

# THE SMALL BUSINESS ADVOCATE

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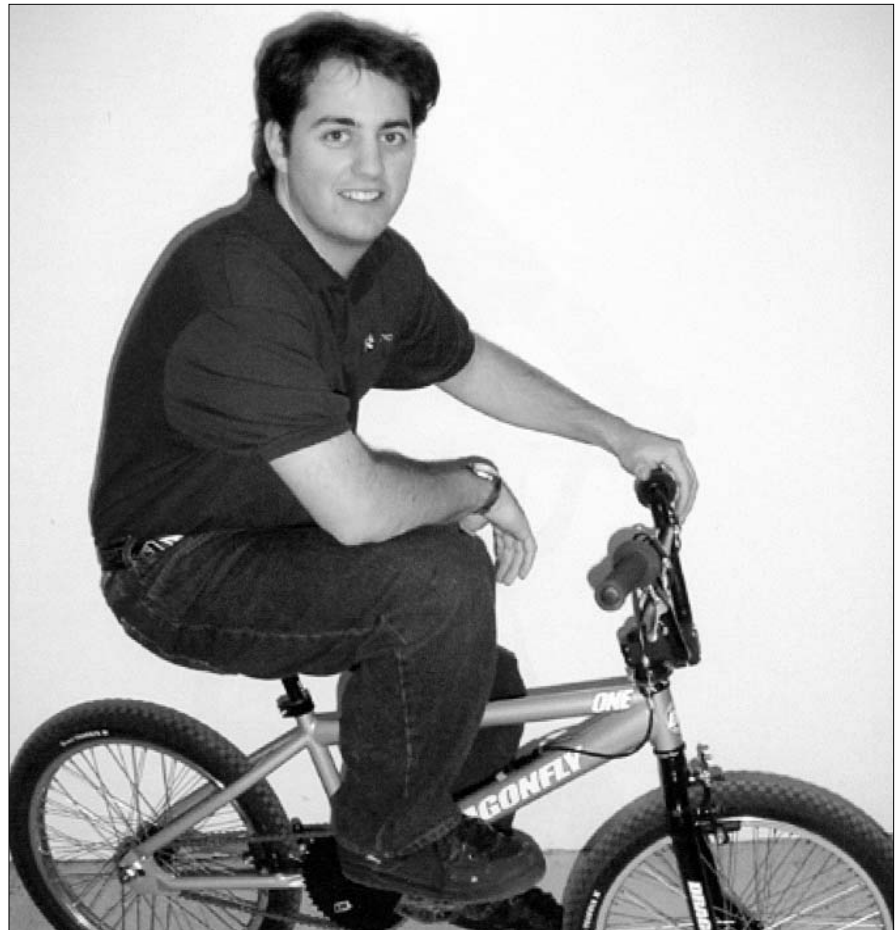


## Advocacy Presents the 2002 Advocate and Special Award Winners

Every spring during National Small Business Week, the U.S. Small Business Administration celebrates the dedication and success of small businesses across America. The theme of this year's celebration is "Small Business: Where America Works."

This year, seven individuals have been selected to receive national advocacy awards and three to receive special awards. The Advocates of the Year were selected because of their outstanding efforts to improve the climate for

small business. The Special Award winners, Small Business Exporter, SBA Young Entrepreneur, and Entrepreneurial Success, are chosen not only for the financial success of the business but also because of employee growth, innovation, and community involvement. The winners come from diverse backgrounds and locations. The Office of Advocacy is happy to present the 2002 national winners. (See article on page 4.)



Young Entrepreneur of the Year Aaron Zack Phillips, 25, began manufacturing and marketing high-quality BMX bicycle parts at age 16.

## SBA Coordinates Help For Small Businesses' Regulatory Burdens

Michael Barrera, the national ombudsman for the U.S. Small Business Administration, and Thomas Sullivan, the chief counsel for the SBA Office of Advocacy, have joined forces in President Bush's recently announced battle against burdensome regulation and unfair regulatory enforcement.

Both men and their offices are responsible for helping small business owners cope with federal rules, but their offices are involved at different stages of the regulatory process. Sullivan works with federal agencies to consider small business impact before regulations are implemented. As national ombudsman, Barrera works to assure that the regulations that are already in place are enforced fairly.

