate or to start-up your business. You might not need it now; perhaps some time in the near future. What can you do to prepare yourself for the lending process? Here are some key points that a banker will generally focus on with respect to evaluating your project to determine whether or not he/she will lend you the money.

### Business Plan

The business plan is a road map that should help your enterprise navigate through economic uncertainty and reach critical milestones that eventually will lead to the attainment of business goals and success. This success is usually reflected in a certain level of profitability and positive cash flow from operations. Your business plan should be viable in the near future. What can you do to prepare yourself for the lending process? Here are some key points to consider in planning for your SBA Loan.

### A Few Things to Consider in Planning for Your SBA Loan

Good Character / Management

These two elements often go hand-in-hand. Your SBA loan will most likely be repaid to the bank. Good Character means that the prospective borrower has behaved responsibly in the past. This is reflected in his credit report by virtue of a strong FICO score. In effect, the individual has consistently paid as he agreed to when he originally incurred the debt. The banker can find some comfort in the fact that patterns of positive behavior related to consumer credit will most likely be repeated on the business side. Thus the SBA loan will most likely be repaid to the bank. Recognition of fiduciary responsibilities on the part of the entrepreneur is also a sound attribute of a strong business manager.

Good management also connotes that the business team possesses the technical know-how to successfully run the business that seeks the loan. The profiles of the team members should be shown in the “Management” section of the plan. If the object of the funding is to open a French restaurant and your chef is a Cordon Bleu graduate, spell this out in the plan. It adds credibility to your project. In short the bank wants to know that you have the horse power to achieve what you claim in the plan. If you do attain what was presented, then the goals will be reached and the bank will be repaid.

If you have several derogatory items on your credit report address them before you meet with a banker. Find out as much as possible about your credit profile well in advance of when you enter the capital access process. This will give you ample time to remedy some or all of your credit blemishes. If your deal is going to be a partnership, each prospective partner should undergo the same credit work-up and this should include contacting one or more of the various credit agencies and requesting copies of their reports. As for the derogatory credit items, there are entities that specialize in credit repair and are available to help, either pro bono or for a modest fee. The SBDC staff can offer assistance in contacting these credit agencies or in locating a credit repair facilitator.

### Equity / Investment

The bank will not assume all the risk for your deal. You will have to inject a certain amount of investment, usually a percent of the total value of the project. Start-up entrepreneurs will most likely have to put in a third of the total equity. For example, if the total funds needed for the project are $100,000, then the borrower will inject cash of $33,000 and the remaining $67,000 will be provided by the bank via the proceeds of an SBA loan. This injection by the borrower is normally in the form of cash and an account in a financial institution should be opened and funded accordingly. In this way the prospective banker can look at the latest monthly balance and easily see that the borrower has the injection already accounted for and set aside.

### Collateral

With respect to SBA loans, the bank has a fiduciary responsibility to its stakeholders to insure that the loan is fully collateralized in the event that something goes wrong with the business. Assume a loan of $50,000 to purchase new equipment for a bakery to operate more efficiently. Under normal circumstances a lien on $50,000 worth of equipment should be adequate collateral for a $50,000 loan. However, in a crisis situation in a poor economic climate, the liquidation of this same equipment might bring only a small portion of the purchased value – say 20 cents on the dollar. Thus, the bank, at the point of approving the loan, will seek additional assets of the borrower in an attempt to maximize collateral coverage. Accordingly, the borrower will be asked to pledge his home or condo in order to mitigate the bank’s risk and allow the bank to fund the loan. If an individual does not own any real estate, the bank can still make the loan, provided that the remaining elements of the deal are strong and meet or exceed various lending criteria.

### Repayment Ability

SBA loans are to be repaid from the proceeds of the business. When this fact is confirmed by an analysis of the financial statements that are an integral part of a loan package, it is said that the project “cash flows”. In effect, the business will be able to generate a large enough revenue base to cover all fixed and variable expenses and to have ample profit left over to easily pay back the loan.

### Other

There are other elements of a loan that the bank will require or the loan officer will touch on during the loan process. Some of these you might already have in your personal files and you will need only assemble and make copies for the loan package. When you decide to enter the loan process, please keep in mind that the speed of the processing often depends on how fast the borrower supplies the necessary information to the bank. Never assume that the bank will continue processing the loan when you have failed to provide requested information. Some lenders prefer to wait until the package is complete before commencing with their review and analysis.

To find out more about financing or how you can actually access the SBA loan program, please call one of the following Economic Development Specialists at the SBA Los Angeles District Office: Sandra Buck 818-552-3308, Barbara Madel 818-552-3314, Mary Guerrero 818-552-3257, Natalie Orta 818-552-3291, Carina Lozano 818-552-3209 or visit www.sba.gov.
SBA Loans Put Wind in Popeye’s Sails

When Mr. Ed Rice, a member of the Black Business Association, was approached to comment on his business success, he humbly replied, “what success” and mused further, “It’s hard work and ever-present”, intimating that success in entrepreneurship comes from the complete dedication of oneself to the enterprise in question. You better believe that Ed Rice is committed to his Popeye’s stores. No matter what time one visits the operations for a Cajun Cuisine Catch-up, he or she will most likely encounter Ed Rice involved in any one of the myriad management details, or even pitching in to serve the customers or to staff the cash register.

A demanding but fair manager, Ed has made it his policy to staff his enterprise with the best and most well rounded students from the neighboring high schools. His interview process involves a review of the individual job seeker’s report card with special stress placed on attendance record, comments from teachers, and grades. Mr. Rice feels that, if the student is a responsible team player and is respectful at school, he will undoubtedly treat Ed’s customers in a manner worthy of their patronage.

Ed Rice is a true inner city entrepreneur. At age 19, having just graduated from Fremont High School, he started his own real estate office, and successfully ran it for 10 years. In 1985 Ed opened his first Popeye’s franchise, the 1653 E. 103rd Street store, using a 7(a) SBA guaranteed loan underwritten by American Pacific State Bank, an institution which was subsequently merged into City National Bank. As one would expect from a borrower as responsible as Mr. Rice, the loan was repaid in advance of when required. The 18 jobs created are a living tribute to Mr. Rice’s business acumen and vision.

Unfortunately, Ed’s Watts restaurant was damaged during the 1992 civil unrest; however, the structure was reconditioned via an SBA disaster loan used in conjunction with his business insurance. An interesting anecdote relating to this establishment centers on the fact that Popeye’s was the food of choice of the National Guard in 1992. In fact, Mr. Rice cooked for and fed those guardsmen assigned to keep peace in Watts right out of the 103rd Street store.

SBA Los Angeles District Director, Alberto Alvarado offered praise stating, “Ed Rice epitomizes the meaning of the word entrepreneur. Ed assumed tremendous risk, expecting the concomitant return on his investment in his first venture. His dedication and tenacity earned him the appropriate rewards.”

Employing the ingenuity referenced by Director Alvarado, and by using personal capital and CRA funds, Mr. Rice followed the traditional path taken by most entrepreneurs. He parlayed some of what he earned and everything he learned from his first success and opened another Popeye’s in the Crenshaw District. This second franchise, at 3268 West Slauson Avenue, is operated in the same fashion as the original site. The 14 employees, whose jobs were created through Ed Rice’s enterprising spirit, remain focused on excellent customer service, an integral part of the core competencies of Ed Rice’s company.

Ever the entrepreneur, Mr. Rice is in the planning stages to open another Popeye’s. Feasibility studies and site consideration are currently in process. Expectations are for the third operation to create 20 new jobs in the Central Los Angeles community. Ed Rice may, again, call upon SBA financing to help provide clear sailing for this new Popeye’s franchise.

For additional information on SBA Loan Programs and Services call the Los Angeles District Office at (818) 552-3210 or visit the SBA’s user friendly web site at www.sba.gov.

When Mr. Ed Rice, a member of the Black Business Association, was approached to comment on his business success, he humbly replied, “what success” and mused further, “It’s hard work and ever-present”, intimating that success in entrepreneurship comes from the complete dedication of oneself to the enterprise in question. You better believe that Ed Rice is committed to his Popeye’s stores. No matter what time one visits the operations for a Cajun Cuisine Catch-up, he or she will most likely encounter Ed Rice involved in any one of the myriad management details, or even pitching in to serve the customers or to staff the cash register.

A demanding but fair manager, Ed has made it his policy to staff his enterprise with the best and most well rounded students from the neighboring high schools. His interview process involves a review of the individual job seeker’s report card with special stress placed on attendance record, comments from teachers, and grades. Mr. Rice feels that, if the student is a responsible team player and is respectful at school, he will undoubtedly treat Ed’s customers in a manner worthy of their patronage.

