

In This Issue

Message from the Chief Counsel

Budget Line Item Would Ensure Advocacy's Independence . . . 3

Economic News

Small Business Big in Exports 1

Small Firm Inventions Often Unprotected in Global Marketplace 7

Research Notes

Trends in Banking May Free Up Small Business Capital . . . 4

Special Feature

Answers to Frequently Asked Questions 5

News Updates

SBA Prepares to Mark 50 Years 2

"Green Gazelles" Observe Earth Day Every Day 2

Regional Roundup

North Dakota Reg Flex Bill Signed into Law 4

Regulatory News

Final RFA Compliance Guide Published 4

Small Businesses Big in Exports

International trade is not just for big business anymore. In 2001, 97 percent of all U.S. exporters were small businesses, and small businesses accounted for approximately 29 percent of U.S. export value. With small businesses struggling in a tough economy, international trade provides an opportunity to diversify by expanding into new markets.

The Office of Advocacy hosted a roundtable discussion on April 23 titled "Barriers to International Trade for Small Business." The 30 participants heard brief remarks from Chief Counsel Thomas M. Sullivan, and Assistant U.S. Trade Representative Christopher A. Padilla provided a brief overview of the U.S. trade agenda. In addition, the findings of a new Advocacy research study, *Foreign*

Patenting Behavior of Small and Large Firms: An Update, were presented by the study's author, Dr. Mary Ellen Moguee. (See page 7.)

In his remarks, Padilla told the small businesses and trade representatives gathered that the U.S. Trade Representative's (USTR) office wants to incorporate small business concerns into the trade agenda and recognizes that small businesses have a distinct set of issues when it comes to international trade. Currently, USTR is simultaneously negotiating six free-trade agreements. The remainder of the roundtable was dedicated to discussing small business priorities, which include elimination of non-tariff barriers, protection of intellectual property, trade facilitation, and dispute resolution.



Chief Counsel Tom Sullivan and New England Regional Advocate Barbara Manning talk with Harbor Light Marina owner Leo Martin and consultants Ken Kubic and Mark Deion about the state of industry in Rhode Island.

News Updates

Today's SBA—50 Years in the Making

The SBA was created through the ratification of the Small Business Act of 1953, but was initially granted only temporary status. The agency's origins date back to 1932 when the Reconstruction Finance Corporation was created to ease the pressures of the Great Depression and subsequently World War II. Although SBA operated year to year, there were no real contests to the agency's reauthorization during those early years, according to a brief history of SBA written by former senior staffer Wiley Messick. Employees, many of whom were carried over from SBA predecessor agencies, however, sweated out each extension.

It was 1958 before SBA was finally made permanent. Messick recounts that the agency was run by "experienced, sound credit people and veteran contracting officer personnel" By 1958, the lending activity had grown from 24 business loans and 41 disaster loans totaling

\$1.7 million in 1953 to 5,315 business loans and 1,225 loans totaling over \$266 million. In 1963 SBA recognized that the reason most businesses fail is not because they lack money, but because they are badly run. In response the agency sent out a call to retired business people around the country seeking volunteers to donate their time to work with entrepreneurs. Within weeks more than 4,000 qualified retirees responded and the Service Corps of Retired Executives was born. SBA had entered a new era of providing technical assistance and training to businesses.

Small Business Development Centers followed in the early 1980s, as did Business Information Centers and women's centers in subsequent years. SBA's management of government contracting and business development programs were also added over the years, increasing the agency's resources to help businesses grow. In our first 20 years of operation, just over 191,000 small businesses received SBA direct or guaranteed financing. With the growth of the loan guarantee program and improved efficiency within the agency, SBA has touched roughly the same number of businesses in just the past three and a half years. Not bad for an agency that started



The Small Business Advocate

Editor Rebecca Krafft

Managing Editor Rob Kleinsteuber

Contributing Editors Keith Holman, John McDowell, Chad Moutray, Kathryn Tobias, Viktoria Ziebarth

Production Assistant Darlene Moyer-Mahmoud

The Small Business Advocate (ISSN 1045-7658) is published monthly by the U.S. Small Business Administration's Office of Advocacy and is distributed to Small Business Administration field staff and members of the U.S. Congress. *The Small Business Advocate* is available without charge from the Office of Advocacy, U.S. Small Business Administration, Mail Code 3114, Washington, DC 20416.

Send address changes to: *The Small Business Advocate*, Mail Code 3114, U.S. Small Business Administration, Washington, DC 20416. Include your current address label.

