



DISPATCH

“SBA – Your Small Business Resource”

U.S. Small Business Administration

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Director's Message

The U.S. Small Business Administration recently introduced a new online training resource for budding entrepreneurs to provide the fundamentals of starting a small business. The ***Small Business Primer Strategies for Success*** online training is a free course designed to assist individuals who are thinking about starting a small business or who are in the early stages of running a business.

The ***Small Business Primer*** is a self-paced assessment tool that focuses on three key areas to help small business owners (1) determine their business readiness, (2) provide an overview of basic small business principles, and (3) introduce them to key SBA resources for small business counseling and training. The assessment tool is highly recommended and useful for those who have considered starting a business or thought about what it takes to be successful as an entrepreneur.

The ***Small Business Primer*** is available through the SBA's Small Business Training Network, a virtual campus of business courses, trainings, education resources, learning tools and information assistance at www.sba.gov/training. It is a unique training course that features an interactive assessment tool to help evaluate readiness for starting a business. It also walks participants through the key steps of business start-up.

The business topics reviewed include business planning, legal aspects, financing and marketing. In addition, the course provides links to more than 40 targeted resources and small business tools, such as a business plan template, and an automated balance sheet guide. The course also offers direct access to online counseling through SCORE, as well as to other SBA resources partners including the Small Business Development Centers, Women's Business Centers, and SBA district offices. Contact information for the resources is on page 3 of this newsletter.

Participants that complete the online training have an opportunity to receive a Course Completion Certificate from the SBA. To evaluate your business readiness, go to www.sba.gov and click on “Free Online Training.”

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Did You Know?

* After Mexico, Canada is Arizona's largest trading partner with nearly \$3 billion in trade between the two countries in 2006.

* The IRS has started a news service, *e-News for Small Business*. Distributed every Wednesday, it brings timely, useful tax information right to your computer. To start your FREE subscription to e-News, just go to IRS.gov at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html>, type in your e-mail address and submit.

* Arizona's economy is forecast to grow by 180,000 non-farm jobs during the two year period 2007-2008, according to Arizona Department of Economic Security. Service providing industries are forecast to account for 93 percent of these jobs. Manufacturing should add close to 2,200 jobs.

SBA ADVICE: Financing Your Business – The Basics

While poor management is cited most frequently as the reason businesses fail, inadequate or ill-timed financing is a close second. Whether you're starting a business or expanding one, sufficient ready capital is essential.

Before inquiring about financing, ask yourself the following:

- * Do you need more capital or can you manage existing cash flow more effectively?
- * How do you define your need? Do you need money to expand or as a cushion against risk?
- * How urgent is your need? You can obtain the best terms when you anticipate your needs rather than looking for money under pressure.
- * How great are your risks? All businesses carry risks, and the degree of risk will affect cost and available financing alternatives.
- * In what state of development is the business? Needs are most critical during transitional stages.
- * For what purposes will the capital be used? Any lender will require that capital be requested for very specific needs.
- * What is the state of your industry? Depressed, stable, or growth conditions require different approaches to money needs and sources. Businesses that prosper while others are in decline will often receive better funding terms.

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SUCCESS STORY: SBA Helps a Veteran Start Out

ASPEN COMMUNICATIONS

FLAGSTAFF, AZ – After 26 years in the Navy, reaching the rank of Chief Warrant Officer, Don Richardson, as so many retiring veterans do, took his skills and again went to work for Uncle Sam. During his military career he attended the Navy's most advanced courses in electronics and served in a variety of duty stations in the field of electronics and communications systems operations, installation, maintenance and repair.

Don joined the civilian workforce at the Bureau of Land Management. He earned both Bachelors and Master degrees in Business Management. He became Corporate Director of Technical Support Services for Northern Arizona Healthcare. An innovator with tenacious drive, Don saw opportunity in the Flagstaff area in 1999 and struck out on his own opening Aspen Communications. As Don puts it, "There were lots of small companies doing bits and pieces, but no one company doing integrated communications systems at that time. I was familiar with the market in the area from my time with the healthcare group, saw an opportunity and took it."

Like most start-up small businesses, Aspen needed capital.

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SBA EVENTS:

May 2, 2007

SCORE Loan Clinic at SBA District Office in Phoenix. Contact SCORE at 620-745-7250 or register online at www.sba.gov/az.

For a calendar of business training events put on by SBA's resource partners throughout the state visit www.sba.gov/az and navigate to the events calendar.

SBA RESOURCE PARTNERS:

SCORE

SCORE, "Counselors to America's Small Business" is a national organization of volunteers that offers free confidential one-on-one business counseling. For a chapter and counselors in your area consult www.score.org and enter your zip code.

SMALL BUSINESS DEVELOPMENT CENTERS

Small Business Development Centers are allied with community colleges throughout the state. The centers offer free confidential one-on-one business counseling and often offer seminars on business related topics. For information on a center in your area consult www.asbdc-us.org and select Arizona.