Ed Rice is a true inner city entrepreneur. At age 19, having just graduated from Fremont High School, he started his own real estate office, and successfully ran it for 10 years. In 1985 Ed opened his first Popeye’s franchise, the 1653 E. 103rd Street store, using a 7(a) SBA guaranteed loan underwritten by American Pacific State Bank, an institution which was subsequently merged into City National Bank. As one would expect from a borrower as responsible as Mr. Rice, the loan was repaid in advance of when required. The 18 jobs created are a living tribute to Mr. Rice’s business acumen and vision.

Unfortunately, Ed’s Watts restaurant was damaged during the 1992 civil unrest; however, the structure was reconditioned via an SBA disaster loan used in conjunction with his business insurance. An interesting anecdote relating to this establishment centers on the fact that Popeye’s was the food of choice of the National Guard in 1992. In fact, Mr. Rice cooked for and fed those guardsmen assigned to keep peace in Watts right out of the 103rd Street store.

SBA Los Angeles District Director, Alberto Alvarado offered praise stating, “Ed Rice epitomizes the meaning of the word entrepreneur. Ed assumed tremendous risk, expecting the concomitant return on his investment in his first venture. His dedication and tenacity earned him the appropriate rewards.”

Employing the ingenuity referenced by Director Alvarado, and by using personal capital and CRA funds, Mr. Rice followed the traditional path taken by most entrepreneurs. He parlayed some of what he earned and everything he learned from his first success and opened another Popeye’s in the Crenshaw District. This second franchise, at 3268 West Slauson Avenue, is operated in the same fashion as the original site. The 14 employees, whose jobs were created through Ed Rice’s enterprising spirit, remain focused on excellent customer service, an integral part of the core competencies of Ed Rice’s company.

Ever the entrepreneur, Mr. Rice is in the planning stages to open another Popeye’s. Feasibility studies and site consideration are currently in process. Expectations are for the third operation to create 20 new jobs in the Central Los Angeles community. Ed Rice may, again, call upon SBA financing to help provide clear sailing for this new Popeye’s franchise.

For additional information on SBA Loan Programs and Services call the Los Angeles District Office at (818) 552-3210 or visit the SBA’s user friendly web site at www.sba.gov.
SBA Readys Women-Owned Small Business Contracting Program

The U.S. Small Business Administration has concluded its review of a recently issued report on a study it received from the independent National Academy of Sciences and will begin the necessary steps to implement the Women-Owned Small Business Contracting Program in a manner consistent with the recommendations contained within the study.

The first step in implementation is to prepare proposed regulations that would define the eligibility requirements for being considered a woman-owned small business, including requirements relating to ownership, control and economic disadvantage. The SBA will also request proposals for undertaking the industry-by-industry study, as recommended by the NAS, needed to determine those industries where women-owned small businesses are underrepresented and substantially underrepresented. The study is required by law.

The next step is to review the resulting study and implement the program in accordance with its findings.

"The SBA has been and continues to be committed to making sure that women-owned small businesses have all the possible opportunities to federal contracts," said Allegra McCullough, associate deputy administrator for Government Contracting and Business Development. "We are therefore moving ahead to see that the contracting program for women-owned small businesses is implemented in a manner that will withstand legal scrutiny."

This initiative is part of an overall effort by the SBA to increase contracting opportunities for women-owned small businesses. The latest figures available indicate that prime contracting dollars awarded to women-owned small businesses increased from $6.8 billion in FY 2002 to $8.3 billion in FY 2003, representing an increase of $1.5 billion in prime contracting dollars.

If subcontracting dollars are included, more than $14 billion in contracts were awarded to women-owned small businesses in FY 2003.

Other contracting initiatives at the SBA have shown positive results for women-owned small businesses. For example, in the Business Matchmaking Program, 50 percent of the contracts awarded have gone to women-owned small businesses and over 65 percent of the contracting dollars have gone to women. For more information visit www.sba.gov.

BBA Member Clarissa Howard is Small Business Person of the Year

The U.S. Small Business Administration (SBA) Los Angeles District Office selected Torrance headquartered bd Systems’ owner, Clarissa Howard as the Small Business Person of The Year. The Los Angeles SBA Office covers Los Angeles, Santa Barbara, and Ventura counties.

The Award was presented to Ms. Howard at the SBA’s 24th Annual Small Business Week Awards Luncheon held on Tuesday, May 17, 2005 at the Omni Los Angeles Hotel in downtown Los Angeles. The luncheon was presented by the SBA and the Los Angeles Area Chamber of Commerce.

Coincidentally, Ms. Howard’s company will also celebrate its 24th anniversary in October 2005.

The firm was originally founded in 1981 as a space systems engineering business with a staff of 3 to provide Support Engineering and Technical Assistance (SETA) for the military. Under her leadership bd Systems entered the SBA 8(a) Federal Procurement program and was so successful that when the company was nearing program completion it was practically non-reliant on 8(a) business, with 8(a) revenues comprising only 2% of the company’s total sales of $36 million. As a result of her prudent management, bd Systems was named as the SBA’s 2004 National 8(a) Graduate of the Year.

Today, bd Systems is the quintessential model of the super-successful woman- and minority owned enterprise, as reflected by a steady growing revenue base, very strong margins, and—talk about job creation— a payroll covering more than 340 professionals, approximately one half of which have earned Masters or Ph.D. degrees. The company operates from 20 locations in ten states throughout the United States.

“We are extremely proud of Clarissa Howard’s many accomplishments,” stated Los Angeles SBA District Director Alberto G. Alvarado. "Her commitment to effective and efficient service to the Federal Government sector, coupled with her unwavering dedication to fashion her firm into an ethical, socially responsible, and quality small business has paid dividends as reflected in bd Systems’ excellent financial condition and its ability to foster economic development, particularly through job creation. Clarissa Howard is a true winner!”
Q. How has the SBA formulated programs to help small business meet technology advancements?

A. Through planning and implementing focused strategies. In 2001 when I began as the Administrator of the SBA, we recorded 50,000 loans to small businesses. In 2004, we recorded greater than 110,000 small businesses receiving SBA loans.

We improved our efforts through strategies that work closer with small business owners. Our strategies now better serve to help small businesses gain access to capital, participate in training, and to receive real contract opportunities.

Now, more than 1/3 of all SBA loans go to small minority owned business enterprises. Since 2001, the SBA has doubled the number of loan guarantees from $10 billion to $20 billion. Likewise, we were training 1.5 million small business firms in technology and other areas, whereas, in 2004 we trained 2.5 million small businesses.

Our matchmaking program is producing huge results generating contracts for small businesses. We just conducted a successful matchmaking program in Alabama, and the next is set for September 15, 2005 in Milwaukee, WI. These huge programs have set-up more than 30,000 one-on-one appointments between small business, federal agencies and Fortune 500 companies. In Los Angeles, the SBA completed a national record of 4,000 matchmaking appointments at the May 2005 program.

Q. By the year 2020, California will be comprised of 70% minority group residents. For that reason, small minority businesses need more resources and better assistance from the SBA. How will you meet these needs effectively, while dealing with federal budget cutbacks?

A. The US Department of Commerce recognizes that minority business enterprises are the single fastest growing business segment in the economy. Furthermore, the SBA is pleased to note that African American businesses are the fastest growing minority business segment, representing a 45% growth rate. African American firms have grown from 850,000 to 1.2 million businesses during the past decade according to the 2002 census.

The SBA has a large challenge with acquiring approval of its annual budget. The annual budget process is a product of Congress that is due October 1st each year. Nonetheless, the SBA may not receive its final budget from the appropriations committee some three to four months after the due date. This places significant pressure to make strategic decisions on resources for any State funded activity.

Notwithstanding, the Los Angeles District Office is the SBA’s most productive district in the country. We have removed a large portion of its previous paperwork to help free managers to extend more hands-on resources to small businesses. Technology has made it possible to free up more SBA staff to make business site visits, coordinate matchmaking and the like.

Our executive push is broadening the training of SBA personnel to better prepare them for future responsibilities. This is how we have been able to double the loans and 7(a) business training. Through matchmaking, the SBA is pleased to report that the US Government buys more products and services from small businesses than any time in history.

SBA loans are up 40% nation wide; however, we are concerned with how business operates and performs to increase capacity, increase revenue, ensure longevity, and in general create new customers for long-term growth. The necessary resources will be in place for California and we are pushing Congress for parity with other agencies to ensure swift budget approvals.

The SBA was not bringing banks as close into the process as desired, but we have streamlined the process and made it easier for lenders to deal with small businesses. This is an important market boost for the SBA.

The SBA matchmaking includes private Fortune 500 firms that offer no more excuses that Primes cannot find qualified small businesses to work with on government contracts. The SBA is placing qualified suppliers and motivated buyers together at an effective rate. We are progressing toward virtual matchmaking exposions where small business owners will not need to get on a plane to make contact with primes, it will happen via the internet. This is why we are seeking strategic partners like the BBA to make this more of a reality in the near future.