"Tom and I support the President's goal to help small business owners devote more time to serving customers, developing products, and helping employees, and less time and money to coping with burdensome regulations and unfair or excessive enforcement by federal agencies," said Barrera.

Barrera and Sullivan recently signed a memorandum of understanding to further assist small businesses with federal regulatory enforcement issues. The agreement ensures that small business complaints, comments, or concerns are handled by the appropriate office. It also recognizes the need to explain to small business owners and Federal agencies the statutory responsibilities of both offices.

National Ombudsman Barrera holds regular hearings across the country to receive comments from small business owners, representatives of trade associations, and chambers of commerce about how federal regulatory agencies treat them during enforcement actions.

"We can only create a more small-business-friendly regulatory environment if we hear from small businesses," said Barrera. "Based upon previous testimony we have been able to achieve many positive changes in the federal regulatory enforcement environment."

"We want to encourage a 'help-you' attitude, rather than a 'gotcha' attitude by federal agencies. By working together with small businesses and federal agencies we can make the federal regulatory process more cooperative and collaborative," he said.

Congress created Barrera's office in 1996 in order to help achieve a fair balance between necessary and excessive enforcement of the laws Congress passes. Barrera is authorized to hold hearings across the country to receive comments from small business owners about the federal regulatory enforcement environment. Barrera also receives comments and concerns filed directly with his office in Washington, D.C.

These comments are then sent to the appropriate federal agency for review and response. The national ombudsman then rates the federal agencies on their enforcement

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### For More Information

Visit the national ombudsman website, [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman) to see a schedule of upcoming hearings throughout the country or to file a comment or complaint about excessive or unfair federal regulatory enforcement. You may also call the office at 1-888-REGFAIR.

To view the complete text of the memorandum of understanding between the two offices, visit the Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo).

activities and sends his rating and report to Congress each year.

Congress also established 10 Regulatory Fairness Boards to hold hearings in each SBA region of the country. Each board is composed of five small business owners from the region; the members volunteer their time to help small businesses cope with regulatory problems. "Our office wants to encourage federal regulators to assist business owners with compliance rather than going straight to the penalty stage," Barrera said.

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## Message from the Chief Counsel

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### Entrepreneurs: Small Businesses' Best Advocates

by Tom Sullivan, Chief Counsel for Advocacy

A small business can emerge from almost anything—a need in the marketplace, an idea, a little capital, a lot of sweat. The idea becomes an enterprise; the one who makes it a reality, an entrepreneur. During Small Business Week, we have the gratifying task of celebrating the very best of America's innovative ideas, enterprises, and entrepreneurs. And these entrepreneurs, in turn, lead us and thousands of others by their example to achieve what seems impossible until it takes form and substance, guided by inspiration.

Among the small business people we celebrate this year are a 25-year-old entrepreneur with a passion for bicycles who saw a need for more reliable components; an innovative exporter of carbon dioxide commercial applications for dry cleaning and spice extraction; and a Native American/Hispanic contractor whose persistence paid off in his development of a nationally recognized construction firm.

These and millions of other small business achievers are advocates in the very best sense of the

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**These entrepreneurs, in turn, lead us and thousands of others by their example to achieve what seems impossible until it takes form and substance, guided by inspiration.**

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word—they are leaders whose actions prove that dreams can become reality. Their boldness and tenacity, as much as their achievements, inspire us to be bold and tenacious advocates on their behalf.

Moreover, despite the formidable amount of work it takes to launch and sustain a successful business, these entrepreneurs do not stop there. The three mentioned above, and all the other winners, also spend untold hours volunteering in their communities and mentoring others in the art and science of entrepreneurship.

During Small Business Week we also single out seven remarkable, dedicated small business advocates. In 2002 they include an accountant

who has donated hundreds of *pro bono* hours to Hawaii's businesses; a small-business-friendly banker who also trains other local bankers, businesses, and business advisors in her winning strategies; a home-based business owner who created a nationally recognized web-based organization to support other home-based businesses.

Also honored are the creator of a nationally syndicated talk show dedicated to helping small business owners; the president of an extremely successful development corporation that advocates for minority-owned businesses; an outspoken advocate for veterans and disabled veterans; and a visionary advocate for women-owned businesses whose creativity motivates others to act.