The Small Business Advocate online: www.sba.gov/advo/news/

Electronic delivery of *The Small Business Advocate* is available by visiting www.sba.gov/advo/news/. Subscriber information will be kept confidential and not used for any purpose except for newsletter delivery. To discontinue print delivery of *The Small Business Advocate*, send an email with your current mailing information to advocacy@sba.gov or call (202) 205-6533.



Federal Recycling Program
Printed on recycled paper.

out as an experiment of odds and ends left over from Depression and war era agencies.

Reprinted from Inside Region IV, Spring 2003

"Green Gazelles" Observe Earth Day Every Day

With the arrival of spring comes the annual observance of Earth Day. This year, we learned about a remarkable breed of company. A close relative of the gazelles, the innovative, fast-growing firms that generate much of the net new employment in the United States, "green gazelles" are fast-growing small firms that generate significant environmental improvements.

• **Advanced Vehicle Systems, Inc.** Nearly a decade ago, when the city of Chattanooga, Tenn., decided to cut air pollution by using zero-pollution shuttle buses, the city discovered that no manufacturer made buses clean enough to fit the bill. So Joe Ferguson, a local small businessman, decided to make the buses in Chattanooga. Although Ferguson had never man-

ufactured a vehicle before tackling this venture, AVS is now the largest electric bus manufacturer in the United States. While the company has grown, it remains a small business. Instead of relying on standardization, AVS's small-scale operations allow it to be nimble and to take advantage of new technologies such as micro-turbine generators.

Continued on page 8

Message from the Chief Counsel

Budget Line Item Would Ensure Advocacy's Independence

by Thomas M. Sullivan, Chief Counsel for Advocacy

Recently, I testified before the U.S. House of Representatives on a matter I believe is of utmost importance to small business. I told the members of the House Small Business Committee that the best way to strengthen and improve the Office of Advocacy for the future is to pass legislation giving our office a line item in the federal budget.

The two bedrock principles that underlie the Office of Advocacy's ability to represent small businesses effectively are independence and flexibility. Advocacy is able to present the views of small business to lawmakers and policymakers independent of the views of the SBA and the Administration. A budget line item is the best way to ensure that this independence lasts well beyond my tenure as chief counsel, and to ensure that government continues to be accountable to small business.

Our flexibility and independence have allowed us unprecedented access to rules in the earliest stages of rulemaking. This early intervention often results in the delay, removal, or alteration of otherwise unnecessary or burdensome regulations. These efforts resulted in a cost savings of \$21 billion in fiscal year 2002 alone.

The \$21 billion in cost savings exceeded even my expectations, and they are attributable to Advocacy's work and the President's leadership in holding government accountable for how it affects small business. One year ago, President Bush stood before hundreds of our country's most successful women entrepreneurs and rolled out his small business plan. He committed himself to removing regulatory barriers that stifle job growth. The President is

“The two bedrock principles that underlie the Office of Advocacy's ability to represent small businesses effectively are independence and flexibility.”

counting on the Office of Advocacy to lead that effort, and the cost savings are a good start.

As part of our mandate to make legislative and nonlegislative proposals for eliminating excessive or unnecessary regulations on small business, Advocacy has started a nationwide initiative to enact regulatory flexibility at the state level. To accomplish this, Advocacy is promoting model state RFA legislation through our regional advocates, who are our office's reality check on Main Street. Our regional advocates interact with small businesses around the nation every day and make sure that we stay on track here in Washington, D.C. Their interactions with governors, state legislators, and small business leaders make them the ideal liaison for our model bill initiative.

Advocacy also continues to publish vital research to help guide legislators and policymakers and to increase recognition of the important role that small business plays in the U.S. economy. We are working to establish research-based focus groups to promote entrepreneurial academic research. We expect the long-term result of this initiative will be to increase the base of scholars researching issues that concern small business.

None of this would be possible without the flexibility to react and shift resources based on the changing needs of small business and the

economy. Moreover, none of it would be possible without an independent voice to say what is right or wrong about government policies or regulations. It all depends on preserving our unique statutory mandate.

The current SBA Administrator, Hector Barreto, is a good friend of our office. His budget decisions reflect President Bush's priorities and the critical role our office plays in helping small business. However, a day may come when future SBA administrators and chief counsels do not get along as well. The current budget process is a dangerous one because the Office of Advocacy's budget is too easily raided when administration priorities change.