Q. In 1975, the BBA conducted its first annual procurement trade mission to Washington DC. Over the past two years it has become somewhat cost prohibitive for our members to travel to Washington DC due to high airfares and hotel costs. How can the SBA help facilitate a more cost effective trade mission to Washington DC?

A. The SBA extends to the BBA the opportunity to be a strategic partner to the April 2006 matchmaking symposium...
in Washington DC. The SBA will open its relationships with the local hotels to ensure the best rates are available for BBA members. In addition, once we have established a number of business owners to participate, we will approach American Airlines to request the best airfares for your members.

The SBA will make matchmaking appointments and define the agencies that are most suitable for BBA members. We will have the contracting officer present at all matchmaking appointments.

Q. How does the SBA help African Americans with micro-loans?
A. The SBA is currently working with its biggest budget in the history of the administration. We have helped African American businesses enter the SBA express program for smaller loans. In 2004, we processed 24,000 loans under $35,000. Most were brand new businesses needing an average $10,000; and 225 African American firms received $20 million in loans that included micro-loans for the same period.

We can now better send experts to perform on-site because of our numerous programs we know that one size does not fit all. BBA members can get access to the tools for micro loans, Real Estate Loans, Fixed Asset Loans, and even your larger companies can gain access to our Venture Capitalist for investment loans.

Because I am from Los Angeles, it makes it easier for me to appreciate the needs of businesses in this region. The SBA is working like a smart business and we are growing fast in all areas of loan activity.

For more information on the U.S. Small Business Administration visit the website at www.sba.gov or contact the Los Angeles District Office by telephone at 818-552-3215.

Sacramento
650 Capitol Mall
Suite 7-500
Sacramento CA 95814
(916) 930-3700
(916) 930-3737 Fax

San Diego
550 W. “C” Street, Suite 550
San Diego, CA 92101-3500
(619) 557-7250
(619) 557-5894 Fax

Santa Ana
200 W. Santa Ana Blvd., #700
Santa Ana, CA 92701
(714) 550-7420
(714) 550-0191 Fax

www.sba.gov

SBA, OMB, GSA & DOD
Revamp CCR Database to Provide Oversight and More Accurate Reporting on Small Business Federal Contracting.

April 2005

The U.S. Small Business Administration, the Office of Management and Budget, General Services Administration and the Department of Defense today revamped the Central Contractor Registration (CCR) database to give the SBA oversight over the small business designation process and to more accurately monitor contract awards going to small businesses.

“This upgrade to the CCR database will improve upon the accuracy of the federal government’s reporting of small business achievements and will allow the SBA to monitor and confirm the companies’ small business status,” said SBA Administrator Hector V. Barreto.

The enhancement is Phase II in the merger of the Dynamic Small Business Search, formerly known as Pro-Net into the CCR database. CCR is an online business portal that assists small businesses with marketing their goods and services to the federal government and prime contractors and helps federal agencies and prime contractors seek out small businesses for contracting opportunities.

The overall effort falls under the auspices of the Integrated Acquisition Environment (IAE), which is one of the E-Gov initiatives managed by the GSA.

Effective today, small businesses will no longer be able to self certify on the CCR database as a SBA-certified small disadvantaged business, 8(a)-certified business or HUBZone-certified business. Adjustments will be made to all of the small businesses Trading Partner Profiles that are entered into the CCR database. The SBA will now mark the business fields in the CCR database to indicate whether a business is SBA-certified small disadvantaged, 8(a)-certified or HUBZone-certified.

Also, as a result of the upgrade to the database, small businesses registering in the CCR database or updating their profile in the database will be presented with a small business fraud and misrepresentation acknowledgement statement which lists the penalties imposed for misrepresentation as a small business.

In order to improve accuracy and streamline the data entry process for small businesses, the SBA will use the Small Business Logic function within the Dynamic Small Business Search database to indicate the small business size status of each firm against each North American Industry Classification System (NAICS) code listed.

The determination will be made based on the total revenue and the number of employees for the entire firm, including all its divisions, branches, and affiliates worldwide as indicated in the small businesses’ Trading Partner Profile.

The CCR database will also now begin using only 2002 NAICS codes. If a small business is in the construction, wholesale trade, retail trade or information services industries, it should make the necessary adjustments to its Trading Partner Profile, so it doesn’t reflect the 1997 NAICS codes. A conversion chart can be found at http://www.census.gov/epcd/naics02.

For additional information on the new upgrades to the CCR database, visit the SBA’s Web site at www.sba.gov/size, and click on “What’s New?”

SBA Hosts Live Web Chat Series on Small Business Issues

The SBA’s live Web Chat series provides business owners with the opportunity to have conversations about relevant business issues with industry leaders and successful entrepreneurs. Participants will have direct, real-time access to the Web Chats via questions they submit online in advance and during the session, with instantaneous answers. Participants can join the live Web Chat by going online to www.sba.gov, and clicking “Your Small Business Voice Online Chat.” Visit the SBA website at www.sba.gov to check the Web Chat schedule.
SBA Simplifies Documentation Requirements & Expedites Processing for Business Disaster Loans

Responding to the issues faced by business owners who lost important documents in the aftermath of Hurricanes Katrina and Rita, the U.S. Small Business Administration today announced that it will relax some of its disaster loan filing requirements to expedite the processing of these loans.

For instance, the agency will now waive the usual requirement of the submission of tax returns from the last three years. Business owners will also now be able to file a disaster loan application without providing a monthly sales analysis for the last three years.

To fill in the gaps for the missing information, the SBA will, in the case of the missing tax documents, accept income tax transcripts from the IRS to verify the applicant’s income. Help with the disaster loan application is also available at the Small Business Development Centers. Addresses for the SDCs and the SBDCCs can be found at the Web site (www.sba.gov).

In addition, the title or record search previously required before all loan disbursements above $25,000 will now only be required for loans exceeding $50,000.

“Relaxing some of the loan processing criteria will ease the approval process, allowing business owners to rebuild more quickly and lay the foundation for the revival of the region’s economy,” said SBA Administrator Hector V. Barreto.

In response to the devastation caused by Hurricanes Katrina and Rita, the SBA has hired more than 2,300 loan officers, damage inspectors, loan closers and customer service staff. The employees are working 12 to 14 hours seven days a week in 103 Disaster Recovery Centers and seven disaster field offices in Louisiana, Alabama, and Mississippi during the Gulf States, and in the agency’s loan processing center, customer service center, and disaster field offices in Atlanta and Sacramento.

In addition, the establishment of loan closing centers in Louisiana, Alabama and Mississippi will expedite loan closings and disbursements. The SBA has hired more than 2,300 loan officers, damage inspectors, loan closers and customer service staff. The employees are working 12 to 14 hours seven days a week in 103 Disaster Recovery Centers and seven disaster field offices in Atlanta andSacramento.

Expediting Processing of Business Disaster Loans

In an effort to provide faster assistance to business owners in the areas affected by Hurricanes Katrina and Rita, the U.S. Small Business Administration today said it would use an expedited process for disaster loans under $100,000 for businesses that can meet specified criteria.

While the streamlining of the application process will enhance the SBA’s ability to get money in the hands of disaster survivors more quickly, Administrator Hector V. Barreto also encouraged business owners to submit their applications as soon as possible.

“Within the last few days the agency has introduced initiatives aimed at speeding up the disaster loan application process. Meanwhile, the sooner the SBA receives the disaster loan application, the sooner the loan funds can be disbursed,” Barreto said.

The business owners must have satisfactory credit, a gross income greater than $25,000, and a satisfactory SBA loan history. Additional requirements include a controlling ownership by an individual or group of individuals and a verifiable federal tax return with 12 months of operations.

How to Take Advantage of the SBA Disaster Services

Homeowners, renters and businesses in the areas affected by Hurricanes Katrina and Rita are encouraged to apply for federal assistance by registering online with FEMA at www.fema.gov, or by calling 1-800-621-FEMA (3362), or 1-800-462-7585 (TTY) for the hearing and speech impaired. The toll-free numbers will operate 24 hours daily until further notice.

SBA disaster loans to businesses of all sizes and non-profit organizations are available up to $1.5 million to repair damage to real estate, machinery, equipment and inventory. Economic Injury Disaster Loans of up to $1.5 million are also available to small businesses unable to pay bills or meet operating expenses.

The SBA offers loans of up to $200,000 to repair disaster damaged primary residences. Homeowners and renters are eligible for loans up to $40,000 to replace personal property such as furniture and clothing. Loans to businesses of all sizes and non-profit organizations are available up to $1.5 million to repair damage to real estate, machinery, equipment and inventory. Economic Injury Disaster Loans (EIDLs) of up to $1.5 million are also available to small businesses unable to pay bills or meet operating expenses.