So this Small Business Week 2002, I encourage would-be entrepreneurs to take the first step toward building a small business. Become leaders by example and add to this incredible pool of entrepreneurial talent—America's best advocates for small business.

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### Ergo Update

The U.S. Department of Labor appears to have listened to the concerns of small business in developing its new approach to ergonomics. On April 5, 2002, the Occupational Safety and Health Administration (OSHA) announced an approach consisting of:

- Task-specific guidelines;
- Enforcement efforts to prevent illness and injury, designating 10 regional ergonomic coordinators;
- Outreach and assistance; and
- Research.

The first guidelines will be for the nursing home industry, and OSHA anticipates releasing them by the end of this year.

Chief Counsel for Advocacy Thomas M. Sullivan commended the Labor Department for "seriously considering the comments and concerns of small business owners in developing this strategy. The last time OSHA dealt with ergonomics, they solicited small business comments then ignored what small employers had to say. The new approach unveiled today is a step in the right direction

toward understanding and addressing the concerns of small business."

Small businesses' concerns were formalized in 1999 through a panel process required by the Small Business Regulatory Enforcement Fairness Act (SBREFA). One recommendation was that OSHA consider voluntary guidelines—a key component of the strategy announced last month.

For more information, visit the Department of Labor's website, [www.osha.gov/ergonomics/index.html](http://www.osha.gov/ergonomics/index.html).

## The 2002 Advocate and Special Award Winners

### Accountant Advocate of the Year

**Alan Yee** uses his accounting expertise to help Hawaii's small businesses start up and grow and to help nonprofits and charities develop stable financial plans to ensure their survival. Alan left the firm of Grant Thornton, LLP, in 1989 to set up his own accounting firm. His experience as a sole proprietor gave him a firsthand understanding of the challenges of owning a small business. Since rejoining Grant Thornton in 1995, he continues to advocate positive changes in Hawaii's business environment. He was named managing partner in 2000.

Alan has held leadership roles in many professional societies and nonprofit organizations. He helped guide the Mutual Assistance Association Center to financial self-sufficiency. The center helps Southeast Asian immigrants start their own farms. He was also instrumental in helping the Windward Spouse Abuse Shelter achieve financial viability. He remains active in the accounting profession, as a business coach and educator, and he has worked with governmental groups such as the Business Action Center to help eliminate some of the red tape that Hawaiian businesses face.



Accountant Advocate of the Year  
Alan Yee



Entrepreneurial Success Award Winner  
Adrian C. Lugo

### Entrepreneurial Success

**Adrian C. Lugo** is president of Lugo Construction, Inc., a nationally recognized Washington State general contractor that completes between \$45 million and \$50 million worth of construction projects annually. Lugo has achieved this success despite considerable obstacles. A descendant of Mexico's Tarahumara tribe, Adrian faced racial hostility in college, in the teaching profession, and in the construction industry. Determined to be his own boss, Adrian founded Lugo Construction in 1978.

Although his company turned out high-quality work, it still lost out on contracts locally. Lugo applied and was accepted into SBA's 8(a) program. The opportunities provided by the program enabled the company to increase sales to over \$15 million in 1993. Since graduating from the 8(a) program, the company has thrived on the open market. Adrian is active in assisting other minority businesses and in the community. In business and civic life, he is determined to extend the kind of fair and dignified treatment to employees and customers that he fought so hard to win for himself.

### Exporter of the Year

**Lalit Chordia** is president and founder of Thar Technologies, Inc., which specializes in commercial applications of high-pressure carbon dioxide process technologies. These environmentally friendly technologies are used in dry cleaning and spice extraction. Lalit founded Thar in 1990 to design and manufacture equipment for these processes. Through continual innovation, Thar has decreased manufacturing costs by nearly 20 percent, keeping these processes commercially viable. A native of India who received his doctorate in chemical engineering from Carnegie-Mellon University, Lalit has increased Thar's export sales from 6 percent in 1997 to 48 percent of total annual sales in 2001. He has participated in trade missions, hosted foreign delegations of companies, attended trade shows, and lectured at international conferences. He serves on the World Affairs Council of Pittsburgh, the District Export Council, and is the founder of the U.S.-India Forum, which promotes business and political cooperation. Thar Technologies now employs 29 professional staff and was a finalist for the Governor's Export Excellence Award in 2001.



