



THE ARIZONA DISTRICT OFFICE

DISPATCH

Information for the Small Business Community

July 2007

"SBA – Your Small Business Resource"

U.S. Small Business Administration

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DIRECTOR'S MESSAGE

SBA has made a lot of news this past month and what follows are some of the highlights:

On June 28, loans for veterans under SBA's new Patriot Express program became available through the SBA lender network. The program, designed specifically for veterans, is aimed at assisting those in business or considering a startup. Attracted by fast turnaround time for loan approvals, funds available up to \$500,000 and the lowest interest rates SBA offers for business loans, twenty veterans took advantage of the program in its first two weeks. Contact us at 602-745-7200 for participating lenders in Arizona and see further program details at www.sba.gov/patriotexpress.

SBA and Trump University have collaborated to create a free online course "How to Start a Business on a Shoestring Budget". The self-paced course is available through the SBA's Small Business Training Network at www.sba.gov under the "Training" icon. Participants interact with fictional entrepreneurs who are engaged in raising money for their small businesses and learn from experts as they progress through the class.

Business.gov is a great resource and has announced a new tool to help businesses determine their license and permit requirements. The site, at www.business.gov offers a new "Permit Me" feature that provides a single source for obtaining federal, state, and local permits and professional licenses for businesses. Also new is a "Feature Topics" option that will help business owners understand in plain language the regulatory requirements their businesses face.

On June 30, new SBA regulations took effect that require companies with federal contracts to recertify their size status as "small businesses." These actions will increase opportunities for more small businesses to receive contracts from the federal government. For specifics, see SBA's website at: http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_monnews_0740.pdf

Continued on page #4

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DID YOU KNOW?

* The statewide unemployment rate for June was 3.4 percent, compared with 4.5 percent nationwide. That's down from 3.6 percent the prior month according to the Arizona Department of Economic Security. The Phoenix area held tight at 2.9 percent. On a seasonally adjusted basis, the Tucson area's jobless rate was 3.3 percent, unchanged from May.

- Statewide, payrolls declined by 40,000 jobs from month to month because of seasonal changes, like teachers putting away their grade books for summer. The drop was a bit larger than expected, but the state has 74,000 more people working here compared with a year ago.

- The scientific and technical sector hired 1,300 people, and healthcare added 800. Professional and business services added 600 jobs, while mining brought in another 300

workers, which was matched by the information sector.

* Phoenix ranked 15th in the nation in the Business Journal's survey of best markets for small business.
* Arizona is No. 6 in the country in international technology exporting, say the American Electronics Association, with more than \$8.7 billion in 2006. About 25 percent of that went to Mexico, with China and Malaysia following with \$963 million and \$776 million, respectively.

SBA ADVICE: Financing your Business with the SBA's Help

Perhaps no activity in starting up a new businesses or in laying plans for growth of an existing business will have as much impact on your prospects for success over the long run than ensuring adequate financing.

How do you go about financing your enterprise? The U.S. Small Business Administration recommends developing a proposal, including a business plan, and paying a visit to a commercial lender with whom you've done business in the past, a place where you are a known quantity. If that lender will make a loan to finance your proposal, then you don't need the SBA.

But if that lender declines, or tells you that it can make the loan only if you can line up a guarantor, then the SBA's 7(a) loan program may be the answer for you.

The 7(a) program is the most basic type of loan the SBA

SUCCESS STORY: Allsource Global Communications

SIERRA VISTA, AZ – In her quest to start a small business Cecilia Mata went looking for information and advice. One source she found was the U.S. Small Business Administration (SBA) where she was advised of the many resources and programs SBA offers small businesses. Introduced by the SBA to the Pima Community College Small Business Development Center (SBDC), Cecilia embarked on the path to open her business by establishing a mentoring relationship with center counselor Alex Cooper.

Small Business Development Centers are resource partners of the SBA, are affiliated with community colleges across the state, provide free one-on-one business counseling and typically offer seminars on a broad array of business topics.

Of her experience with the SBDC Mata says, "I was able to leverage their experience and it didn't cost me anything. Normally, companies charge money for business information and guidance, but with the SBDC I received excellent information, advice and service every step of the way."

Of Chinese and Hispanic heritage, Mata has a multicultural background with twenty-three years of management and administration experience working for large corporations and consulting in the areas of strategic planning, training and

SBA EVENTS:

August 1, 2007
SCORE Loan Clinic at SBA District Office in Phoenix. Contact SCORE at 620-745-7250 or register online at www.sba.gov/az.

August 1, 2007
Selling to the Federal Government at SBA District Office in Phoenix. Contact Luz Guerrero 602-745-7232 or register online at www.sba.gov/az.

For a calendar of events throughout the state visit www.sba.gov/az and navigate to the events calendar.

SBA RESOURCE PARTNERS:

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

Small Business Development Centers offer free 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.