Interest rates can be as low as 2.68 percent for homeowners and renters and 4 percent for businesses with terms up to 30 years. Loan amounts and terms are set by SBA and are based upon each applicant’s financial condition.

For more information call the SBA’s customer service center at 1-800-659-2955, email questions to disastercustomerservice@sba.gov, or visit www.sba.gov/disaster.

U.S. Small Business Administration Stands Ready To Assist Victims of Hurricane Rita • October 2005

Following the announcement of a Presidential disaster declaration in Texas and Louisiana as a result of Hurricane Rita, SBA Administrator Hector V. Barreto issued the following statement:

“Our hearts go out to the victims of Hurricane Rita. The Small Business Administration is ready to assist those hurt by this powerful storm. As a result of President Bush’s declaration of a federal disaster we will be swift in our efforts, right behind and in careful coordination with our partners at the Federal Emergency Management Agency, to help people rebuild their lives. SBA officials will be in the affected cities and communities very soon to begin offering our assistance.

“SBA is mandated to provide low-cost financing to victims of disaster to help them rebuild, and we take that mandate very seriously. The SBA will have loan officers in every federal/state disaster recovery center that is opened. The agency is already committed to providing help to the survivors of Hurricane Katrina, and we’re prepared to stay in the region as long as it takes to help those affected recover,” Barreto said.

The SBA has more than 2,300 employees working to assist the survivors of Hurricane Katrina in Louisiana, Alabama and Mississippi, and is continuing to hire additional staff to respond to the anticipated demand for SBA loans. Last year after an unprecedented four hurricanes struck Florida and 13 other states last summer, the SBA approved more than $2.1 billion in disaster loans to about 64,500 residents and business owners in the disaster areas.
New SBDC Lead Center Announced in Long Beach

LOS ANGELES - Long Beach Community College (LBCC) has been selected to host the U.S. Small Business Administration’s Small Business Development Center (SBDC) Program in the Los Angeles area beginning Jan. 1, 2006. The SBDC program is the SBA’s most extensive economic development program, helping small businesses create jobs and strengthen local economies.

LBCC, one of four applicants, was named as the new SBDC lead center after a lengthy, highly competitive and comprehensive review process that included on-site sufficiency reviews of candidate proposals and operations.

“The search for a new SBDC lead center has been quite thorough,” said SBA Administrator Hector V. Barreto. “Through a fair and impartial review including sufficiency visits to the two finalists, the Long Beach Community College was ultimately selected as the best choice. I hope that they will remain in the program for many years and become one of the best SBDCs in helping establish and grow small businesses.”

The SBDC program is the SBA’s largest counseling and training network with locations in every U.S. State and Territory. SBDCs provide services such as development of business plans, manufacturing assistance, financial packaging assistance, procurement contracting assistance and international trade assistance.

The lead SBDC is the institution, in most cases a university, college or other institution of higher education, which holds the contract with the SBA and administers and operates the area’s SBDC program. There are 62 other lead SBDCs, five others in California, four in Texas, and one in every other U.S. State as well as the territories of Guam, Puerto Rico, the U.S. Virgin Islands, the District of Columbia and American Samoa.

LBCC will operate the seventh largest federally funded SBDC in the region when it takes the contract as the lead center in Los Angeles. It will also be the largest regionally funded SBDC in the nation.

The SBDC program is designed to match dollar for dollar every federal dollar that it receives with state, community or private funds. The Los Angeles SBDC Network received $2.7 million in federal funds last year.

The Los Angeles network consists of entities that contract with the lead center to deliver its services. LBCC will contract with a diverse group of 10 economic and community development organizations within the three counties it is designated to serve: Los Angeles, Santa Barbara and Ventura.

The new Los Angeles SBDC lead center will be housed within LBCC’s Department of Economic and Resource Development at its campus in Long Beach, Calif., according to the SBA’s Office of Small Business Development Centers in Washington, D.C.

SBDCs, in coordination with federal, state, local and private sector resources deliver management and technical assistance to small businesses utilizing an effective business education network of 63 lead centers with over 1000 service center locations.

For more information about the SBDC Program or to locate the SBDC nearest to you, visit online at www.sba.gov/sbdc.

Project Restore HOPE/Small Business Seeks 1,000 Financial Professional Volunteers

WASHINGTON - In an effort to provide financial counseling and assistance to small and minority businesses affected by the hurricanes that ravaged the Gulf Coast earlier this year, the U.S. Small Business Administration (SBA) and Operation HOPE, Inc. have joined forces to launch Project Restore HOPE/Small Business, announced SBA Administrator Hector V. Barreto and Operation HOPE Chairman and CEO John Bryant in New Orleans today.

Project Restore HOPE/Small Business, made possible through a co-sponsorship between the SBA and Operation HOPE, offers small and minority businesses in disaster-affected communities access to free financial counseling, information on economic assistance programs, and budgeting advice through one-on-one telephone counseling. To access this resource, business owners should call 1-888-388-HOPE (4673) and select the Project Restore HOPE/Small Business option.

SBA and Operation HOPE will also work together to recruit 1,000 volunteer professionals from financial institutions, credit unions, and insurance companies to participate in this initiative as soon as possible. Participating volunteers will provide free financial counseling, information on economic assistance programs, and budgeting advice to small business owners in the Gulf Coast area. The one-on-one counseling will be provided via telephone.

“The Gulf Coast region-from its location to its resources to its unique community trades and businesses-represents one of richest regions commerce-wise in our country,” said John Bryant, chairman and CEO, Operation HOPE. “We can not and will not give up on the businesses affected, or the people who still want to create business in the region. Rather, we must actively support, encourage and educate them, through substantive and result-oriented, on the ground and direct-action programs like Operation HOPE’s. We must all remember that you cannot even have a rainbow without a storm first. Our friends in the Gulf Coast region have been through their storm.”

The SBA’s mission is to maintain and strengthen the nation’s economy by aiding, counseling assisting and protecting the interests of small businesses. The SBA offers small business financing through partners in the commercial lending sector, technical assistance through national networks of small business counselors and assistance to small businesses seeking contracting opportunities. The SBA offers financial assistance to homeowners, renters and businesses of all sizes following disasters. For more information on SBA programs, please visit www.sba.gov.

Operation HOPE, Inc. is America’s first nonprofit social investment bank and a national provider of financial literacy and economic empowerment programs. Through ongoing collaborations and long-term partnerships with leading government, private sector, and community interests, Operation HOPE works to bring self-sufficiency and a sustained spirit of revitalization to America’s inner-city communities. At the core of Operation HOPE’s mission to eradicate poverty and empower the wealthless is a movement to establish “Silver Rights” or the right to financial literacy, access to capital, and equality of opportunity for the underserved. For more information on Operation HOPE, please visit www.operationhope.org.

SBA’s participation in this co-sponsorship is not an endorsement of the views, opinions, products or services of any cosponsor or other person or entity. All SBA programs, services and cosponsored activities are extended to the public on a non-discriminatory basis. Co-sponsorship Authorization # 06-0507-17.
SBA’s Mission: Support African American Owned Enterprises

The U.S. Small Business Administration (SBA) is a Federal Government Agency established in 1953. The SBA’s leadership is directed by the Administrator who reports directly to President Bush. In Los Angeles, Ventura, and Santa Barbara counties the SBA functions under the guidance of Alberto G. Alvarado, District Director of the Los Angeles District Office (LADO). LADO is the most productive office in the nation and perennially produces more loans to minority and woman-owned businesses than any other district office. The SBA website www.sba.gov has won various awards, and if you visit it you will note the Agency’s Mission: To maintain and strengthen the nation’s economy by aiding, counseling, assisting, and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

The efforts that are undertaken by the SBA professionals to ensure the achievement of this Mission are grouped in three major areas: (1) Providing capital to help business either start-up or to grow, (2) Furthering the goals of small enterprise through technical assistance and training, and (3) Facilitating small businesses the opportunity to participate in procurement & government contract awards programs.

Capital Access

SBA has two major lending product lines—the 7(a) Loan Program and the 504 Loan program. The 504 program is used for larger real estate financing deals, while the 7(a) program is more versatile, with manifold uses. It is important to keep in mind that the SBA guarantees loans while its participating banks provide the cash to fund the loans. The percentage of guarantee ranges from 50% to 85%, depending on the particular program employed. 7(a) relates to Section 7(a) of the Small Business Act, under which Congress empowered the Agency to make loans. A host of loan sub-programs exist under the umbrella of the 7(a) program. Some loans have specific uses like the CAPLine and the Export Working Capital line, both of which are geared toward the cyclical working capital needs of specific types of businesses. SBAExpress is available for loans up to $350,000 and carries a 50% guarantee. Under this program revolving lines of credit are allowed for a maximum of seven years. The CommunityExpress Pilot Loan Program is a joint initiative between the SBA and the National Community Reinvestment Coalition. This program targets the Dynamic Markets consisting of minority and woman-owned enterprises and has a loan cap of $250,000. Programs are available for individuals who might need some assistance in preparing the loan package or whose project might need a little bolstering. Certain banks working within the parameters of the CommunityExpress program have tailored proprietary loan products to service the needs of businesses seeking smaller amounts of capital. These smaller loans, usually ranging from $5,000 to $15,000, are geared for the home-based firm or for small business offices with specific working capital requirements.