Exporter of the Year Lalit Chordia



Financial Services Advocate of the Year  
Deborah K. Brown

### Financial Services Advocate of the Year

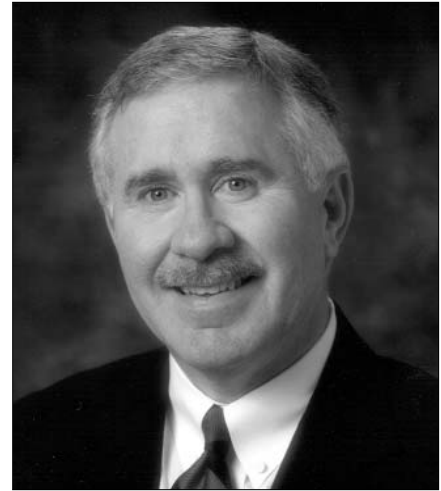
**Deborah K. Brown** is president of Capital Matrix, Inc., a certified development company based in Boise, Idaho, that helps small businesses operate more efficiently, add jobs, increase sales, and boost profits. Under Deborah's leadership, not only has Capital Matrix reached \$100 million in debenture sales; it also has become one of the premier certified development companies in the nation, with loan volume exceptional for the market size. Last year, the Mayor of Boise declared July 18, 2001, "Capital Matrix Day." Deborah is a leader in the Advisory Council of the Better Business Bureau of Southwest Idaho and the "Integrity Counts" Business Honors Program. She organizes regular training sessions for local bankers, businesses, and business advisors. And she actively promotes the benefits of the SBA loan program through marketing publications, events, and award programs. Deborah's openness to new ideas and positive outlook are so contagious that customers comment, "Without Deborah's open-mindedness to our business goals, this project would have never gotten off the ground."

### Home-Based Business Advocate of the Year

The isolation of home-based business owners is one reason that **Beverley Williams** founded the Association of Home-Based Businesses in 1991. Owning a desktop publishing business in Montgomery County, Md., convinced Beverley of the need to share experiences with other home-based business owners. Beverley's dedication resulted in a national charter in 1994 as the American Association of Home-Based Businesses (AAHBB), a 501(c)6 nonprofit organization. In April 2000, AAHBB dropped its membership fee and became a wholly web-based operation. Membership grew from a few hundred to 6,000 in 18 months! Members access health insurance and financing; discounted long-distance service, travel, and merchandise; and more. While operating two businesses from home, Beverley serves as AAHBB president and represents home-based businesses to state and local legislatures, Congress, and the media. She leverages every chance to focus national attention on the contributions of these businesses and to build support for their hard-working owners.



Home-Based Business Advocate of the Year  
Beverley Williams



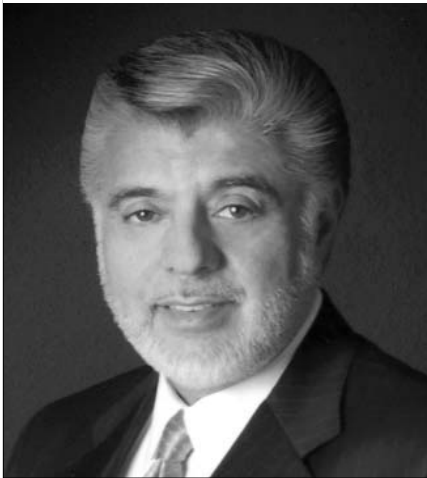
Small Business Journalist of the Year  
Jim Blasingame

### Small Business Journalist of the Year

**Jim Blasingame**, president of the Small Business Network in Florence, Alabama, is creator and host of the nationally syndicated radio and Internet talk show, *The Small Business Advocate*. Since 1997, it has been the only weekday talk show helping small business owners. To date, Jim has produced and conducted more than 2,500 live interviews with hundreds of small business experts and entrepreneurs. Jim's multimedia website, [www.smallbusinessadvocate.com](http://www.smallbusinessadvocate.com), delivers original small business content on demand. He recently published his first book, *Small Business Is Like a Bunch of Bananas*, and he's working on two more. Jim commands the attention of government and business leaders while making information understandable to even novice entrepreneurs. In 2000, *Fortune Small Business* magazine recognized Jim as one of the "Power 30," the most influential people in America representing small business interests. He was the only broadcaster—and the only person outside the Washington Beltway—commended for his dedication to small business owners.