A budget line item for Advocacy would certainly help avert potential problems. A line item would provide assurance to small businesses that they can continue to count on the Office of Advocacy as a strong and independent voice on their behalf.

As the congressional session unfolds, I will continue to make the case for a budget line item for Advocacy. But no matter what the outcome of current discussions, you can rest assured that the Office of Advocacy will continue to use its resources to vigorously pursue the small business agenda.

Easier Access to Electronic Resources

Access Advocacy Listservs from a single address. Email notices will supply a hotlink to the new material, so your in-box won't fill up with large documents. At <http://web.sba.gov/list>, check:

- Advocacy Communications
- Advocacy Newsletter
- Advocacy Press
- Advocacy Research

Regulatory News

Advocacy Publishes RFA Compliance Guide, Debuts eNotification

The Office of Advocacy's new guide for agency compliance with the Regulatory Flexibility Act (RFA) has just been released. The new guide incorporates the many comments received from federal agencies and congressional staff that have been submitted since November 2002. The guide has been significantly expanded from the prior version, published in 1996. It also contains specific examples of regulatory flexibility analyses so agencies are better able

to analyze their rules and comply with the RFA and Executive Order 13272.

To facilitate the regulatory review process as required by the RFA and Executive Order 13272, the Office of Advocacy has created a dedicated email account where agencies can formally submit their draft rules to Advocacy electronically. This address is notify.advocacy@sba.gov. This will allow agencies' regulatory compliance efforts to be instantly acknowledged.

For More Information

The Regulatory Flexibility Act: An Implementation Guide for Federal Agencies is available on Advocacy's website, www.sba.gov/advo. If you have any questions or concerns regarding compliance, please contact Claudia Rayford Rodgers, senior counsel, at (202) 205-6804 or at claudia.rayford@sba.gov.

Regional Roundup

North Dakota Reg Flex Bill Signed into Law

North Dakota Gov. John Hoeven, signed H.B. 1212 into law on April 17. This new legislation implements elements of small-business-friendly regulatory legislation put forward as a model by the Office of Advocacy.

Reps. Mark Dosch (R-Bismarck), George Keiser (R-Bismarck), and Mary Ekstrom (D-Fargo) and Sen. Duane Mutch (R-Larimore) played key roles in the passage of the law.

H.B. 1212 implements elements of small-business-friendly regulatory legislation put forward as a model by the Office of Advocacy. The legislation is modeled after the federal Regulatory Flexibility Act. That act encourages entrepreneurial success by requiring federal agencies to consider their impact on small business before they issue final regulations.

North Dakota small businesses

and their representatives strongly back small-business-friendly regulation, rather than a one-size-fits-all regulatory mentality. Testifying in support before the legislature were a representative of the National Federation of Independent Business, then President of the Mandan-Bismarck Chamber of Commerce Dave McIver, and Fargo caterer John Carson.

Research Notes

Trends In Banking May Free Up Small Business Capital

Current trends in the banking sector provide a solid foundation for the emergence of a secondary market for small business loans. This would help free up capital for small businesses. These trends include the expansion of large bank holding companies and the increased use of credit scoring for small business loans; both should make it easier to securitize small business loans for the secondary market. This could result in greater availability of capital for entrepreneurs, according to a

new Advocacy-sponsored study.

"This study sheds new light on how bank consolidation affects access to capital for small business," said Thomas M. Sullivan, chief counsel for advocacy.

"Growth in the secondary market sale of small business loans can help entrepreneurs who need capital to hire more employees and grow," he concluded.

The study, *An Exploration of a Secondary Market for Small Business Loans*, authored by

Kormendi/Gardner Partners, addresses the nature of the secondary market in conventional small business loans and how current trends have the potential to affect that market.

The development of a secondary market for small business loans improves the flow of capital to entrepreneurs. In a secondary market, loans are pooled together and packaged as securities for sale to investors. This practice makes more

Continued on page 7

Small Business by the Numbers

Answers to Frequently Asked Questions

What is a small business?

The Office of Advocacy defines a small business for research purposes as an independent business having fewer than 500 employees. Firms wishing to be designated small businesses for government programs such as contracting must meet size standards specified by the Small Business Administration (SBA) Office of Size Standards. These standards vary by industry; see www.sba.gov/size.

How important are small businesses to the U.S. economy?