There are two **Women's Business Centers** in the state. Each offers counseling and mentoring services and counsels both men and women. They provide training, workshops and seminars. 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

Financing continued:

offers to small businesses. In fact, to be precise, it is not a loan *per se*, but a guaranty that the SBA provides participating lenders, making it easier for them to make small business loans they otherwise wouldn't touch.

Under the concept, businesses apply to a commercial lender for a loan. The lender, using its own criteria, decides whether to make the loan on its own or whether the application has some weaknesses which would call for an SBA guaranty. Most often, the weakness is a problem with insufficient collateral, or the inability to afford repayments for the shorter term loans that lenders prefer. If the lender decides that it would rather not take the risk alone, it turns to an SBA 7(a) loan guaranty.

The SBA's guaranty assures the lender that if the borrower does not repay the loan, the federal government will reimburse the lender, up to the percentage guaranteed by the SBA.

All businesses that are considered for financing under SBA's 7(a) loan program must meet SBA size standards, be

for-profit, not already have the internal resources (business or personal) to provide the financing, and be able to demonstrate sufficient cash flow to meet all of its monthly obligations, plus a monthly loan payment.

Remember, the SBA guarantees the loan, but the borrowers are obligated for the full amount due. Also, you have to be of good character and be able to provide a reasonable collateral or owner participation.

Most small business don't need a whole lot of money to start or to expand, but they do need good repayment conditions, namely, longer terms and low interest rates. The 7(a) loan program provides both.

The 7(a) loan program has a maximum loan amount of \$2 million with a guaranty of 75 percent, or \$1.5 million. The lower the amount you need, the higher the guaranty can go, up to 85 percent on loans of \$150,000 or less.

The SBA encourages longer terms, but actual loan maturities are based on the purpose of the loan and the useful life of the assets financed. In general, though, 7(a) loan maturities can go from seven years for working capital, to a maximum of 25 years for land and buildings, or debt refinancing.

Finally, interest rates are negotiated between the borrower and the lender. However, since interest rates can be an important factor in the repayment ability of

Continued on page #4

Financing continued:

borrowers, the SBA has established limits that vary according to the size and maturity of the loan.

For more detailed information about SBA programs and services visit the SBA at <http://www.sba.gov/financing/index.html>.

Allsource Global continued:

human resource management.

She earned an MBA from Universidad Latinamericana de Ciencia y Tecnologia in Panama. In July of 2005 she formed Allsource Global Management and within a month had her first contract.

Working with federal agencies, in particular the Department of Defense, her company places a variety of subject matter experts in critical training and support positions across the country. As a DOD contractor one of Cecilia's major hurdles was to obtain top security clearance for her facility. Her human resources experience and perseverance paid off and her clearance sailed through when she found just the right person to hire for the task.

That knack for hiring talent has paid off time and again, winning kudos from clients and



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ever-increasing opportunities for contracts.

Among the many SBA programs Cecilia learned about when getting started was the 8(a) Business Development Program. The program is designed to help minority, economically and socially disadvantaged small business owners compete with large companies for federal contracts. Certifying her company under the 8(a) program became part of her business plan and with the assistance of the SBDC she realized that goal within a year and has since been the successful bidder on a number of federal contracts. She also became certified under SBA's HUB Zone (Historically Underutilized Business Zone) program which allows her to compete for federal contracts that are set aside with the goal of helping small businesses in such areas of the country succeed, grow their local economies and create jobs.

After two years, Allsource is anticipating revenues of \$2 million. Mata believes that her success with DOD is due to her company's reputation for integrity, technical competence and responsiveness. She expects the future to be bright because of her diverse leadership team, dedicated and hard working employees and mission focus.

Good Advice: "Leverage the resources the SBA and the SBDC have to offer. They will make you successful. Never give up. Success is a path, not a destination."

Secret of Success: "Hard work. Keep focused. Have a

clear vision. Never stop filling the pipeline. "

Director's Message continued:

Each year SBA supports small business organizations in Phoenix and Tucson that coordinate celebrations of **Minority Enterprise Development Week**. The week is a national effort to recognize the contributions minority small businesses make to our economy and communities. Phoenix celebrated in April. Tucson's award ceremony will occur on September 19. A series of free business workshops will be held in the weeks prior to the event culminating with a loan fair hosted by local lenders. For further details see www.tucsonmedweek.com

SBA also recognizes the contributions of small businesses during **Small Business Week**. Awards are given to nominees from across the state in a number of business categories, and a very large ceremony is held in Phoenix in April to recognize the winners. Regional and national awards are also given. Over 95 percent of Arizona's businesses are small businesses and as such are largely responsible for our state's robust economy. With such a large pool of potential awardees, I encourage all who qualify to complete a nomination form and be considered for these prestigious awards. Details and nomination forms are available at www.sba.gov/az