*Continued on page 6*

**Winners, from page 5**



Minority Advocate of the Year  
David C. Lizárraga

**Minority Advocate of the Year**

**David C. Lizárraga** is president and CEO of The East Los Angeles Community Union (TELACU), the largest, most successful community development corporation in the nation. David is a dynamic and visionary international leader deeply concerned about his community. As East Los Angeles plunged into decline in the 1960s, David saw not only the economic but the human toll. This imminent threat to the human spirit united a group of community leaders to form TELACU in 1968. "While our challenge was monumental, our approach was straightforward: to provide people with the tools for true self-improvement and self-sufficiency and with opportunities to use those tools to improve their lives," he recalls. Under David's leadership, TELACU has gone from a small community development corporation to the largest Hispanic-run business in Los Angeles County, the fourth largest in California. TELACU is a catalyst in creating and retaining jobs in Southern California communities. Its subsidiaries employ nearly 1,000 people. TELACU's Community Commerce Bank has provided more than \$500 million in

loans to residents and businesses in the Greater Los Angeles area. Its revolving loan fund provides vitally needed financing to disadvantaged small businesses. The TELACU Education Foundation has awarded \$3 million in scholarships and graduate fellowships. David's vision has transformed vacant buildings into viable businesses, attracted needed capital, and created the jobs and educational opportunities to provide a better future.



Veteran Small Business Advocate  
Joseph K. Forney

**Veteran Small Business Advocate**

**Joseph K. Forney**, president of VetSource, Inc., was raised in a strong military family. He served in the U.S. Navy as a communications specialist and diver, but was medically retired due to the loss of his arm and a major injury to his legs. In 1992, Joseph started VetSource, a wholesale supply company, out of his home in Hesperia, California, and founded the Los Angeles Disabled Veteran Business Enterprises (DVBE) Network shortly thereafter. As head of DVBE, Joe spoke out for veterans to the state government in Sacramento, even when it meant driving through the night and sleeping in his truck to put in an appearance. In 1997, Joseph established Vetcom Supply, which employs disabled veterans in

many aspects of its just-in-time delivery operation. In 1998 and 1999, Joseph lived out of a suitcase in Washington, D.C., to fight for passage of H.R. 1568, the Veterans' Entrepreneurship and Small Business Development Act of 1999, which provides technical, financial, and procurement assistance to veteran-owned small businesses. Joseph has championed the abilities of disabled people as an area director with the Special Olympics, and he looks out for the interests of disabled veterans at every turn—whether testifying before Congress in 2000 or convincing the business community to tap the experience and quality of a DVBE company.



Women in Business Advocate  
Sandy Licata

**Women in Business Advocate**

**Sandy Licata** is executive director of the Kansas Women's Business Center (KWBC) in Lenexa, Kansas. KWBC provides services to current and aspiring women-owned businesses throughout Kansas, including women in urban and rural areas; socially and economically disadvantaged women; women veterans; and women whose life circumstances make traditional employment difficult, such as stay-at-home mothers, individuals with disabilities, and those living in remote areas. In addition, the

*Continued on page 8*

## Deputy SBA Administrator Brings Dynamic Style and Vast Experience

*As the new deputy administrator, Melanie Sabelhaus is second in command of the SBA. She spoke with The Small Business Advocate on her fifth day on the job.*

**Q: What is your role as the Deputy Administrator of the SBA?**

A: I will be a vocal public advocate for small business and for the visionary goals of Administrator Barreto. My role is to take aggressive charge of the products and services we offer entrepreneurs and make sure that they truly benefit our customers and that we eliminate as much red tape as we can. I see that as making the SBA accountable to the entrepreneurs of the 21st century. As Administrator Barreto travels the country meeting with small business owners, I'll be here in Washington managing the day-to-day activities of the SBA.

That, to me, is an exciting challenge. I want to spread that excitement throughout the SBA, not just here in Washington but in all of our offices as well as to all of our partners. I want each SBA employee to have clear goals, to be accountable for the success of our products and services, to be rewarded for a job well done, and to get excited about supporting America's backbone.