Small firms

- Represent more than 99.7 percent of all employers.
- Employ more than half of all private sector employees
- Pay 44.5 percent of total U.S. private payroll.
- Generate 60 to 80 percent of net new jobs annually.
- Create more than 50 percent of nonfarm private gross domestic product (GDP).
- Supplied 22.8 percent of the total value of federal prime contracts (about \$50 billion) in FY 2001.
- Produce 13 to 14 times more patents per employee than large patenting firms. These patents are twice as likely as large firm patents to be among the one percent most cited.
- Are employers of 39 percent of high tech workers (such as scientists, engineers, and computer workers).
- Are 53 percent home-based and 3 percent franchises.
- Made up 97 percent of all identified exporters and produced 29 percent of the known export value in FY 2001.

Sources: U.S. Bureau of the Census; Advocacy-funded research by Joel Popkin and Company (Research Summary #211); Federal Procurement Data System; Advocacy-funded research by CHI Research, Inc. (Research Summary #225); Bureau of Labor Statistics, Current Population Survey; U.S. Department of Commerce, International Trade Administration.

How many small businesses are there?

In 2002, there were approximately 22.9 million businesses in the United States, according to Office of Advocacy estimates. The Internal Revenue Service (IRS) estimates there were 26.4 million business tax returns in 2002; however, this number may overestimate the number of firms, as one business can operate more than one taxable entity.

IRS estimates the number of sole proprietorships (roughly equivalent to nonemployers) increased by 1.9 percent in 2001 and by 2.7 percent in 2002. Census data show there were 5.7 million firms with employees and 16.5 million without employees in 2000. Applying the sole proprietorship growth rates to the nonemployer figures and similar Department of Labor growth rates to the employer figures produces the 22.9 million figure.

How many businesses open and close each year?

Estimates for businesses with employees indicate there were 550,100 new firms and 584,500 closures (both about 10 percent of the total) in 2002.

Starts and Closures of Employer Firms, 1990-2002

Category	1990	1995	2000	2001	2002
New Firms	584,892	594,369	574,300	545,400e	550,100e
Firm Closures	531,892	497,246	542,831	568,300e	584,500e
Bankruptcies	63,912	50,516	35,472	39,719	38,155

e = Estimate using percentage changes in similar data provided by the U.S. Department of Labor, Employment and Training Administration

Sources: U.S. Bureau of the Census; Administrative Office of the U.S. Courts; U.S. Department of Labor, Employment and Training Administration.

How many new jobs do small firms create?

In 1999-2000 (according to the most recent data), small businesses created three-quarters of U.S. net new jobs (2.5 million of the 3.4 million total). The small business share varies from year to year and reflects economic trends. Over the decade of the 1990s, small business net job creation fluctuated between 60 and 80 percent.

Moreover, according to a new Bureau of the Census working paper, start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy.

Sources: U.S. Bureau of the Census; Administrative Office of the U.S. Courts; *Endogenous Growth and Entrepreneurial Activity in Cities* by Zoltan J. Acs and Catherine Armington, Center for Economic Studies, U.S. Bureau of the Census, Working Paper #CES-WP-03-2, January 2003.

The SBA's Office of Advocacy was created by an act of Congress in 1976 to protect, strengthen, and effectively represent the nation's small businesses within the federal government. As part of this mandate, the office conducts policy studies and economic research on issues of concern to small business and publishes data on small business characteristics and contributions. For instant access to small business resources, statistics, and research, visit the Office of Advocacy's home page at <http://www.sba.gov/adv>.

Updated May 2003

What is small firms' share of employment?

The small business share of employment has remained steady at 50 percent. Although small firms create more than half of net new jobs, some small firms will become large firms as new jobs are created. Of 114.1 million nonfarm private sector workers in 2000, small firms with fewer than 500 workers employed 57.1 million, large firms, 56.9 million. Smaller firms with fewer than 100 employees employed 40.9 million.

What is the survival rate for new firms?

Two-thirds of new employer firms survive at least two years, and about half survive at least four years. Owners of about one-third of the firms that closed said their firm was successful at closure. Major factors in a firm's remaining open include an ample supply of capital, the fact that a firm is large enough to have employees, the owner's education level, and the owner's reason for starting the firm in the first place, such as freedom for family life or wanting to be one's own boss.

Business survival also varies by industry and demographics. The industry with the highest 1992–1996 survival rate for firms owned by white non-Hispanics was oil and gas extraction (82 percent survival rate over the four-year period). African Americans were most successful in legal services (79 percent), and Hispanic and Asian Americans in health services (66 percent and 76 percent, respectively).