Technical Assistance

The SBA provides a fertile environment in which a small business can be conceived, grow, and prosper. To ensure that entrepreneurs receive the appropriate help to maximize the outcome of their endeavors, the SBA offers valuable help to businesses in all phases of their development. Start-up enterprises can receive specific counsel, direction and guidance from the SBA’s Women Business Centers (WBC), Small Business Development Centers (SBDC), and the Service Corps of Retired Executives (SCORE), tailored particularly for newly formed businesses. The WBCs provide business training and planning, computer access, market research, and other resources to small businesses. SBDCs are funded by the SBA to provide managerial and technical assistance to both start-up and existing businesses, and to serve as intermediaries facilitating participation in SBA’s loan and other programs. SCORE is comprised of retired executives who have had illustrious careers with leading business organizations and now volunteer their time pro bono to assist aspiring entrepreneurs and start-up business owners. Also, since the SCORE executives are sensitive to the corporate cycle of expansion and contraction, they represent a sympathetic yet formidable force in shepherding riffed employees through the process of starting their own businesses. SCORE can be reached at (818) 552-3306 or 3207. For information on and contacts at the WBCs, please call Marchelle Bailey, SBA Women’s Business Liaison at (818) 552-3334.

What is common to all of the above SBA T/A providers is that they render tremendous value to the aspiring entrepreneur and, for the most part, their services are offered free of charge. Good examples of how the SBA renders technical assistance are Computeworks of California which is located at 2926 West Manchester Boulevard in Inglewood and Create-A-Kid at 11601 S. Western Avenue, Suite 100.
Procurement & Government Contracting

The Federal Government is the largest buyer in the world; unfortunately, small businesses are often at or feel they have a comparative disadvantage when compared with larger entities in attempting to win federal contracts. The SBA can assist small enterprises to overcome hurdles. The Agency has the ability to work closely with both the federal side and the large contractors that operate at the very top to ensure that small businesses obtain a fair share of government contracts and subcontracts.

Through the Prime Contracts Program the SBA utilizes a team of Procurement Center Representatives (PCRs) to help increase the small business share of government contracts. They review contracting actions at major federal procurement centers, evaluate subcontracting plans, recommend contracting sources, and provide counseling. They also advocate for the breakout of items purchased through full and open competition. Small businesses should not be sidelined by the fact that indirect subcontracts can amount to several billions of dollars. There are also contracts that can be smaller than $25,000 in value.

The SBA’s Section 8(a) Program is geared toward business development. With proper guidance and training, socially and economically disadvantaged small businesses can become equipped by the fact that indirect subcontracts can amount to several billions of dollars. There are also contracts that can be smaller than $25,000 in value.

To participate in the program a business must be at least 51% owned and operated by a U.S. citizen who is deemed socially and economically disadvantaged. Individuals included in the following groups qualify for the 8(a) program: Black Americans, Native Americans, Hispanic Americans, Asian Pacific Islanders and Subcontinent Asian Americans. Entrance into the program is, in and of itself, not insurance of success.

The SBA’s 8(a) program assists these firms in gaining equal access to the resources necessary to develop their business and thereby, improve their ability to compete on an equal basis in the mainstream of the economy.

Lillian Pernell understood that the 8(a) program helped Federal Government agencies locate qualified firms to perform government contracts and earn a profit. She saw this scenario as a way to resuscitate her company and felt positive that she could benefit from the symbiosis such a working relationship would create.

She applied to the SBA’s Los Angeles District Office for admission into the 8(a) Program and was approved in July 1996. Lillian was assigned a Business Opportunity Specialist (BOS) to advocate for her with respect to program goals. The BOS is also well versed in business finance, operational matters, and serves as a management consultant to aid the participant during her tenure in the program.

The most important function of an SBA BOS is to create the most fertile environment within which the participating firm can draw sustenance from the program resources to nourish and grow the business. While availing itself of this “safety net”, the firm itself is duly responsible for program outcomes. To be successful, she must take the initiative to access all program components applicable to her particular business, including self-marketing and networking. In short, she must remain committed to live and work the program.

“Work the program” is what Lillian most certainly did. Lillian changed the company structure to a corporate entity and underwent a strategic business evaluation and resource redeployment. This involved blending her business mix opportunities that became available as a result of her 8(a) participation. The study concluded that by shifting focus to auditing single family loan files for compliance with FHA guidelines, the company would establish a competitive niche with American Indian entrepreneurs targeting Indian futures.

As a result of the switch, she secured a number of 8(a) and non-8(a) contracts with (HUD) to audit that Agency’s single family loans.

Lillian Pernell’s ability to stay the course and remain focused on her plan has paid handsome dividends for her business. Her annual revenues have grown 25 fold with concomitant profitability and cash flow. Lillian’s entrepreneurial spirit has forged and trained a valuable cadre of professionals to ensure the future wellbeing of the firm. To her credit Lillian Pernell created 16 jobs through her enterprising endeavors, an accomplishment of which she will forever be proud.

Lillian Pernell’s success relates not only to her hard work but to availing herself of all applicable SBA 8(a) resources and working the program to her advantage. Lillian has earned the rewards of her initiative.

L.E. Pernell & Associates, Inc. is located at 13017 Artesia Blvd., Suite 104, Cerritos, CA 90703. The business telephone number is (562) 483-8161. Ms. Pernell can be reached by e-mail at lillianpernell@edi-lepa.com.

To contact the SBA Los Angeles District Office for information on 8(a) Business Development visit the SBA’s user friendly web site at www.sba.gov.

SBA District Director Alberto G. Alvarado takes great pride in the fact that the Los Angeles District Office is the Number 1 SBA office in the nation in providing services to women-owned and minority-owned small businesses. Director Alvarado at a recent outreach event extended an open invitation to African-American entrepreneurs to avail themselves of the resources that the SBA offers, exhorting them to action with the following words, “If you have an inclination toward or think you have the inspiration or heart and stamina to open and successfully operate your own business, I invite you to visit one of our SBDC, WBC or SCORE offices and to take the initial steps in establishing your future enterprise. Black entrepreneurs should know that the Los Angeles District Office is their best possible resource for business assistance. If you take advantage of these winning services, your prospective business could make it to the Winners’ Circle. With hard work and dedication you can truly become the next African American owned small business success story. I urge you to begin writing your first chapter today.”

To contact the Los Angeles District Office call the information number at (818) 552-3201.
Minority Enterprise Development (MED) Week is our collective opportunity to reflect upon the vitality of minority enterprises and their positive impact on the economy of the USA. The MED Week Awards honor the significant accomplishments, the untiring dedication, and the risks being taken by these women, veteran and minority entrepreneurs.

In a proclamation issued by the President of the United States, it is stated that “minority businesses are an essential part of a society in which personal initiative is encouraged and in which opportunity is within the reach of all of our citizens. Significant increases in minority business ownership are providing an engine for economic growth and helping more of our citizens succeed. By fueling job creation and providing goods and services to consumers, these businesses are helping to lift communities and provide hope.”

The U.S. Small Business Administration (SBA) is proud of its contributions achieved in partnership with community organizations, banks, civic groups, chambers, industry collaborators, and other governmental agencies. During the past two years, the Los Angeles District SBA has led the country in financing over $1.6 billion to minorities and women in cooperation with those participating banks and other partners.

The SBA staff stands ready to assist the business community in accessing SBA programs and services and you are encouraged to take advantage of the business development support offerings of the U.S. government.

The 2005 cadre of honorees is clearly worthy of praise by the SBA and by the communities that they both represent and to which they contribute.

The Black Business Association extends our congratulations to all of the SBA District 10 MED Week award winners.

**District 8(a) Small Business Person of the Year**

Ms. Lillian Pernell

L. E. Pernell & Associates, Inc. was founded in 1991 as a sole proprietorship and incorporated in 2001. Located at 13017 Artesia Boulevard, Suite D-104, Cerritos, California 90703, Ms. Pernell is a member of the Black Business Association.

**Minority Retail Firm of the Year**

Concessions Management Services, Inc.

Mr. Clarence A. Daniels, Jr.

Operators of food and beverage concession in airports including Los Angeles International and Hartsfield Airport in Atlanta, Georgia.