The entrepreneurs of the 21st century have different needs than those of 1953. They are still risk takers and free spirits. But they expect solutions on a 24/7 basis and they are results-driven. Red tape and bureaucracy drive them crazy, and with good reason! Plus, they expect artificial barriers to be dismantled—or at least ignored. So I will follow the Administrator's lead to implement President Bush's e-government strategy.

**Q: How will your significant corporate, entrepreneurial and nonprofit experience inform your actions as deputy administrator?**

A: I truly believe that my experiences will help me in my job of



SBA Deputy Administrator Melanie Sabelhaus

motivating, inspiring, and leading the SBA team. I started my career with IBM. After moving every couple of years as a “corporate warrior” I ended up as a marketing manager. The experience is one I wouldn't trade. IBM taught me the importance of high standards, the value of incentives to peak performance, and the worth of individuals within a large organization—all lessons applicable to my job here.

The experience of moving every three years or so also gave me an idea. I knew I wasn't the only corporate warrior being transferred, and I knew that many jobs didn't require moves, but did require extended stays—including professional athletes and consultants. All of these people needed a place to stay, and even the thought of months in a hotel is enough to give anyone the jitters. I thought that if I wanted to live as close to a “real” life as possible, others did too.

I researched the idea, did projected budgets and marketing plans, then made my move. I took my entire savings—\$15,000—and opened up an extended stay business. At first I did everything. I sold my clients on the concept, found the properties to rent, used my own furniture, decorated with what I owned, and did the cleaning at

night. I was a one-woman show.

Slowly, I built a company and a team. Eventually we were managing homes, apartments, and condominiums for movie production companies and relocated executives. We expanded—went national, even international. Finally we completed an initial public offering, and I retired.

What an experience! I was truly able to reach the American Dream, and to bring a team of hard working co-workers along with me. By starting from virtually nothing and going to an international public company I learned a lot!

My experience gives me a feel for what entrepreneurs need at every stage from SBA products and services; whether it is capital from the microloan program, training in how to understand financial statements from a small business development center, or raising venture capital and financing an IPO.

**Q: You haven't mentioned your nonprofit work yet.**

A: My small business experience let me give something back to the community, and that was my fundraising for women and children.

Which dovetails nicely with my new work here. Getting more women involved in entrepreneurship is my passion! Did you know that women actually control most of the wealth in this country? Watch a few commercials on TV: women make most of the buying decisions! They pay most of the bills. And we live longer, so we control vast appreciated assets.

I would really like to see us take some risk with that wealth and become entrepreneurs! Small business ownership is, after all, the best way for Americans—women, men, minorities, disabled, immigrants—to become full participants in our economy. I want to promote that for everyone, and especially those overlooked in the past.

**Winners, from page 6**

center helps women business owners with their professional skills. Sandy's 25-year career as a successful small business owner has given her the experience necessary to coach others. She has owned a plant store, a retail video franchise, an advertising placement firm, and a publishing company. In addition to running KWBC, Sandy has instituted *Enterprising Women*, a weekly radio program. She consults through The Licata Group and teaches small business classes for Wayne State University. Her volunteer commitments have included serving as president of the Wichita Chapter of the National Association of Women Business Owners and teaching entrepreneurship classes for Junior Achievement.

**SBA Young Entrepreneur of the Year**

**Aaron Zack Phillips** is leaving his tracks on the American small business scene. In this case, they are

bicycle tracks, as Zack is the creator and owner of Kink BMX, a manufacturer and distributor of BMX bicycle parts and related soft goods in Rochester, New York. Now 25, Zack started Kink at age 16 when he recognized a market need for more reliable components. After inquiring at a local machine shop to see if parts could be made stronger, he decided to manufacture his own and sell them at competitions and skate parks. Zack kept the company going while setting out on other business ventures—in sales for a sport clothing distributor and later as owner of a skateboard shop. By age 21, he was back to running Kink full time. The company now has worldwide distribution, six full-time employees, and five promotional riders under contract. Since 1999, Kink has doubled in size annually, and by March 2001, annual sales approached \$1 million. The SBA has been instrumental to Kink's growth. Zack secured his first line of credit through an SBA enhancement. And on the personal

level, Zack's grandfather, Albert Zack, an active member of SBA's Service Corps of Retired Executives (SCORE) always encouraged his interest in self-employment.

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