Sources: *Business Success: Factors Leading to Surviving and Closing Successfully* by Brian Headd, Center for Economic Studies, U.S. Bureau of the Census, Working Paper #CES-WP-01-01, January 2001; Advocacy-funded research by Richard J. Boden (Research Summary #204).

How are small businesses financed?

About 82.5 percent of small firms used some form of credit in 1998. Small firms use many different sources of capital, including their own savings, loans from family and friends, and business loans from financial institutions. Credit cards, credit lines, and vehicle loans are the most often used types of credit. Commercial banks are the leading suppliers of credit, followed by owners and finance companies.

Small Firms using Financial Services, 1998
(Percent reporting use of various types of credit)

Credit Type	Total Small Business	Women-Owned	Minority- and Hispanic-Owned
Any Credit	82.5%	78.2%	76.9%
Traditional			
Credit Types	55.0	46.1	49.0
Business			
Credit Cards	34.1	28.8	28.6
Personal			
Credit Cards	46.0	47.5	45.5

Source: Tabulation from Survey of Small Business Finances, 1998, from the Federal Reserve Board.

What role do women, minority, and veteran entrepreneurs play in the economy?

- Women owned 5.4 million businesses that generated \$819 billion in revenues, employed more than 7 million workers,

and had nearly \$150 billion in payroll in 1997. About three-quarters were sole proprietorships with receipts under \$50,000.

- Of U.S. firms in 1997, 5.8 percent were owned by Hispanic Americans, 4.4 percent by Asian Americans, 4.0 percent by African Americans, and 0.9 percent by American Indians. Of total minority-owned business receipts, Asian American-owned businesses earned more than 51 percent; Hispanic Americans, 31 percent; African Americans, 12 percent; and American Indians, 6 percent.
- Veteran self-employed people numbered about 1.6 million or 14 percent of all U.S. self-employed in 2001.

Sources: Advocacy publications – *Women in Business, 2001*; *Dynamics of Women-Operated Sole Proprietorships, 1990-1998*; *Minorities in Business, 2001*; veteran self-employment data from a special tabulation of the Current Population Survey.

How do regulations affect small firms?

Very small firms with fewer than 20 employees spend 60 percent more per employee than larger firms to comply with federal regulations. Small firms spend twice as much on tax compliance as their larger counterparts.

Cost of Federal Regulations by Firm Size, All Business Sectors (Dollars)

Type of Regulation	Cost per Employee for Firms with: <20 Employees	500+ Employees
All Federal Regulation	\$6,975	\$4,463
Environmental	3,328	717
Economic	1,616	2,485
Workplace	829	698
Tax Compliance	1,202	562

Source: *The Impact of Regulatory Costs on Small Firms*, an Advocacy-funded study by W. Mark Crain and Thomas D. Hopkins, August 2001 (Research Summary #207).

Whom do I contact about regulations?

To submit comments on proposed regulations, send email to advocacy@sba.gov. To follow up on regulatory enforcement issues, email regfair@sba.gov.

How can I get more information?

For more detailed information from the Office of Advocacy, visit www.sba.gov/advo/. Sign up at <http://web.sba.gov/list> for email delivery of news releases, *The Small Business Advocate* newsletter, small business research findings and statistics, and regulatory communications.

Office of Advocacy economic research can be found at www.sba.gov/stats. Specific points of interest include:

- Firm size data (static/dynamic for the U.S., states and metropolitan statistical areas): www.sba.gov/advo/stats/data.html
- Small firm lending studies (1994-present): www.sba.gov/advo/stats/lending
- State economic profiles (1998-present): www.sba.gov/advo/stats/profiles
- *The Small Business Advocate* monthly newsletter (1996-present): www.sba.gov/advo/news/

Direct other questions to (202) 205-6533 or via e-mail to advocacy@sba.gov.



Economic News

Small Firm Inventions Often Unprotected In Global Marketplace

A new study published by the Office of Advocacy shows that small U.S. firms are not protecting their inventions through foreign patents as often as large firms. This lower rate of foreign patenting results in fewer commercial opportunities and lost revenue.

Foreign Patenting Behavior of Small and Large Firms: An Update by Moge Research and Analysis Associates, points out that smaller firms are increasingly protecting their inventions in the global marketplace through patents. However, they still patent abroad less than larger firms do, and they allow their patents to lapse more often.