**Minority Service Firm of the Year**

Simpson & Simpson

Mr. Brainard C. Simpson

In operation since 1976, the CPA firm has increased total annual revenues to over $3.6 million, maintains a workforce of 50 to 60, and has offices in Los Angeles, California and Mobile, Alabama. Simpson & Simpson is a member of the Black Business Association.

**Minority Business Champion of the Year**

John Bryant

Operation HOPE, America’s first non-profit social investment bank, is also a national provider of financial literacy and economic empowerment programs. Operation Hope is a member of the Black Business Association.

**Prime Contractor Advocate of the Year**

Mr. Thomas H. May

As Manager of the Acquisition Division’s Business Opportunities Office of the Jet Propulsion Laboratory (JPL), Mr. May works to increase the maximum number of procurement actions and dollars awarded to small business annually.

Congratulations to all of the Achievers

*“Skip” Cooper offers congratulations to Brainard Simpson, Partner, Simpson & Simpson, CPA firm for winning the 2005 MEDWEEK Minority Retail Firm of the Year award. Simpson & Simpson is a BBA member firm.*
Smooth Mooove Senior Relocation Services

Sometimes circumstances can help make a new career almost fall into a person’s lap. That’s exactly what happened to Adrienne Simpson. It all started when she had to move her mother back to Michigan after living near her in Atlanta for several years. “There was no one to help me, and Mom showed me that moving seniors is different and that the process is very fragmented,” recalled Simpson. “After I completed her move, I decided to put my years of organizational experience to work with my own moving company strictly for seniors.”

“When seniors move, they usually downsize, they don’t take everything,” Simpson explains. “They need to decide what to keep, what to donate or what to sell or give away.” Simpson started her company, Smooth Mooove Senior Relocation Services, in October 2002 and landed her first elderly client the next January. Using her own money to start the business, she moved to Atlanta in 1994. There, she joined CIGNA Healthcare of Georgia in sales and was later director of operations before becoming a victim of corporate downsizing. Then fate, in the form of her mother, stepped in.

Despite years of corporate experience, Simpson admits she had no experience in what it took to start her new business. “That is why I decided to get help from the Women’s Economic Development Agency,” explained Simpson. So, soon after starting “Smooth Moooves,” Simpson attended WEDA’s 14-week course “Business Basics” for small business start ups. “I graduated with the additional knowledge needed to really get my business going,” she says. WEDA is part of the SBA’s Women Business Center Program.

Simpson went on to attend workshops on obtaining a business loan, bookkeeping for a small business, franchising information, and patent-trademarks at WEDA. She also received assistance from SCORE, “Counselor to America’s Small Business” and another SBA resource partner. Besides attending several SCORE workshops, she received help from SCORE volunteers who reviewed her business plan before she submitted it to the American Express “Make Mine a Million $ Business” contest for women entrepreneurs.

Simpson found out about the American Express contest through an email from WEDA. She credits the contest with making her complete her long-term business plan. In early 2005, she submitted her plan—along with financials and company projections—to a regional conference held in Atlanta by American Express and cosponsor “Count-Me-In, a national microlending agency for women small business owners. In October, after being selected one of six semi-finalists, Simpson gave a 4-minute speech about her company before the judges. Simpson won the grand prize—a new laptop computer, a year of free business coaching and a loan of $45,000!

Simpson attributes the success of her business to WEDA, the SBA and SCORE. She now has four full-time and four part-time employees—as well as daughter Kendall, who helps out when she is not attending the DeKalb School of the Arts—along with two moving trucks. These trucks flash her dancing cow company logo across the city as they move senior citizens to their new homes.

Visit www.sba.gov/women for access to business services and information oriented toward the women business owner.
$1 Million Paid To Settle False Claims Allegations & New SBIC License for Southern California Firm

Insight Public Sector, Inc. Pays $1 Million To Settle False Claims Act Allegations Relating To Small Business Misrepresentations

WASHINGTON, D.C. - The U.S. Small Business Administration (SBA) has announced that Insight Public Sector, Inc. (Insight), a company providing technology products and services based in Tempe, Ariz., has agreed to pay $1 million to settle allegations that a predecessor corporation, Comark Government & Education Services (CGES), falsely certified itself as a “small business” on its application for inclusion on a General Services Administration (GSA) long-term procurement schedule.

Under GSA Schedules (referred to as Multiple Award Schedules (MAS)), GSA establishes long-term governmentwide contracts with commercial firms to provide access to over 10 million commercial supplies and services that federal agencies can order directly from an MAS contractor through an expedited procurement process.

The settlement arises out of a complaint made to the SBA that CGES obtained a preference in regard to the award of certain purchase orders under the MAS by falsely certifying that it was a small business. The SBA Office of Inspector General, in conjunction with the GSA Office of Inspector General and the Department of Justice, conducted a two-year investigation, finding that CGES had misrepresented its size status on its 1996 application for inclusion on the MAS. Insight’s parent corporation acquired CGES in 2002 and withdrew the small business certification under the MAS in 2005.

“Although there has been no admission of liability, we believe this settlement sends a strong message to the contracting community about the need for accuracy in making small business certifications,” said Peter L. McClintock, the Acting Inspector General. “The Office of Inspector General will continue to investigate, and recommend for prosecution, where appropriate, all cases involving misrepresentations about size or eligibility for SBA contracting programs.”

“SBA takes very seriously the issue of false certifications of size status by firms seeking the benefits of government contracting, and fully supports vigorous and effective law enforcement action in such matters,” said SBA Administrator Hector V. Barreto. “This should act as a deterrent to such activity.”

SBA Issues Small Business Investment Company License to Southern California Company

Provides Additional Millions for Investment in California Small Businesses

LOS ANGELES - The U.S. Small Business Administration announced today that it has issued a small business investment company (SBIC) license to Vintage SBIC, LP of Southern California. The SBA-backed venture capital company will target underserved markets and overlooked industries.

Vintage SBIC, with up to $11 million in capital, will primarily invest in manufacturing, business service, and consumer products/retail companies. The SBIC is seeking to invest between $5-10 million in companies with annual revenues of between $25-250 million.

“I am pleased we are issuing this license to a California SBIC that will make a significant investment in small businesses in this state,” said SBA Administrator Hector V. Barreto. “In fiscal year 2005 more than 13,800 California small businesses received loans through SBA’s various capital programs and we are pleased to be able to infuse additional capital into the marketplace through the issuance of this license.”

Administrator Barreto made the announcement following a small business roundtable hosted by California Governor Arnold Schwarzenegger in Lynwood. More than two-dozen California small business owners participated in the discussion.

“Small businesses are the backbone of our economy,” said Governor Schwarzenegger. “We must do everything we can at the state and federal level to make sure they succeed. I want to thank Administrator Barreto and the SBA for their hard work to expand programs that help California small businesses. I look forward to many, many more programs like this and to formally establishing a closer partnership with the SBA very soon.”

Vintage SBIC, LP is being led by California businessman Fred Sands along with Henry Brandon and Mark Sampson.

In 1958, Congress created the Small Business Investment Company (SBIC) program to bridge the gap between entrepreneurs’ need for capital and traditional financing sources. Since that time, the SBIC program has grown to over 400 private equity partnerships managing $22 billion in combined public and private capital. Today, SBICs invest across the spectrum of private equity financing, including venture, buy-out and mezzanine. SBICs also fill the gap by providing capital to overlooked industries, such as manufacturing, services, and retail. Finally, they are diversified geographically, with significant presence in underserved states in the Midwest and South.

For more information about the SBIC program and other SBA programs, visit the SBA’s extensive website at www.sba.gov.
New SBA Web Portal Offers Women Entrepreneurs New Online Tool for Business Start-Up

The launch of MY BIZ for Women was announced at a White House event honoring the new Chair of the National Women’s Business Council (NWBC) Tami Longaberger. Longaberger, the CEO of The Longaberger Company in Newark, Ohio, was appointed by President Bush to the post in May 2005.

MY BIZ for Women was designed to be the first step for all women business owners, providing one-stop access to information for women entrepreneurs highlighting the best resources the government has to offer.

The Web portal provides information on starting and growing a small business, gaining access to capital and contracting opportunities and links to other government agencies and SBA resource partners offering business counseling, a state-by-state listing of SBA’s Women’s Business Centers and other resource information. The MY BIZ for Women Web site can be found at http://www.SBA.gov/women.

Women will be able to gain valuable insights into the world of entrepreneurship from monthly guest columnists who will share their wisdom and experience from unique perspectives. They can also subscribe to The Women’s Perspective, a free SBA newsletter for women in business.

The Los Angeles District Office contact number is 818-552-3201.