WOMEN'S BUSINESS CENTERS

There are two Women's Business Centers in the state. Each offers counseling and mentoring services to small businesses and counsels both

men and women. Both are also micro-lenders offering loans from \$500 to \$35,000.

Phoenix: Self Employment Loan Fund, 1601 N. 7th St., Suite 340 Phoenix, AZ 85006 (ph) 602-340-8834 www.selfloanfund.org

Tucson: Microbusiness Advancement Center, 330 N. Commerce Park Loop, Suite 160 Tucson, AZ 85745 (ph) 520-620-1241 www.mac-sa.org

Communications continued:

Don turned to a bank for a U.S. Small Business Administration (SBA) loan. The SBA guarantees loans to banks for small businesses to assist small start-up and expanding businesses. The \$190,000 SBA loan came through and growth began. In its first year with just two employees, Aspen's revenues hit \$400,000. In 2007 with 15 employees the company expects revenues to approach the \$2 million mark.

Early on Don also took advantage of another of SBA's programs when he consulted counselors at the Coconino Community College Small Business Development Center (SBDC). Small Business Development Centers are resource partners of the SBA, are affiliated with colleges throughout the state, provide free one-on-one business counseling and typically offer seminars on a broad array of business topics.

Of his experience with the SBDC Don says, "Sure I have an MBA, but if you have any humility you know no matter

how much you know, there is always lots more you don't know. I used the SBDC counselors as a sounding board, to review my business plan and to look over my shoulder."

That plan, his dedication, customer service, attitude and flexibility have made Aspen a success in both the private and public marketplaces. Despite the fact that Don no longer is employed by the federal government, he still works for it. He currently has contracts with Veterans Administration, the U.S. Forest Service, the Bureau of Indian Affairs and the Indian Health Service.

Don is a service disabled veteran and as a Service Disabled Veteran Owned Business, Aspen can compete for federal contracts that are specifically set aside for such firms. It has done so and won contracts under that special standing. As Don puts it, "We want the business and will go after those opportunities when they are available." He's very proud of his service, grateful for the opportunities the military offered him, and grateful for the opportunities the government offers his business today as a result of that service.

Good Advice:

"A mouse can't eat a whole cake, but a bunch of mice can. So, don't look at others in your business as competition. Look at them as potential partners and team with them. It will make you stronger. You may give something away one day, but I promise it will come back to you ten fold."

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Communications continued:

Secret of Success:

"There's no secret. Don't give up. Take advice from as many others as you can. Use as many resources as you can. Success is not something that just happens one day. It lies in doing a thing day-by-day, carefully and persistently."

Financing Basics continued:

* Is your business seasonal or cyclical? Seasonal needs for financing generally are short term. Loans advanced for cyclical industries such as construction are designed to support a business through depressed periods.

* How strong is your management team?

Management is the most important element assessed by money sources.

* Perhaps most importantly, how does your need for financing mesh with your business plan? If you don't have a business plan, write one. Lenders will want to see your plan for the start-up and growth of your business before they finance it.

There are two general types of financing: equity and debt financing. The more money, or equity, you have invested in your business, the easier it is to attract financing. If your firm has a high ratio of equity to

debt, you should probably seek debt financing. However, if your company has a high proportion of debt to equity, you should increase your equity before you borrow additional money. That way you won't be over-leveraged to the point of jeopardizing your company's survival.

There are many sources for debt financing: banks, savings and loans, commercial finance companies, and the SBA are the most common. Many state and local governments have small business lending programs. Family members, friends, and former associates are all potential sources, especially when capital requirements are smaller.

Traditionally, banks have been the major source of small business funding. Their principal role has been as a short-term lender offering demand loans, seasonal lines of credit, and single-purpose loans for machinery and equipment. Banks generally have been reluctant to offer long-term loans to small firms. The SBA guaranteed lending program encourages banks and non-bank lenders to make long-term loans to small firms by reducing their risk and leveraging the funds they have available. Visit <http://www.sba.gov/financing/index.html> for more information on SBA loan programs.

Additional equity can be sought from non-professional investors such as friends, relatives, employees, customers, or industry colleagues, although venture capitalists are the most common source. Most specialize in one or a few

closely related industries. Most venture capitalists prefer three-to-five-year old companies that have the potential to become major regional or national businesses and return higher-than-average profits.

Director's Message continued:

The SBA's Small Business Training Network offers a range of online business training and counseling tools to assist entrepreneurs with business start-up, from developing marketing strategies to effective employee management. It also provides valuable information for existing small business owners. The training network is an easy-to-use tool that provides 24-hour access to business courses via the Internet.

Federal Contracting for Minority and Disadvantaged Small Businesses

The SBA offers a program to economically and socially disadvantaged small businesses that allows them to compete for federal contracts that are specifically set aside for such firms. Those interested in learning more about the program should see an introductory presentation: http://www.sba.gov/idc/groups/public/documents/az_phoenix/sba_az_01348appver2.ppt

Submit 2008 Small Business Week Nominations Now!

You'll hear more about these national awards in future editions, but don't wait. Tell all you know... Self nominate... See www.sba.gov/az for forms and details.



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