“Small firms are incredibly

inventive,” said Thomas M. Sullivan, chief counsel for advocacy. “But many times they are unable to protect their inventions in the global marketplace. If small firms are unable to protect the results of their hard work, our country could lose its most valuable source of new ideas and innovations,” he said.

The author reviewed recent literature to determine reasons behind small firms’ patenting behavior. The reason cited most often for small businesses’ failure to patent abroad is lack of financial resources. Moreover, a 2002 General Accounting Office report found that the most important impediment is foreign patent costs.

That report highlighted other barriers, including small firms’ limited resources, limited foreign patent knowledge, differences in foreign patent systems, and weak enforcement in some countries.

The report also confirmed the innovative nature of smaller firms. It found that patent value measures based on the number of other citations showed small business patents to be more valuable than large business patents in all years studied. This result reinforces the conclusions of another recent Advocacy-funded study, *Small Serial Innovators: The Small Firm Contribution to Technical Change*. These reports clearly indicate that America’s technological innovators are found in small firms.



Dr. Mary Ellen Moge presented the results of her study on small firms and intellectual property protection in the global marketplace at Advocacy’s international trade roundtable on April 23, 2003.

For More Information

Small business owners and trade specialists who are interested in international trade issues should contact Viktoria Ziebarth at viktoria.ziebarth@sba.gov or (202) 205-6565. The complete text of *Foreign Patenting Behavior of Small and Large Firms* can be found on Advocacy’s website, www.sba.gov/advo/research/rs228_tot.pdf. Copies are also available from the National Technical Information Service, www.ntis.gov.

Banking Trends, from page 4

capital available by allowing lenders to remove existing loans from their balance sheets, freeing them to make new loans.

The authors report that the rise of credit scoring for small business loans can result in a large pool of lines of credit that are good candidates for the secondary market. These loans are underwritten with

relatively standard scoring methods across lenders, which accounts for why they are attractive to the secondary market. Moreover, banking mergers have increased the likelihood of the securitization of small business loans. Mergers result in a larger pool of loans available from fewer originators, making it easier to create loan pools for the secondary market.

For More Information

The complete text of *An Exploration of a Secondary Market for Small Business Loans* by Kormendi/Gardner Partners is available on Advocacy’s website, www.sba.gov/advo/research/rs227_tot.pdf. Copies are also available from the National Technical Information Service, www.ntis.gov.

Green Gazelles, *from page 2*

As Ferguson says, when improved parts don't quite fit in the current configuration, "we just move some steel around."

• **NaturaLawn of America.**

Called "too far ahead of its time" when it was founded in 1987, this Frederick, Md., company developed an organic-based lawn care system as an alternative to conventional chemical fertilizer and pesticide applications. In 1978, Philip Catron and Beecher Smith presented the idea of a natural lawn care system to their employer, a national chemical-based lawn care company. They were told that their ideas were too radical, too far ahead of their time, and unacceptable. So they eventually formed their own company, which now has 56 franchise locations in 23 states serving 45,000 customers. Along the way,

Catron and Smith had to figure out how to be competitive and to deliver a product as good as their competitors without using chemical fertilizers and pesticides. NaturaLawn successfully developed alternatives to chemical pesticides. So effective was their effort that the Environmental Protection Agency asked the company to write two chapters in a handbook on integrated pest management, the enlightened approach to pest and weed control.

• **T/J Technologies, Inc.** Owned and operated by the husband-and-wife team of Maria and Levi Thompson, T/J Technologies in Ann Arbor, Mich., designs, develops and manufactures advanced materials and devices for energy-related products. The company, which has 21 employees, holds many patents and has produced innovations in rechargeable batter-

ies, ultracapacitors, and fuel cells. The company is developing batteries that deliver more energy and last up to five times longer than conventional batteries, yet weigh less and take up less space. Earlier this month, the EPA awarded the company a Small Business Innovation Research contract to develop specialized ceramic materials that can remove perchlorates—a toxic contaminant—from drinking water.

These three noteworthy companies have created new solutions to environmental problems. Everyone benefits when small businesses, in an effort to improve their bottom line, create innovative products and find more efficient, environmentally sound ways to use energy and our natural resources.

U.S. Small Business Administration
Office of Advocacy
Mail Code 3114
409 Third Street, S.W.
Washington, DC 20416

Official Use
Penalty for Private Use, \$300

Return Service Requested

<p>FIRST CLASS POSTAGE AND FEES PAID U.S. Small Business Administration Permit No.G-82</p>
--