SBA Hosts Live Web Chat Series on Small Business Issues

The SBA’s live Web Chat series provides business owners with the opportunity to have conversations about relevant business issues with industry leaders and successful entrepreneurs. Participants will have direct, real-time access to the Web Chats via questions they submit online in advance and during the session, with instantaneous answers. Participants can join the live Web Chat by going online to www.sba.gov, and clicking “Your Small Business Voice Online Chat.” Visit the SBA website at www.sba.gov to check the Web Chat schedule.
SBA Administrator Resigning To Become Chair Of Prominent Hispanic Organization

SBA Administrator Hector V. Barreto announced today that he is stepping down as head of the agency to become national chairman of The Latino Coalition, a prominent Hispanic advocacy organization based in Washington DC. Barreto has led the SBA since July 2001 and is the second longest serving administrator in the agency’s 53-year history.

Barreto, in his letter of resignation to President George W. Bush said, “It has been a unique honor to serve as Administrator of the U.S. Small Business Administration and to help execute your vision to bring unprecedented opportunities to all entrepreneurs in every community as they seek to realize their dreams. I am proud that the agency has delivered strong results and achieved historic milestones on behalf of a vital component of our great economy, America’s small businesses.”

During Barreto’s tenure, the SBA has seen significant growth in its lending, technical assistance and procurement programs, especially as they apply to minorities and women. Between 2001 and 2005, the agency doubled the number of loans made through the main SBA business loan programs. There has also been a steady increase in the number of clients obtaining technical assistance, education and counseling through the SBA and its resource partners. Additionally, as a result of active engagement between the SBA and federal agencies, procurement dollars going to small businesses have reached all-time highs.

The SBA has also responded in an unprecedented manner following last year’s devastating hurricanes. Through the agency’s disaster assistance program, more than $8.4 billion in low-interest disaster loans have been made to businesses and homeowners in the disaster area, more than double the next largest disaster response in the SBA’s history.

“Accountability, greater efficiencies and results-oriented management are now part of the SBA culture,” Barreto also stated in the letter. “I am confident that the foundation has been established for even better results in the future to the benefit of our small business clients as well as the U.S. taxpayer.”

Barreto has agreed to remain in his post as SBA administrator during a transition period.

For information about SBA programs, visit the SBA’s extensive website at www.sba.gov.

announced their 25th annual Small Business Week Awards Luncheon to be held from 11:30 am to 1:30 pm on Wednesday, May 31, 2006 at the Millennium Biltmore Hotel in downtown Los Angeles. Approximately 1,000 entrepreneurs and friends of small business will be on hand to honor them along with various champions in specialized categories, including the SBA Small Business Person of the Year for 2005.

Contact the SBA office at 818.552.3203.

SBA’s Small Business Awards Luncheon

The Small Business Administration Los Angeles District Office which serves Los Angeles, Ventura and Santa Barbara counties has

May 2006
The U.S. Small Business Administration (SBA), Los Angeles District Office (LADO) serves Los Angeles, Santa Barbara, and Ventura Counties, with a combined population base of 11 million. If this area were a state, it would rank as the eighth most populous state in the Union. This tri-county area’s commercial strength is its diversity with financial, international trade, entertainment, high technology and agriculture leading Greater Los Angeles’ ever expanding workbase.

In 2005 the LADO led all 68 SBA offices nationwide in financing businesses for more than 1.25 billion. The office has ranked first in lending for seven years in a row, an Agency record. LADO is also first in lending nationally to minority and women-owned businesses, and quite active in government contracting, securing $1 billion in Federal Procurements for local small businesses over the last two years.

The Los Angeles District Office is a full service financing office offering 504, CAPline, Community Express, International Trade, SBA Express, and Pre-Qualification Loan Programs. Technical Assistance is readily available through an extensive network of SCORE counselors and 10 Small Business Development Centers.

The Black Business Association and the SBA Los Angeles District Office have a memorandum of understanding in outreaching to African American-owned businesses to utilize the resources of the SBA.

The BBA salutes the leadership of District Director, Alberto Alvarado, and the SBA Los Angeles District Office for its outstanding commitment and dedication of service in assisting minority business enterprise in surviving through the storms.
The Small Business Administration is seeking public comment on a proposal to provide contracting preference to women-owned small businesses through a set-aside program similar to those in place for other disadvantaged business sectors.

The “Women-Owned Small Business Federal Contract Assistance Program” would establish a basis for limiting competitions of up to $3 million, or $5 million for manufacturing contracts, to women-owned small businesses. The new provisions would be grouped with existing disadvantaged preference programs, and follow guidelines similar to those for minority-owned companies and those located in historically underutilized areas. The proposed guidelines omit a means for women-owned businesses to self-certify their eligibility.

Public comments on the rules are due to the SBA by July 17, and should be submitted with identification number 3245-AE65 via the Internet at the Federal eRulemaking Portal (www.regulations.gov), by e-mail to Linda.Waters@sba.gov, by fax to (202) 205-6390, or by mail to: Linda Waters, Procurement Analyst, Office of Federal Contract Assistance for Women Business Owners, U.S. Small Business Administration, 409 3rd St. S.W., Washington, DC 20416.


**SBA Encourages Residents Nationwide to Be Prepared**

The U.S. Small Business Administration (SBA) has released a disaster preparedness audio public service announcement (PSA) reminding residents throughout the nation of the importance of being prepared.

The 30-second spot encourages all homeowners, renters and small business owners to prepare a comprehensive disaster plan: identify all hazards in the home, identify escape routes and keep essential records offsite.

The audio PSAs are available in a downloadable MP3 format on the SBA Website at http://www.sba.gov/npm2006/index.html.

SBA has a disaster loan program that offers long-term, low-interest, taxpayer-backed loans with up to 30-year repayment terms. Applicants may receive up to $200,000 to repair disaster damaged primary residences. Homeowners and renters are eligible for loans up to $40,000 to replace personal property such as furniture and clothing.

Loans to businesses of all sizes and non-profit organizations are available up to $1.5 million to repair damage to real estate, machinery, equipment and inventory.

Economic Injury Disaster Loans (EIDL) are also available to small businesses unable to pay bills or meet operating expenses.

For information on all SBA programs visit the website at www.sba.gov.

**Recovery Loans for Gulf Coast Area Surpass $10 Billion**

With 99.5 percent of applications processed, the U.S. Small Business Administration has approved an unprecedented $10 billion in disaster loans following last year’s devastating hurricanes.

More than 21,750 businesses in the disaster zone have been approved for $2.3 billion worth of loans. The approval rate for business disaster loans stands at 51 percent.

For homeowners and renters, 130,436 loans worth $7.7 billion have been approved.

Besides SBA disaster recovery loans, the SBA’s regular small business loan programs have provided 4,260 commercial loans worth more than $790 million to small businesses in the declared disaster areas.

---

**SBA Seeks Inputs on Proposed Women-owned Business Program**


**SBA Encourages Residents Nationwide to Be Prepared**

The U.S. Small Business Administration (SBA) has released a disaster preparedness audio public service announcement (PSA) reminding residents throughout the nation of the importance of being prepared.

The 30-second spot encourages all homeowners, renters and small business owners to prepare a comprehensive disaster plan: identify all hazards in the home, identify escape routes and keep essential records offsite.

The audio PSAs are available in a downloadable MP3 format on the SBA Website at http://www.sba.gov/npm2006/index.html.

SBA has a disaster loan program that offers long-term, low-interest, taxpayer-backed loans with up to 30-year repayment terms. Applicants may receive up to $200,000 to repair disaster damaged primary residences. Homeowners and renters are eligible for loans up to $40,000 to replace personal property such as furniture and clothing.

Loans to businesses of all sizes and non-profit organizations are available up to $1.5 million to repair damage to real estate, machinery, equipment and inventory.

Economic Injury Disaster Loans (EIDL) are also available to small businesses unable to pay bills or meet operating expenses.

For information on all SBA programs visit the website at www.sba.gov.

**Recovery Loans for Gulf Coast Area Surpass $10 Billion**

With 99.5 percent of applications processed, the U.S. Small Business Administration has approved an unprecedented $10 billion in disaster loans following last year’s devastating hurricanes.

More than 21,750 businesses in the disaster zone have been approved for $2.3 billion worth of loans. The approval rate for business disaster loans stands at 51 percent.

For homeowners and renters, 130,436 loans worth $7.7 billion have been approved.

Besides SBA disaster recovery loans, the SBA’s regular small business loan programs have provided 4,260 commercial loans worth more than $790 million to small businesses in the declared disaster areas.
Steven C. Preston has been sworn in as Administrator of the U.S. Small Business Administration.

Preston, nominated to the position by President Bush, is a former business executive with broad experience in financial management and executive leadership. He is the 22nd Administrator of the SBA since the agency’s establishment in 1953, succeeding Hector V. Barreto, who took office on July 25, 2001.

He was confirmed by the U.S. Senate by unanimous consent on June 29. The Senate Committee on Small Business and Entrepreneurship had unanimously recommended Preston’s confirmation earlier in the day.

“I am grateful to President Bush for the opportunity to serve in a way that so directly affects the lives of so many Americans,” Preston said. “I am also humbled by the bipartisan support I have received in Congress and am committed to fostering a strong relationship with the many stakeholders of the SBA.”

During his confirmation hearing on June 21, Preston emphasized the importance of sophisticated financial management, operational responsiveness and a customer service culture at the SBA. “None of this happens by accident,” he said. “It requires dogged focus to move the ball forward each and every day.”

Until recently, Preston was Executive Vice President of The ServiceMaster Company, a major franchising organization with thousands of small businesses in its network. Preston also had served as Chief Financial Officer. He previously had been Senior Vice President and Treasurer of First Data Corporation, and an investment banker at Lehman Brothers.

He currently serves as vice chairman of the Board of Visitors for the Weinberg College of Arts and Sciences at Northwestern University, and has served on numerous boards of philanthropic and other organizations.

Preston graduated with Highest Distinction from Northwestern University with a political science degree, and received an MBA from the University of Chicago Graduate School Of Business. He also has studied at the Ludwig-Maximilians-Universität in Munich, Germany.

Preston and his wife, Molly have five children and will be relocating to the Washington, D.C., area.
The U.S. Small Business Administration has announced the arrival of podcasting for small business owners on a range of topics to help entrepreneurs on the road to starting a new business.

The SBA podcasts provide an introduction to various small business topics, and will deliver business information and advice for new and established entrepreneurs on all aspects of starting, expanding and financing a small business, as well as business protection. The current list of podcasts includes the following subjects:

- Is Entrepreneurship for You?
- The SBA Small Business Training Network — Log On!
- Selecting a Business that Fits
- Disaster Preparedness for Business Owners
- Financing a Small Business

To get to the SBA podcast library, go online to www.sba.gov/podcast. Podcast files can be listened to on a computer or downloaded to an MP3 player. Each podcast delivers a broadcast quality recording, and additional feeds on a new small business topic will be added regularly. Future podcasts include:

- Checklist for Starting a Business
- Legal Forms of Business Ownership
- Business Planning—the Basics
- How to Write a Business Plan
- How SBA Can Help Finance Your Business
- The Importance of Marketing
- Finding the Right Employees

The SBA recognizes the time constraints faced by budding entrepreneurs, and podcasting is an easy way to deliver content on small business basics using audio files over the Internet. Each broadcast is less than 10 minutes long and will feature interviews with experts from the SBA and SBA resource partners of SCORE, the Small Business Development Centers and the Women’s Business Centers. Industry experts from across the country will also share insightful and invaluable information with the small business public via podcasting.

The SBA encourages listeners to visit the online Small Business Training Network — Log On! for more in-depth information.
A newly launched federal government Web site, Business.gov, provides business owners with a one-stop resource that searches the federal government agencies that regulate or serve businesses for compliance information or resources.

The Web site makes it easier to find information on taxes, immigration laws, workplace safety, environmental requirements and other regulations that can present challenges for small and mid-sized businesses.

“The Business Gateway Initiative through Business.gov is an important part of the President’s vision of helping American businesses by providing a one-stop portal for federal resources,” said Office of Management and Budget (OMB) E-Gov Administrator Karen Evans. “Business.gov is the Official Business Link to the U.S. Government and is a continuation of agencies working together to improve services to citizens and businesses through technology.”

“The end goal of Business.gov is to cut through the red tape and make it easier for businesses to do business,” said SBA Administrator Steven C. Preston. “This Web site will help streamline access to information and reduce federal compliance barriers to helping businesses save time and money.”

Business.gov will direct businesses to the best sources, reduce compliance barriers and help avoid costly mistakes, allowing them to continue to contribute to the American economy and their communities. Business.gov is managed by the U.S. Small Business Administration (SBA) in a partnership with 21 other federal agencies and is part of the President’s Management Agenda.

“The new Business.gov Web site will increase regulatory compliance among businesses, particularly small businesses, while simultaneously reducing the time and effort spent in meeting those requirements,” said William Kovacs, Vice President, Environment, Technology & Regulatory Affairs, U.S. Chamber of Commerce.

Andrew Langer, Manager of Regulatory Policy, National Federation of Independent Businesses added, “Business.gov is an essential tool in the move to make the regulatory process more understandable and accessible. It will serve the twin purposes of increasing compliance and reducing the burdens faced by America’s businesses.”

Small firms with fewer than 500 employees represent 99.7% of all businesses. These firms spend 45% more per employee than larger companies to comply with federal regulations including taxes and environmental requirements, according to the SBA.

Originally launched in 2004, Business.gov initially provided information on starting, growing and managing a small business. The new compliance focus is designed to better meet the needs of the business community.
Smaller SBA Loans Can Make a Bigger Impact

Three aggressive lenders have entered the greater Los Angeles market as providers of SBA loans in smaller denominations. These banks earn their bread and butter by making loans of $5,000 to $25,000. You might have seen ads or marketing materials for Innovative Bank, Business Loan Express (BLX), and Superior Financial Group. All three entities deserve kudos for underwriting truly small business loans. Combined they made more than a hundred loans to African-American owned businesses, many of which were start-ups. Also noteworthy is the fact that at the mid-point of last Fiscal Year, two of the three lenders were not even operating in the SBA Los Angeles District Office’s service area. So next year’s expectations call for increased loan production, to the advantage of BBA members and potential new membership.

The loans these banks generate are 85% guaranteed by the U.S. Small Business Administration and can be used for a host of business related purposes. A prospective borrower works with an SBA intermediary, who helps determine qualification, after which the funding occurs in a rapid fashion. There is also a technical assistance (TA) component which is overseen by the intermediary. The combination of the high percentage of loan guarantee and the fact that an intermediary is extending TA--keeping a friendly but business sensitive eye on things--serves as an inducement for these banks to “take a closer look” at deals, which in the past might often have been declined. This accommodation often creates an optimistic environment which results in the entrepreneur getting his or her loan approved. After all, more than 50 Black start-up enterprises were funded by this financing triumvirate in what was in reality only an abbreviated lending year. Opportunities abound for minority small business owners, many of which were start-ups. Entrepreneurs, you must remain proactive. Always try to borrow in anticipation of a need, well in advance, not at the eleventh hour when it is absolutely necessary and the failure to find adequate and timely financing could have dire consequences.”

Listed below are two of these newly approved for-profit intermediaries. They are owned by African-American entrepreneurs. Others Black-owned firms are in the approval stage. L.C. Green is a BBA member, Jocelyn Cotton is the President of The Legal Resolution Corp.

- L.C. Green & Associates (310) 515-7316
- The Legal Resolution Corporation (310) 390-3030.

Message from Director Alvarado

It is reassuring to know that economic development is alive and well and prospering in the Black Business community and that new business formation is holding a steady course, particularly in Los Angeles County. Black-owned enterprises are experiencing improved opportunities to access the necessary capital to fuel business growth and foster job creation. African-American financing numbers are increasing annually.

In SBA’s most recently completed fiscal year nearly 400 Black firms in our tri-county service area of Los Angeles, Ventura, and Santa Barbara counties were financed. This is strong work and we are proud of the results yet we at the Los Angeles District Office remain bivalent. We are not completely satisfied, as we feel that a number worthy of true bragging rights should appropriately be 35%-50% larger. Accordingly, we will challenge ourselves, our technical assistance providers and the SBA lending community to Make FY2007 a Banner year in African American Business Lending.

Your input is needed in this endeavor. You can help. Continue to apprise your small business colleagues of the programs available through the SBA. Some of which can help to prepare a firm to enter the financing process. Other programs offer training which can enhance a business profile, thereby improving chances of qualifying for capital. Together we can make a difference.

Sincerely,
Alberto G. Alvarado, District Director
The introduction of credit scoring by banks for small business loans may help increase small businesses' access to credit, according to a study released today by the Office of Advocacy of the U.S. Small Business Administration. The report also found that relationships continue to be the dominant factor in banks' decisions to lend to small businesses.

“The report documents how the use of credit scoring can lead to risk-based pricing of loans which ‘democratizes’ lending, meaning that riskier loans can now be made to start-ups or small business owners with little credit history,” said Dr. Chad Moutray, Chief Economist for the Office of Advocacy.

Written by Drs. Charles and Adrian Cowan with funding from the Office of Advocacy, A Survey Based Assessment of Financial Institution Use of Credit Scoring for Small Business Lending, shows that banks, particularly those in urban areas, are moving towards the use of both owner and business credit scoring as a key metric in the small business loan decision.

For banks that have adopted credit scoring, it appears that there are significant increases in the importance of small business and micro business loans in the total lending portfolio subsequent to the use of credit scoring in the lending decision. Nonetheless, the use of credit scoring is not universal with about 47 percent of banks surveyed using some form of credit scoring for small business lending.

The Office of Advocacy, the “small business watchdog” of the federal government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.